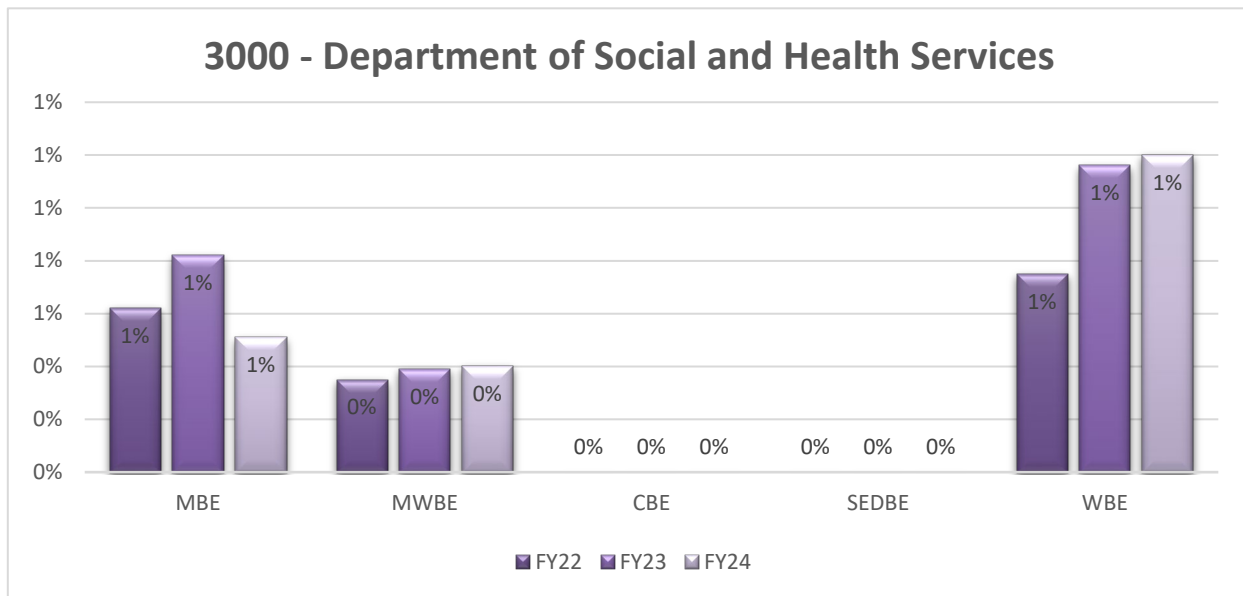


FY25 Business Diversity Spending Goal Plan –
 Department of Social and Health Services
[Governor's Supplier Diversity Subcabinet approved best practices](#)

(Agency graph showing spend comparison from FY22, FY23 and FY24)



FY 2023 – No spending goal established

FY 2023 – 2.38%

FY24 Spending Goal – 5.70%

FY24 Actual Spend – 2.11%

FY25 Spending Goal: 5.20%

Summary Statement:

Throughout fiscal year 2025, DSHS will continue to advance all initiatives and best practices currently in use. These include continued maintenance and enhancement for our supplier diversity dashboard (built over the last year and first published in July 2024), agency-wide Procurement Equity Team workgroup meetings, outreach efforts, and maintenance of our one-stop procurement equity sharepoint site with educational materials, training, and links and tips for finding and utilizing certified businesses. In addition, DSHS will engage in new activities and

communications to improve and enhance culture and engagement with these efforts across the agency.

Steps your agency has completed to prepare for forecasting and steps remaining:

DSHS procurement staff completed and publicly posted fiscal year 2025 procurement and contracts forecasts on October 1, 2024. No steps remain. The forecast was compiled by (1) reviewing reports generated from the Agency Contracts Database and the TRACKS purchase order system for purchase orders from the previous fiscal year; (2) determining likelihood of recurring or repeat purchases by staff at the organizationally appropriate level for each prior year purchase; (3) outreach to all administration program, contracting, purchasing and budget staff to identify any expected new and significant areas of expenditures that were not captured from previous fiscal year's data. The fiscal year 2025 forecast will be monitored and updated throughout the year as any relevant new information comes to light.

How are supplier diversity efforts managed within your agency:

Supplier Diversity efforts are managed and supported by many staff throughout DSHS. The Central Purchasing Unit and Central Contracts and Legal Services offices, within the Facilities, Finance and Analytics Administration, have primary responsibility for policy creation and competitive procurement management. Purchasing and contracting staff throughout all DSHS administrations are responsible for fulfilling policy requirements, including outreach and non-competitive vendor selection via DES Statewide Contracts, and other recommended practices. DSHS leadership is responsible for establishing expectations and setting goals for the use of diverse suppliers.

