



Washington State Office of
**MINORITY &
WOMEN'S**
Business Enterprises
FY 2020 – Annual Report

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Message from the Director

Greetings All,

It is my pleasure to introduce the Office of Minority & Women's Business Enterprises' annual report for Fiscal Year 2020 (FY 2020). Despite the many challenges we faced this past year—COVID-19, business shutdowns, and persistent issues of systemic racial injustice and inequity—2020 was also a big year of growth for OMWBE. We brought on three additional team members to support our business Certification Unit in Eastern and Western Washington. We increased our communications to deliver a monthly newsletter of business resources to the BIPOC (Black, Indigenous, and People of Color) and women-owned businesses that we certify in addition to a monthly supplier diversity newsletter for our partners at state agencies and institutions of higher education. And we secured necessary funding for budget requests that will allow us to carry out our mission of enhancing the success and sustainability of minority- and women-owned businesses in Washington State.

Finally, we launched the [Tools for Equity in Public Spending](#) – a collection of guiding principles and concrete strategies to help agencies develop more equitable spending practices. One third of our team helped to complete the tools with the input of many individuals from the Governor's Subcabinet for Business Diversity over several years. These tools and the follow up training and support OMWBE provides will move the needle towards true equity in public spending.

As we look towards the future, we are taking steps to increase our own cultural competency as an agency. We are building a strategic plan to chart our course forward with intention, inclusiveness, and sustainability in mind. We are prepared to meet the Governor's directive to center equity in the new biennium, and to help our partners establish and achieve their diversity goals. With the help of our advisory committee, the legislature, and our stakeholders, we are confident that we will make great strides forward over the next biennium.

Sincerely,

Lisa van der Lugt, Director
Office of Minority and Women's Business Enterprises
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Purpose of the Report

Every fiscal year OMWBE submits an annual report to the governor and the legislature outlining the progress of our

agency – *and all state agencies* – to provide maximum opportunity for minority- and women-owned businesses to participate in public contracting and procurement. We support our partners in government and higher education by meeting with each agency and institution to help them build diverse spending goals into their annual inclusion plans, and by providing assistance to help them achieve these goals throughout the year. Reference [RCW 39.19.030](#)

To measure Washington’s progress towards equitable public spending, we track spending with the private sector and compare it to the amount of spending with OMWBE certified businesses. For the past six fiscal years, spending with OMWBE certified firms has ranged from 2.66% to 3.60% of potential public spending. These numbers are considerably lower than the percent of minority- and women-owned businesses that were available and willing to do work during this period, indicating M/WBEs do not enjoy equal access to all aspects of state contracting opportunities. See [Disparity Study 2019](#)

The #1 recommendation of the Washington State Disparity that will help increase utilization of minority- and women-owned businesses is to implement an electronic data collection and monitoring system for all state agencies. This tool will be known as the **Business Diversity Management System (BDMS)**. It will be used to track M/WBE participation at the subcontractor level, in addition to tracking the participation of prime vendors and contractors. Improving access to opportunities depends on accurate data, making implementation of the BDMS the highest priority to support equitable public spending.

“M/WBEs do not enjoy equal access to all aspects of state contracting opportunities.”

This report also includes an update on each of OMWBE’s four Core Services. Read on for details.

Certification

Supplier Diversity

Governor’s Subcabinet on
Business Diversity

Linked Deposit Loan Program

COVID-19 Impacts

The global pandemic has affected everyone, but communities of color and women have felt disproportionate impacts in a number of different ways ranging from business closures to unemployment due to lack of childcare. BIPOC owned businesses often lack access to capital and the resources to pursue federal COVID relief programs such as PPP and EIDL loans. These same communities have been hit hardest by COVID-19. A shocking statistic estimates the number of working Black business owners plummeted over 40% in 2020—more than any other racial group.¹

With schools and childcare centers closed, mothers with children at home are overburdened with childcare responsibilities at much higher rates than working fathers. This limits the potential of women entrepreneurs, results in lost career opportunities, and increases stress and anxiety levels overall. These setbacks particularly affect women of color.

