4.1.a: Supplemental - Increase State Utilization

Update on Strategies to Increase State Utilization of Minority, Women and Veteran Owned Businesses (4.1.a)

Prosperous Economy Goal Council
April 11, 2016
Goal

- By 2017, increase state agency and educational institution’s utilization of state-certified firms in public works and other contracting and procurement to:
  - 10% Minority owned businesses
  - 6% Woman owned businesses
  - 5% Veteran owned businesses

2014 Results

Minority owned businesses = 0.63%
Women-owned businesses = 0.39%
Veteran-owned businesses = 0.23%

Notes about 2014 reports:
- Calendar year
- Did not include payments to subcontractors
Historical Results

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Participation Base</th>
<th>MBES</th>
<th>WBES</th>
<th>Total MBE &amp; WBE</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$1,710,234,427</td>
<td>$122,849,917</td>
<td>$104,835,049</td>
<td>$227,684,966</td>
<td>13.31%</td>
</tr>
<tr>
<td>1999</td>
<td>$1,188,596,139</td>
<td>$58,227,322</td>
<td>$65,310,972</td>
<td>$123,538,294</td>
<td>10.39%</td>
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<tr>
<td>2000</td>
<td>$1,177,393,600</td>
<td>$50,233,976</td>
<td>$49,521,610</td>
<td>$99,755,586</td>
<td>8.47%</td>
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<tr>
<td>2001</td>
<td>$2,105,465,856</td>
<td>$37,126,354</td>
<td>$42,319,640</td>
<td>$79,445,994</td>
<td>3.77%</td>
</tr>
<tr>
<td>2002</td>
<td>$1,949,464,683</td>
<td>$29,572,820</td>
<td>$33,118,896</td>
<td>$62,691,716</td>
<td>3.22%</td>
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<tr>
<td>2003</td>
<td>$2,411,656,303</td>
<td>$20,177,924</td>
<td>$27,979,061</td>
<td>$48,156,985</td>
<td>2.00%</td>
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<tr>
<td>2004</td>
<td>$2,628,141,272</td>
<td>$18,571,986</td>
<td>$25,047,388</td>
<td>$43,619,374</td>
<td>1.66%</td>
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<tr>
<td>2005</td>
<td>$2,819,972,125</td>
<td>$21,556,777</td>
<td>$33,012,600</td>
<td>$54,569,377</td>
<td>1.94%</td>
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<tr>
<td>2006</td>
<td>$2,724,256,802</td>
<td>$32,459,989</td>
<td>$47,765,077</td>
<td>$80,225,066</td>
<td>2.94%</td>
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<tr>
<td>2007</td>
<td>$2,913,014,217</td>
<td>$22,994,328</td>
<td>$45,587,717</td>
<td>$68,582,045</td>
<td>2.35%</td>
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<td>2008</td>
<td>$2,089,544,098</td>
<td>$26,697,254</td>
<td>$25,167,703</td>
<td>$51,864,957</td>
<td>2.48%</td>
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<tr>
<td>2009</td>
<td>$2,039,715,870</td>
<td>$44,037,684</td>
<td>$19,485,502</td>
<td>$63,523,186</td>
<td>3.11%</td>
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<tr>
<td>2010</td>
<td>$2,346,280,437</td>
<td>$44,486,621</td>
<td>$22,748,661</td>
<td>$67,235,282</td>
<td>2.87%</td>
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<tr>
<td>2011</td>
<td>$2,371,284,584</td>
<td>$41,539,287</td>
<td>$52,173,632</td>
<td>$93,712,919</td>
<td>3.95%</td>
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<tr>
<td>2012 (Quarter 1–3)</td>
<td>$2,217,744,894</td>
<td>$39,308,715</td>
<td>$35,406,506</td>
<td>$74,715,221</td>
<td>3.37%</td>
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<td>2014*</td>
<td>$3,366,884,839</td>
<td>$21,275,589</td>
<td>$13,121,402</td>
<td>$34,396,991</td>
<td>1.02%</td>
</tr>
</tbody>
</table>

*no subcontractor spend date

Why aren’t we meeting goals?

What we’re hearing from agencies and businesses...

Firms don’t see benefit in being certified.

Certification process is too long and complicated.

Agencies don’t know what strategies to use.

Agencies need guidance and support.

Not enough certified firms.

Inconsistent and difficult processes.
Business Diversity Subcabinet

- Formed in 2015
- Charged to increase ways for small and diverse businesses to participate in Washington state contracting opportunities
- Cohesive statewide strategy

<table>
<thead>
<tr>
<th>Dept. of Transportation</th>
<th>Dept. of Social and Health Services</th>
<th>Dept. of Veteran Affairs</th>
<th>Represent more than 2/3 of state spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Authority</td>
<td>Dept. of Enterprise Services</td>
<td>Office of Minority &amp; Women’s Enterprises</td>
<td>Community of practice</td>
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<tr>
<td>Dept. of Corrections</td>
<td>Dept. of Labor &amp; Industries</td>
<td>Commission on African American Affairs</td>
<td>Community transparency, reporting and communication</td>
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<td>Commission on Asian Pacific American Affairs</td>
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<td>Commission on Hispanic Affairs</td>
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<td></td>
<td></td>
<td>Attorney General’s Office</td>
<td>Single source legal counsel</td>
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<tr>
<td></td>
<td></td>
<td>Governor’s Office representative(s)</td>
<td></td>
</tr>
</tbody>
</table>
Business Diversity Subcabinet

Approach

- Assemble team of subject matter experts
- Deep analysis of current state of procurement
- Identify root causes of problem
- Develop recommended roadmap of improvements
- Implement recommendations
- Monitor and report on progress

Business Diversity Subcabinet

Action plan

1. Create community of practice:
   - Adopt and share procurement tools and processes that work
   - Foster culture of diversity and inclusion
   - Improve communication, engagement and assistance
   - Improve procurement planning
Business Diversity Subcabinet

2. Improve **measurements** – What suite of measures will provide best dashboard to monitor results?

3. Better understand and improve **legal and policy** frameworks

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**Quarter 1 activities**

- **Community of practice**
  - Provide guidance and examples of inclusion plans
  - Strategies to increase opportunities with statewide master contracts
  - Improving procurement technical assistance
  - Develop tools, guides and practices
Business Diversity Subcabinet

- Working on dashboard to measure success (instead of single measure)
- Clarifying current legal framework
- OMWBE improving processes and starting regulatory review
- Scoping and procuring disparity study

Disparity study

- Examines:
  - Number of specified individuals or groups available to participate in certain opportunities
  - Those who actually get selected

Regular updates available: http://bitly.com/WAbizDiversity
What OMWBE is Doing

Done:
• Surveyed customers
• Improved customer service
• Put more resources into certification (more in June)
• New fact sheets

Doing:
• Simplify applications (late April 2016).

What OMWBE is Doing

To-do:
• Review certification requirements and process (ongoing over next several months)
• Allow online applications (still exploring)
• Strategic plan for outreach:
  ➢ Targeted to need
  ➢ Bilingual Spanish
  ➢ Increased engagement with eastern and southwest Washington
What OMWBE is Doing

To-do:

- Review certification requirements and process
- Online applications
- Improve language access
- Strategic plan for outreach:
  - Target to need
  - Increase engagement with eastern and southwest Washington

2015 and 2016 Agency Reporting

See March 29, 2015 memo
Questions?