Is your agency currently using the Outreach Module in Access Equity for marketing and connecting with Diverse Businesses?

No. We are not utilizing the Outreach Module in Access Equity currently. Although we have participated in events hosted by other entities, we have not, historically, hosted any DSHS-specific vendor outreach events (which we understand to be the purpose of this module). However, we do plan to explore the Outreach Module's potential for advertising any DSHS-sponsored events we may hold in the future. We currently employ many other strategies to ensure outreach and engagement with diverse businesses:

1. For all competitive solicitations, the solicitation coordinator collaborates with the relevant program to identify vendors with OMWBE-certified status, veteran-certified status, or Washington small business certification. This is done using tools such as the Department of Enterprise Services WEBS system, the OMWBE Directory, and internal sharepoint sites with lists of certified vendors.

2. Notices of intent to solicit are sent to all identified vendors using the appropriate WEBS commodity codes and considering their OMWBE, veteran, or small business status. We track on a quarterly basis the number of notifications sent to OMWBE-certified and veteran-certified vendors.
3. Solicitations are posted on the OMWBE website.
4. The solicitation coordinator distributes competitive solicitation notices to the DSHS Office of Equity, Diversity, Access, and Inclusion for further dissemination.
5. Solicitations are posted on the DSHS procurement and contracting website at [DSHS Procurements](#).
6. The solicitation coordinator sends a survey to all vendors with OMWBE-certified status, veteran-certified status, and Washington small business certifications who download a solicitation but do not submit bids. In this way we can learn more about vendors' reasons for electing not to bid while receiving feedback to help us improve future outreach.

Are you using the Contract Compliance module in Access Equity to report your contract & purchase orders that include subcontractors (including statewide contracts)?

DSHS is in the process of implementing contracting requirements and subcontractor spend tracking processes for the Contract Compliance module in Access Equity. Our prior delay in use of the Contract Compliance module was due to concerns we had, which were communicated to OMWBE, around the confidentiality and data security of diverse suppliers' tax and identity information. Working with OMWBE, we were recently able to resolve our concerns by identifying a work-around for submission of this data, and we are now moving forward with implementation.

How does your agency track efforts to notify businesses about purchasing and opportunities to bid on contracts?

During the solicitation process, we use a Procurement Checklist. The procurement coordinator documents outreach methods used to notify businesses about contract opportunities. The checklist is maintained as part of the procurement documentation and is uploaded with the awarded and executed contract(s) into the Agency Contract Database.

Additionally, we prepare a Quarterly Report summarizing our outreach efforts. The report is published on the DSHS internal Procurement Contracting Equity SharePoint page. This report tracks pre-solicitation outreach and notifications to diverse vendors as well as diverse vendor participation in each solicitation process, including:

- how many diverse vendors downloaded solicitation documents,
- attendance at pre-bid conferences,

- how many diverse vendors ultimately submitted a bid in response to the solicitation, and
- how many diverse vendors were awarded contracts.

In addition, we maintain an internal Vendor Outreach List on SharePoint, featuring OMWBE-certified businesses, veteran-owned businesses, and Washington small businesses we've connected with during events like Alliance Northwest or the Regional Contracting Forum. This list is accessible across DSHS.

Your agency plan according to EO 22-01 should already be implemented. How has your plan aided in your efforts to increase your agency plan from last year?

Yes, we have fully implemented [Executive Order 22-01](#).

It is difficult to know exactly what impact the Order's implementation has had on our agency's overall diversity spend percentages because DSHS had implemented many, if not all, of the actionable steps required by EO 22-01 prior to the Order's enactment. We believe the most significant direct impact is increased staff awareness of the commitment to equity in contracting and purchasing by Washington state and our agency.

Measures we implemented prior to last year included adopting and incorporating all relevant and appropriate [Washington State Tools for Equity in Public Spending](#), as well as creating policies and procedures to ensure we search for certified businesses and notify certified businesses of opportunities prior to making new purchases and entering into new contracts. We have also fully implemented the Department of Enterprise Services Supplier Diversity Policy [DES-090-06](#).