“The number of working Black business owners plummeted over 40% in 2020”

As we take careful steps to emerge from the pandemic, we must also make sure that existing inequities are not compounded for BIPOC and women business owners for the long term. Government contracts are stable funding sources for many small and diverse businesses, and we are working more intentionally than ever to help state agencies and institutions of higher education renew their commitment to equity in public spending.



At OMWBE, we continue to provide the same high level of support despite our new remote work environment. While we have had to make some adjustments, such as limiting onsite visits, we have increased our online outreach efforts and now provide regular monthly webinars for businesses considering certification. We anticipate a careful, employee-centered return to in-office activities as safety measures allow. In the meantime, we plan to use every tool available to us to increase awareness of the services we provide to the BIPOC and women-owned businesses of Washington State.

¹ Hannah Knowles, *Number of working black business owners falls 40 percent, far more than other groups amid coronavirus* (Washington Post, 2020)

OMWBE Certification

OMWBE certifies small businesses owned and controlled by minorities, women, and socially and economically disadvantaged persons with the goal of doing more business with the government. We offer two general types of certification, Federal Certification and State Certification, each with their own unique certification types.

State Program

State agencies, higher educational institutions, and some local governments and private companies look for OMWBE certified firms to meet their supplier diversity goals.

- **MBE** - Minority Business Enterprise – owned by minorities
- **WBE** - Woman Business Enterprise – owned by women
- **MWBE** - Minority Women Business Enterprise – owned by minority women
- **CBE** - Combination Business Enterprise – owned by women and minorities
- **SEDBE** - Socially and Economically Disadvantaged Business Enterprise – owned by non-minority men who are found to be socially and economically disadvantaged on a case-by-case basis.

Federal Program

Agencies that receive funds from the United States Department of Transportation are required to set and meet supplier diversity goals. Public entities that manage these projects and their prime contractors look to the OMWBE Directory for federally certified firms.

- **DBE** – Disadvantaged Business Enterprise – owned by minorities and women and non-minority men who are found to be socially and economically disadvantaged on a case-by-case basis
- **ACDBE** – Disadvantaged Business Enterprise for concessionaires located at airports
- **SBE** - Small Business Enterprise – for small businesses. This program is race and gender neutral

OMWBE's workload has steadily increased over the past seven years, with a 112% rise in federal certification applications and a 61% rise in state certification applications. The chart on the following page comparing FY 2018 to FY 2020 is a great snapshot of that trend. We are proud that our team has not only kept up with this increasing workload, they processed, on average, certification applications within federal and state timelines.

Federal and State New Files Average Processing Times

FEDERAL:		
Fiscal Year/Months	Number of Files Completed	Average Processing Days
FY18 July 2017 - June 2018	253	77
FY19 July 2018 - June 2019	297	90
FY20 July 2019 - June 2020	309	74
STATE:		
Fiscal Year/Months	Number of Files Completed	Average Processing Days
FY18 July 2017 - June 2018	310	68
FY19 July 2018 - June 2019	385	71
FY20 July 2019 - June 2020	505	71

Note: FY18 July-December based on Received date. Jan- June based on Fee date.

FY 2020 – Total Number of Certified Firms

2679 businesses were certified with OMWBE as of the end of Fiscal Year 2020.

State Certifications		Federal Certifications	
Minority-owned businesses	866	Disadvantaged Business Enterprises	1,125
Woman-owned businesses	920	Small Business Enterprises	93
Minority woman-owned businesses	450	Airport Concessionaires	99
Combination businesses enterprises (owned by a minority male and a female)	20		
Socially and economically disadvantaged businesses	9		
Total	2,265	Total	1,317

