



Washington State Office of  
**MINORITY &  
WOMEN'S**  
Business Enterprises

2015

## Annual Report

### **Mission**

Optimize and ensure equity and opportunity for small businesses owned by minorities, women, and the disadvantaged through education, certification and outreach.

I am pleased to provide this annual report on the Office of Minority and Women's Business Enterprises (OMWBE) progress implementing its statutory charge. This report to the Governor and the Legislature is provided in accordance with [RCW 39.19.030](#).

[Chapter 39.19 RCW](#) charges the OMWBE to implement programs for small minority- and women-owned businesses to participate in state and federal public works and procurement. The agency:

- Certifies small businesses owned by minorities, women and other socially and economically disadvantaged persons.
- Provides education and outreach.
- Reports the amount of money each state agency and educational institution spends with certified businesses in contracts and procurement.

The OMWBE has 21 staff and a biennial budget of \$4.4 million. The agency has an [Advisory Committee](#) that includes leaders who represent the interests of minority and women small business owners throughout the state.

Please contact me if you have any questions.

Respectfully,

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## OMWBE CERTIFICATION

The OMWBE is the sole certifying agency for small businesses owned and controlled by minority, women, and socially and economically disadvantaged persons in Washington State.

- State Program – State agencies and educational institutions can count money spent with firms certified by the OMWBE toward supplier diversity goals. Some local governments and private companies also use OMWBE certified firms for their goals.
- Federal Program - Agencies that receive funds from the United States Department of Transportation are required to set and meet supplier diversity goals. Dollars spent with OMWBE certified firms are counted towards these goals.

As of June 2016, 2,307 businesses were certified with the OMWBE (some firms have both state and federal certification):

State certifications		Federal certifications	
Minority-owned businesses	790	Disadvantaged Business Enterprises	719
Woman-owned businesses	973	Small Business Enterprises	25
Minority woman-owned businesses	337	Airport Concessionaires	53
Combination businesses enterprises (owned by a minority male and a female)	19		
Socially and economically disadvantaged businesses	4		
<b>Total</b>	<b>2,123</b>	<b>Total</b>	<b>797</b>

The OMWBE processed 1,522 certification applications in 2015. The agency's goal is to process state certifications with 45 days of receiving a complete application, and federal applications with 90 days.

## STATE AGENCY AND EDUCATIONAL INSTITUTION SPEND WITH CERTIFIED FIRMS

State law requires the OMWBE to report the amount of money each state agency and educational institution spends in contracts and procurements with certified minority- and women-owned businesses. The OMWBE posts this information on its [website](#).

Governor Inslee's strategic framework, Results Washington, includes a 2017 goal to increase state agency and educational institution utilization of certified small businesses in contracts and procurement to the following percentages:

- Minority-owned businesses: 10%
- Women-owned businesses: 6%

Below are the results for fiscal year 2015. A few notes about the data:

- This report has a six-month overlap from the last report because the OMWBE now reports on the fiscal year instead of the calendar year.
- The OMWBE was not able to collect all agencies' payments to subcontractors. The information also does not include payments made with a state purchasing card. The

Business Diversity Subcabinet is exploring ways to automate subcontractor and purchasing card data collection (see page 3 for more information about the Subcabinet).

Type of Certified Business	FY 2015 dollars spent with certified firms as % of all eligible spending <sup>1</sup>			Results Washington Goal, by 2017
	State Agencies	Educational Institutions	State Agencies and Educational Institutions Combined	
Minority Owned Certified Businesses <sup>2</sup>	2.61%	0.35%	1.66%	10%
Women Owned Certified Businesses	1.43%	0.40%	1.00%	6%
<b>Total Certified Businesses</b>	<b>4.04%</b>	<b>0.76%</b>	<b>2.66%</b>	<b>16%</b>

## OUTREACH AND EDUCATION

The OMWBE conducts outreach about the qualifications for and benefits of certification and available resources for small businesses.

The agency’s web site includes bid opportunities, announcements and information on resources. The OMWBE also uses email blasts to certified firms and social media to provide news, information and notice of bid opportunities.

Agencies, educational institutions, local governments and prime contractors use the OMWBE’s [online directory](#) to find certified firms with business descriptions that match the goods and services they want to purchase.

## LINKED DEPOSIT PROGRAM

Businesses certified by the OMWBE and veteran-owned firms certified by the Department of Veteran’s Affairs are eligible to participate in the state’s Linked Deposit program. The program allows a certified business to receive an interest rate reduction on business loans from participating lenders.

The Office of the State Treasurer is authorized to use up to \$175 million of the state’s short-term surplus funds to purchase certificates of deposit (CDs) in an amount equivalent to the amount financial institutions loan to certified businesses. Two percent of the interest earned on the CDs is used to reduce the interest rate that would otherwise be charged to a certified business. If the interest rate returns earned by the state on the CDs fall below two percent, banks can reduce the interest rate for certified firms by an equivalent amount.

<sup>1</sup> [This link](#) contains a list of objects and subjects that make up the total eligible spend.

<sup>2</sup> Includes businesses owned by a minority woman and by a minority male and a female.

As of June 2016, 384 certified firms held \$138 million of Linked Deposit loans that are in repayment or have available lines of credit.

## **BUSINESS DIVERSITY SUBCABINET**

In July 2015, Governor Inslee formed a [Business Diversity Subcabinet](#) tasked with developing a statewide strategy to increase small and diverse business participation in Washington State contracting and procurement. The Subcabinet consists of 12 cabinet agencies and coordinates with stakeholders. OMWBE is a member of the Subcabinet.

The Subcabinet's action plan focuses on the following areas:

- Establishing a “community of practice” among state agencies to adopt and share procurement tools and processes that work and improve communication and assistance to small businesses.
- Selecting a suite of measures to provide the best dashboard for accountability and improving results.
- Clarifying and improving legal and policy frameworks.
- Conducting a statewide disparity study. A disparity study is an analysis of the number of individuals or groups available to participate in certain opportunities such as state contracts and procurement, and those who actually get selected. The disparity study will provide a factual foundation to help ensure all state agencies are using procurement policies and processes that result in fair and equitable outcomes.

## **STRATEGIES FOR 2016**

The OMWBE is focusing on the following strategies in 2016:

- Increase and improve performance metrics - The agency is developing performance metrics for each of its core services.
- Regulatory improvement - The OMWBE is conducting a review of all of its certification rules and processes to eliminate any unnecessary barriers to small business and improve certification timelines.
- Online applications - They agency is exploring technology to allow customers to apply for certification online.
- Targeted outreach - The OMWBE is developing methods to target outreach to match public entities' purchasing needs with certified firms. The agency is increasing outreach to Central and Eastern Washington.
- Business Diversity Subcabinet - The outcomes of the Subcabinet's work plan will inform agency opportunities, goals, strategies and work plans.