As part of our implementation, DSHS created and published ***Administrative Policy No. 13.27 Implementing Measures for the Improvement of Equity in Public Contracting***. This policy gives staff clear guidance on expectations and requirements and demonstrates to all staff that there is executive-level sponsorship of the policy's strategies. This internal policy requires all program and procurement staff to search for diverse business enterprises, conduct outreach to ensure diverse business enterprises are notified of competitive contracting opportunities, ensure inclusion plans are used when subcontracting opportunities could arise, and to discuss such inclusion plans during pre-bid conferences. Our policy also requires:

- completion and publication of annual forecasting reports,
- searching for diverse businesses every time a DES statewide contract is used,
- prompt payment requirements for subcontractors,
- consideration of adjustment to insurance requirements based on contract risk,
- conducting unbundling analyses,
- consideration of extending bid response times,

- preferences for small and veteran-owned businesses for contracts of \$150,000 or less, and
- using simplified contract language and otherwise removing any unnecessary barriers to diverse business enterprise participation.

Did your agency's spend decrease for FY24? If so, what was the reason(s)? What perceived barriers did you face?

Our agency's *diversity spend percentage decreased* while *overall actual spend increased*.

In comparing DSHS spend from FY23 to FY24 using our Supplier Diversity Dashboard, we have been able to determine what appears to have driven this decrease in diverse spend percentage.

The amount of overall DSHS spend in FY23 was \$327,583,579, with diverse spend at \$7,859,101. In FY24 overall spend was \$465,774,989, with diverse spend at \$9,582,971. Thus, there was an overall actual spend increase of approximately \$138 million from fiscal year 2023 to fiscal year 2024, and a diverse actual spend increase of nearly \$2 million. The \$138 million increase in overall spend appears to be primarily attributable to: (1) increased expenditures for capital projects, including new behavioral health facilities, of around \$60 million, and (2) around \$56 million of expenditures related to professional IT services needed to modernize the state's foundational human services eligibility system known as ACES (Automated Client Eligibility System).

Our analysis shows that our agency's diversity spend percentage would have been around 3.1% had these very large expenditures not been included in our spend percentage denominator for fiscal year 2024. We can therefore conclude that the diverse spend percentage for these large construction projects and for the ACES system did not achieve proportionality with our general and previous year's overall expenditures. Because construction expenditures are legally required to be contracted out on DSHS's behalf by the Department of Enterprise Services, DSHS has little to no ability to impact diverse spend percentage on construction projects. We must rely on DES's efforts to ensure diverse participation in our construction projects. We do expect construction expenses to continue to comprise a very significant portion of our overall spend in the coming years. If, for fiscal year 2024, we had we *included* the major ACES system spend, and excluded *only* construction, then our diverse spend percentage for fiscal year 2024 would still have been 2.5%, which would have been an increase over the previous fiscal year.

We believe that the primary barrier to increased OMWBE-certified spend percentage is limited availability of OMWBE-certified vendors for the services DSHS procures, particularly for large information technology services and projects.

Although we did not achieve our fiscal year 2024 goal for OMWBE-certified spend, we exceeded our goal for veteran-certified spend and reached significant spend of nearly 10% with Small Businesses overall.

What new efforts are you going to implement to try to increase your spending with small-minority and women owned businesses?

Our new efforts for the upcoming fiscal year will include:

- **Continuing clear communications from leadership** to continue to build equitable procurement best practices and culture throughout the agency.
- **Using our Supplier Diversity Dashboard** to measure and analyze DSHS spend and to help target outreach within specific industries. We also plan to expand the data presented on the dashboard to reflect self-identified and OMWBE-certified diverse contracts for client services (currently excluded from OMWBE- and Office of Financial Management- reported diversity spend data).
- **Building on our centralized resource page** that provides easy access to diverse spending information across DSHS.
- **Responding to and acting on feedback** from vendor surveys to help us improve our processes and increase engagement.
- **Building outreach teams and recruiting more staff to attend events** and share best practices and success stories.
- **Collaborating with [Washington APEX Accelerator](#)**. We will work with APEX to help vendors connect with prime contractors or larger companies. This will include inviting APEX to attend pre-bid conferences.
- **Internal education and support:** We will continue educating and supporting DSHS purchasers and contract teams on use of the non-competitive procurement checklist to boost diversity purchases. This will include continued review of purchase orders whenever a DES statewide contract is utilized to check compliance with our requirement to search for diverse-certified vendors any time a statewide contract is used.
- **Peer knowledge sharing:** We will continue to encourage procurement and purchasing peers to share successful tips, best practices, and stories of what has worked to increase diverse spending.