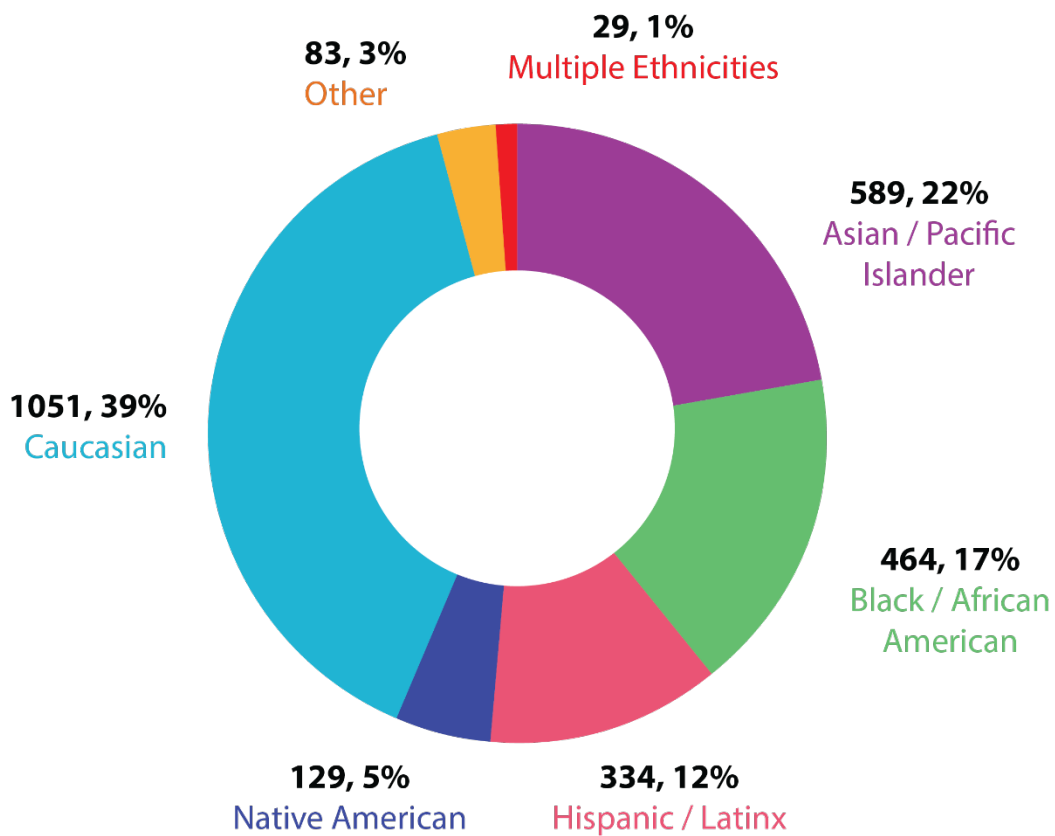
**883 firms have both state and federal certification.*

Certified Firm Directory

The OMWBE [Certified Firm Directory](#) is a publicly available online tool that shows real-time certification status and contact information for all OMWBE certified businesses. The directory is searchable by keywords, descriptions, location, and criteria such as industry NAICS codes.

OMWBE actively promotes the directory when working with agencies, colleges, and prime contractors. Many agencies and political subdivisions seek out certified firms because they want to do more work with small, local, minority- and women-owned businesses.

FY 2020 – Percent of Certified Firms by Race/Ethnicity
2,679 Total Firms, % Based off Total Count



The OMWBE database includes firms certified multiple times for every certification type (Example DBE & MBE). The above numbers reflect the group for one unique file number. This data is a combination of both Federal and State Certifications.

The 'Other' category includes socially and economically disadvantaged business enterprises or small business enterprises, part of the Disadvantaged Business Enterprise program.

Governor's Subcabinet on Business Diversity

Thanks to the cumulative work of the Community of Practice Action Teams over the past several years, we were able to launch the Washington State Tools for Equity in Public Spending. [Click Here to View the Toolkit](#)

These tools will assist public agencies in creating meaningful opportunities for small and diverse businesses to work with the state, eliminating disparities in public spending.

Governor Inslee attended our toolkit [launch event](#) on January 27th, 2021 and spoke to the importance of the toolkit and the pursuit of equity in Washington State.



Subcabinet Member Agencies:

Office of Minority & Women's Business Enterprises

Commission on African American Affairs

Commission on Asian Pacific American Affairs

Commission on Hispanic Affairs

Department of Veteran's Affairs

Department of Corrections

Department of Enterprise Services

Health Care Authority

Department of Labor and Industries

Department of Social and Health Services

Department of Transportation

Attorney General's Office

Governor's Office

Agency Supplier Diversity Plans

OMWBE supports state agencies by providing tools, direct assistance, and best practices to increase their supplier diversity efforts. In FY 2020 we met individually with over 60 agencies to help them create unique inclusion plans to increase the participation of certified minority- and women-owned businesses as required by [RCW 39.19.060](#).

- [Agency Inclusion Plans](#) are posted annually on OMWBE's website.
- [Supplier Diversity Best Practices](#) are available in the Tools for Equity in Public Spending.



We send out a monthly Supplier Diversity Newsletter to agency contract specialists with new OMWBE certified firms, and to share important updates and news that may impact agency supplier diversity initiatives. Email supplierdiversity@omwbe.wa.gov to subscribe.

Agency and Higher Educational Institution Supplier Diversity Results

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

Below are the FY 2020 results for state agencies and higher educational institutions. This information is also posted on our website under [State Supplier Diversity Reporting](#).

State Agency Total FY 2020 Dollars Spent with Certified Firms as % of all eligible spending [1]			
Certification Type	Total Eligible Spend	Dollars Spent with Certified Firms	Percentage of Total Spend
Minority Owned Certified Businesses [2]	\$3,247,517,948	\$98,325,966	3.03%
Women Owned Certified Businesses		\$50,859,687	1.57%
Total OMWBE Certified Businesses		\$149,185,654	4.59%

Educational Institutions Total FY 2020 Dollars Spent with Certified Firms as % of all eligible spending [1]			
Certification Type	Total Eligible Spend	Dollars Spent with Certified Firms	Percentage of Total Spend
Minority Owned Certified Businesses [2]	\$1,692,697,550	\$17,236,344	1.02%
Women Owned Certified Businesses		\$6,911,519	0.41%
Total OMWBE Certified Businesses		\$24,147,863	1.43%

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

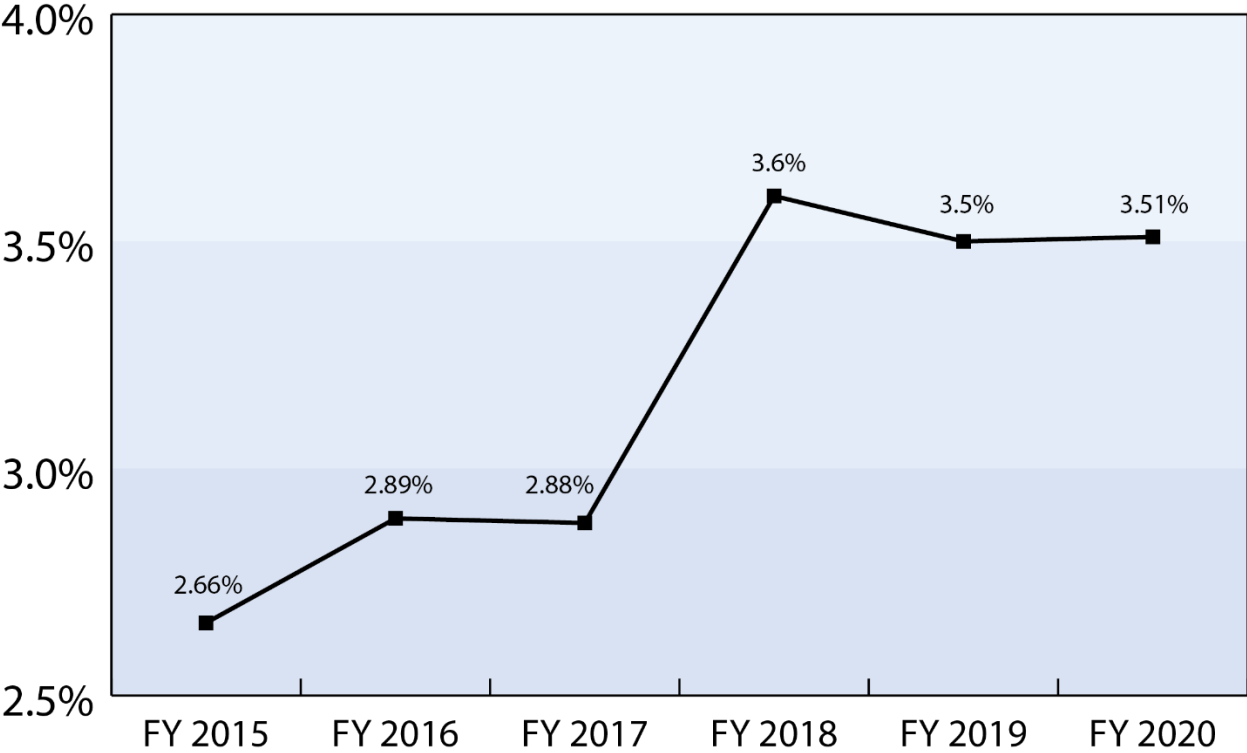
[2] Includes businesses owned by a minority woman and by a minority man and a woman.

Combined Total FY 2020 Dollars Spent with Certified Firms as % of all eligible spending [1]			
Certification Type	State Agencies and Educational Institutions Combined Eligible Spend	Dollars Spent with Certified Firms	Percentage of Total Spend
Minority Owned Certified Businesses [2]	\$4,940,215,498	\$135,464,055	2.74%
Women Owned Certified Businesses		\$37,869,462	0.77%
Total OMWBE Certified Businesses		\$173,333,517	3.51%

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

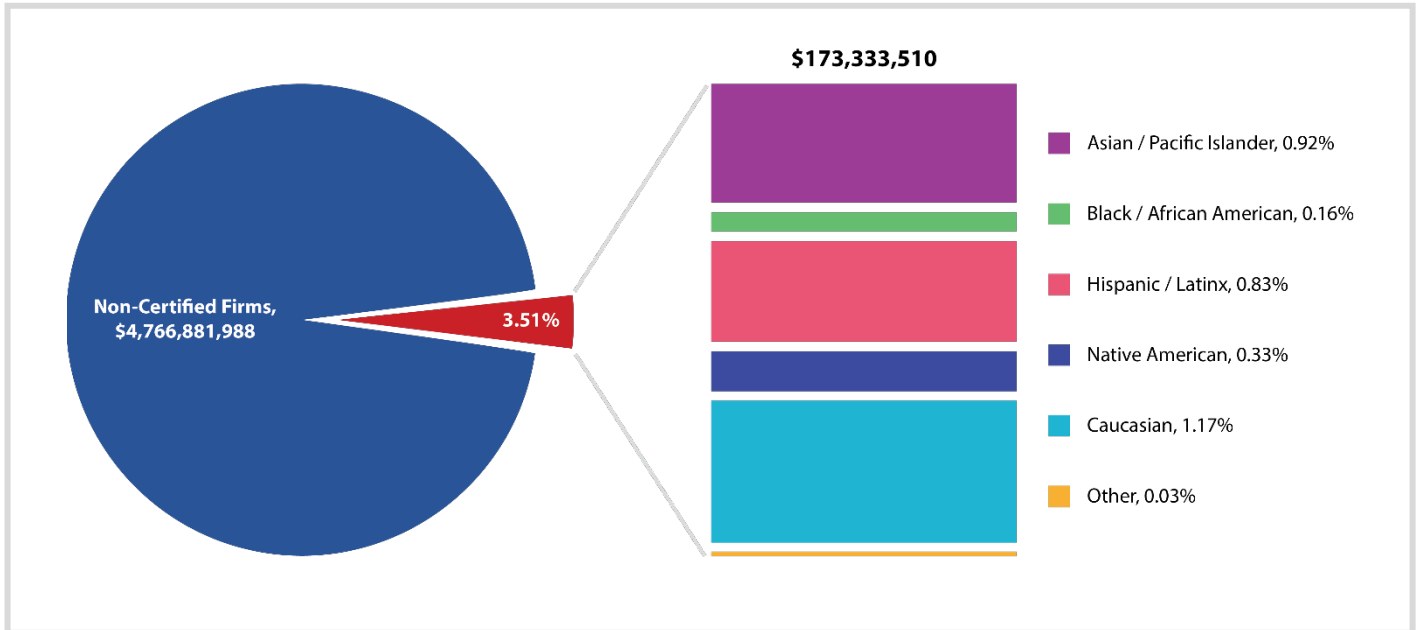
[2] Includes businesses owned by a minority woman and by a minority man and a woman.

Six Year Look – Percent of Public Spending with Certified Firms

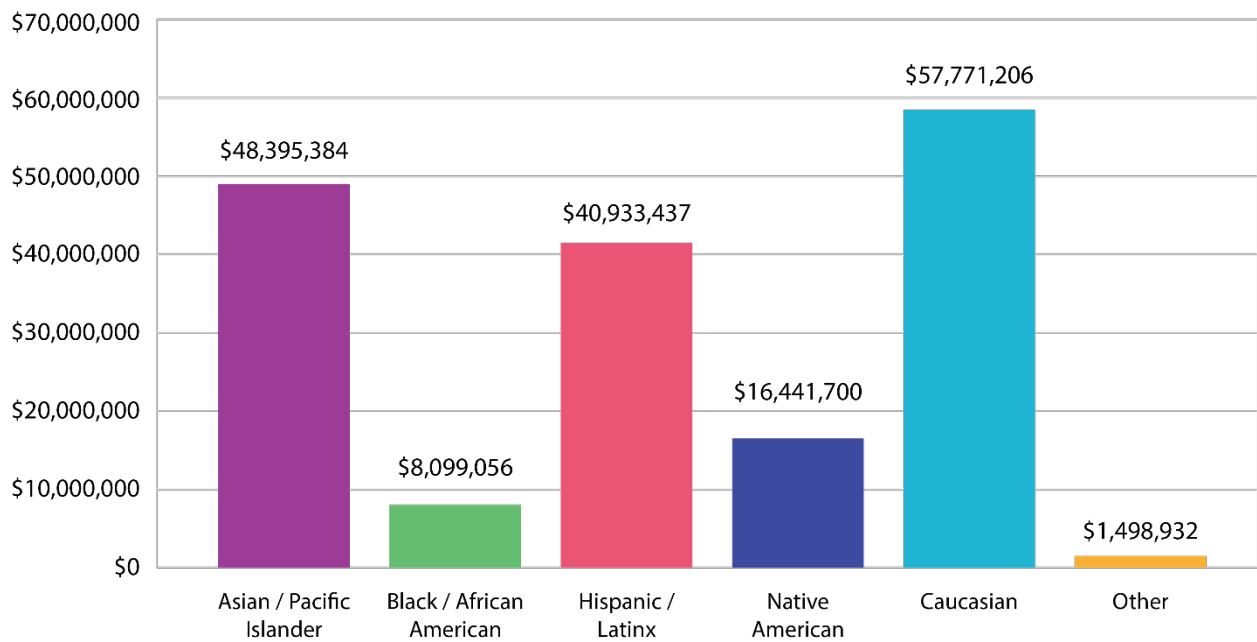


In FY 2020, the amount spent with OMWBE certified firms was 3.51% of the overall spend of public contracting and procurement dollars in Washington, a 0.01% increase from FY 2019.

FY 2020 – Dollars Spent with Certified Firms

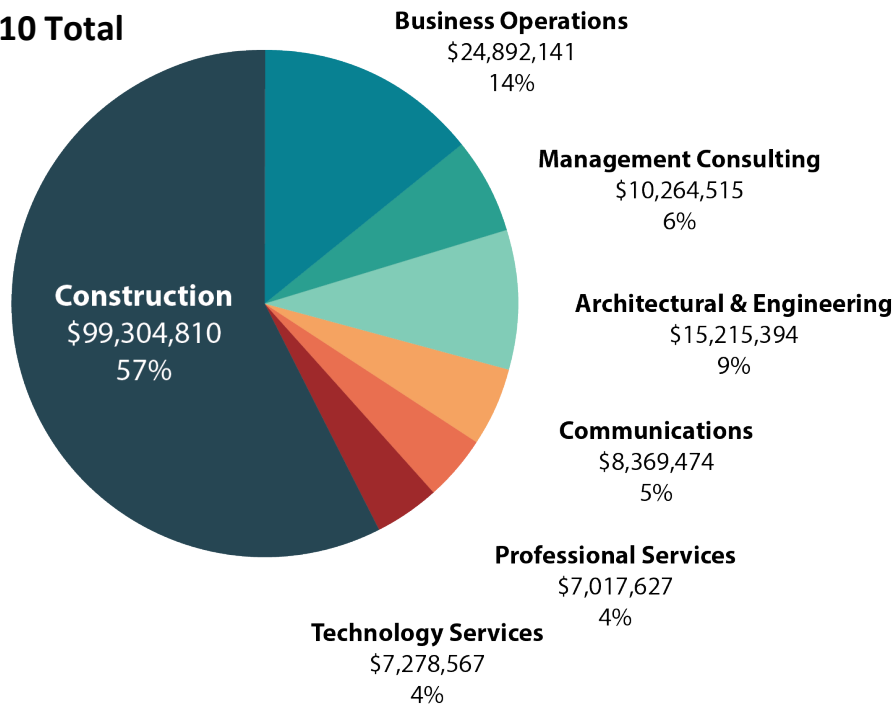


FY 2020 – All Certified Firms Spend by Race/Ethnicity



FY 2020 – Dollars Spent with Certified Firms by Industry

\$173,333,510 Total



Not Pictured: \$990,982 or <1% spent in other categories.

Other \$927,110, **Medical / Health** \$63,872

Industry description examples

Construction	Highway and building related construction, including renovation and demolition, paving, fencing, roofing, flooring, concrete/asphalt, guardrail, utility line, cable laying, plumbing/heating, electrical, mechanical, installation, painting, signage, dump trucking, construction supplies and equipment, and flagging.
Professional Services	Specialized services, lawyers, court reporting, counseling, employment services, travel agency, interior design, photography, accounting, real estate/appraisal, reporting, security, interpreter services, telephone answering services, non-medical laboratory testing, and environmental consulting.
Technology Services	Information systems management, development, maintenance, and equipment/software.
Architectural & Engineering	Architectural and engineering services including civil, drafting, urban planning, building inspection, landscape architecture, acoustical engineering, surveying and mapping, and traffic engineering.
Business Operations	Services, products, and equipment (retail/wholesale) for operations and building services including catering, janitorial, grounds maintenance, automotive parts, cleaning supplies, and window shade/blinds.
Communications	Graphics design/distribution of ad materials, advertising, marketing, web and video production, and broadcasting services.
Management Consulting	General/administrative consulting, safety research, strategic planning, public relations, human resources, organizational development, educational support services, and transportation management services.
Medical/Health	Health care professionals, equipment, and testing.
Other	Other services not in other categories, such as: child day care, hardware stores, nursery/garden centers, artists, grocery stores, local trucking, moving and storage services and charter bus services.

Outreach and Education

While we were fortunate enough to participate in several large-scale business-to-government conferences in FY 2020 such as Alliance Northwest and the Washington State Small Biz Fair, we had to shift gears rapidly to move 100% of our Outreach and Education events online due to COVID-19 shutdowns and subsequent stay at home orders. We used this shift to virtual to refocus our work and substantially increased our outreach efforts in the process.

New Certification Webinars

We now provide two monthly courses to guide businesses through the certification process.

- **Certification 101** covers the steps to becoming certified, the benefits of certification, and how public agencies use our Certified Firm Directory to perform outreach to BIPOC and women-owned businesses with contracting opportunities.
- **Certification 201** is a follow up session that takes a deep dive into the certification application, walking through each section and discussing the required documents.

OMWBE Monthly Newsletter

Throughout fiscal years 2018-2020 we distributed a quarterly newsletter to share updates on the work that we do as an agency and tips to help certified firms do more business with the state. After the end of FY 2020, we switched to a monthly distribution schedule to share business resources more frequently. Click here to view our [newsletter archive](#).

Social Media Outreach

OMWBE's [Facebook page](#) is our primary social media channel. We began FY 2020 with 522 Facebook fans and ended the fiscal year with 717 page likes, a 37.4% increase over FY 2019. We also posted more often, which more than quadrupled our audience's engagement.

Each month, we now highlight all of the businesses that obtained certification the month prior. These posts have proven to be wildly popular, generating many enthusiastic comments from business owners, as well as fans of their individual business pages.

Website Traffic

Our website attracted 98,159 visitors in FY 2020, an increase of 32.22% over FY 2019. Below are the Top 5 pages that attracted visitors to our website in FY 2020.

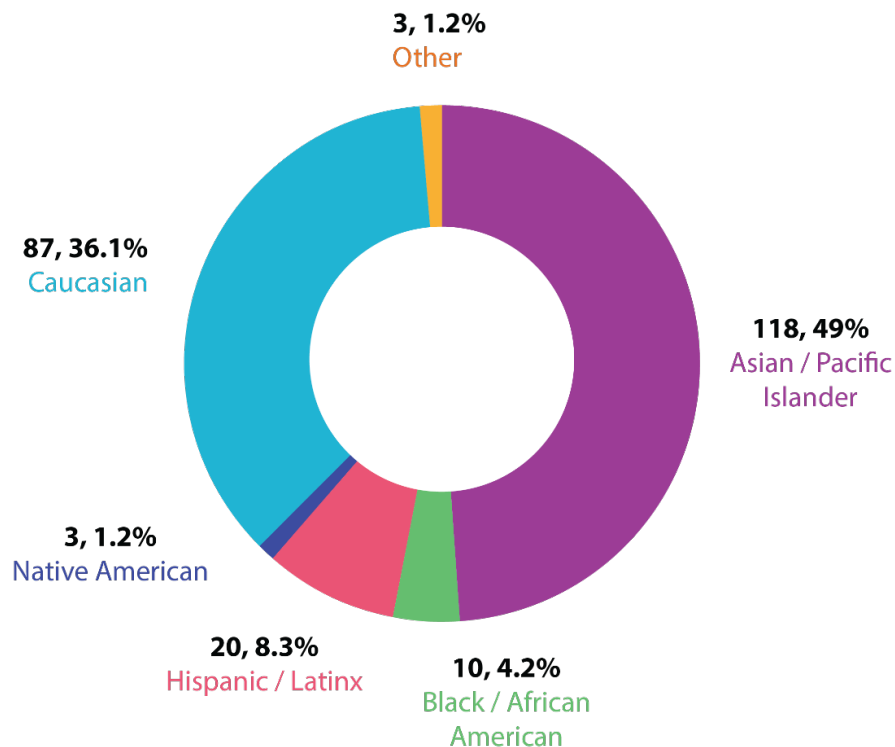
Web Page	Visitor Count	Percent of Web Traffic
OMWBE Homepage	57,882	16.2%
Certification	29,285	8.2%
Directory of Certified Firms	26,534	7.4%
Bids & Contracting Opportunities	24,508	6.9%
State Certification	12,787	3.6%

Linked Deposit Loan Program

Businesses certified by OMWBE and veteran-owned firms certified by the Department of Veteran’s Affairs are eligible to participate in the state’s Linked Deposit Loan Program. The program allows a certified business to receive an interest rate reduction on a business loan from a participating lender sourced from a pool of funds that are set aside only for certified business borrowers.

The Office of the State Treasurer is authorized to use up to \$190 million of the state’s short-term surplus funds to purchase a certificate of deposit (CD) equivalent to the dollar amount of a financial institution’s loan to certified businesses. Up to \$175 million is available for loans for certified minority- and women-owned businesses, and up to \$15 million for veteran-owned businesses.

OMWBE Certified Firms with Linked Deposit Loans in FY 2020 by Race/Ethnicity 241 Total Firms, % Based off Total Count



- As of the end of June 2020, 241 OMWBE certified firms held \$124.7 million in Linked Deposit Loans that are in repayment or have available lines of credit.
- Interest rates dropped nationally due to efforts to counteract the economic impacts of COVID-19. As the Linked Deposit Program is funded by interest generated on deposits, the interest rate reduction dropped from 2% to 0.6% towards the end of FY 2020.