

April 22, 2016

To: Agency Deputy Directors

From: Lawrence Coleman, Assistant Director of Communications and External Relations,
Office of Minority and Women's Business Enterprises

Subject: Collecting subcontractor data for FY 2015 agency diversity participation reports

The purpose of this memo is to define the process agencies should use to report any dollars spent with certified minority- and women-owned subcontractors.

On March 29, 2016, agency directors and deputy directors received the attached memo from the Office of Minority and Women's Business Enterprises' (OMWBE). The memo provided an update on the reports OMWBE is required to issue each year on dollars spent by agencies and educational institutions on public works and procurement with certified minority- and women-owned businesses ([RCW 39.19.250](#)).

OMWBE collects this data from the Agency Financial Reporting System (AFRS). However, AFRS does not reflect payments to subcontractors that are made by the prime contractor and not the agency. The [Business Diversity Subcabinet](#) is exploring ways to automate collection of this data. In the meantime, we will manually collect this data from agencies that utilized OMWBE certified contractors in FY 2015.

Instructions

Below is the information OMWBE needs to add subcontractor data. You can also use the attached spreadsheet. **Please provide this information by May 6, 2015** by email to lawrencec@omwbe.wa.gov.

Required information:

- The name of each certified subcontractor. Check OMWBE's directory to verify if a firm is certified: <http://omwbe.wa.gov/directory-of-certified-firms/>
- The dollar amount paid to each eligible subcontractor. Please only include payments paid by the prime contractor. If the payment was made by your agency, it is already included in the data we receive from AFRS.
- A contact person for your agency.

↳ **Note:** Only include expenditures for the goods and services categories counted in OMWBE reports. Please see the attached memo for more information.

Next steps

OMWBE will:

- Add the subcontractor data provided by your agency.

- Provide agencies and educational institutions a preview of their FY 2015 numbers (estimated late mid May 2016).
- Publish numbers on our website and send required report to Governor and Legislature (estimated late May 2016).
- Send agencies instructions for FY 2016 (estimated June 2016).

If you have any questions, please contact me at 360-664-9759 or lawrencec@omwbe.wa.gov.

Attachment: March 29, 2016 memo to agency directors and deputy directors

Attachment – What spend is included in the current diversity participation reports?

	What's included	Except. . . .
Manner of Payment	All payments processed through AFRS <ul style="list-style-type: none"> • Warrants • ACH (Electronic Transfers) 	<ul style="list-style-type: none"> • Cash Payments • Payments by P-card**
Payee	All payees with a federal Tax Identification Number (TIN)	<ul style="list-style-type: none"> • State and other government entities • Revenue refunds • Employees • Volunteers • Clients
Categories of spend	<p>C. Professional service contracts</p> <p>E. Goods and services</p> <p>EA. Supplies</p> <p>EB. Communications</p> <p>EE. Repairs/maintenance</p> <p>EF. Printing</p> <p>EH. Furnishings/equipment</p> <p>EP. Insurance*</p> <p>ER. Purchased services</p> <p>ES. Vehicle operations</p> <p>EZ. Miscellaneous</p> <p>F. Cost of goods sold (some FD,FH)</p> <p>J. Capital outlays (most types)</p> <p>Assets (JA, JB, JC, JE*, JF, JM, JQ)</p> <p>Construction of assets (JG, JH, JK)</p> <p>Planning and other related construction costs (JL, JZ)</p> <p>*Subcabinet recommends these be excluded from the report in the future</p> <p>**Subcabinet recommends that in the future these items be included in the report. Also recommend that reports include payments to subcontractors for services in the included spend sub-objects</p>	<p>A/B. Employee compensation</p> <ul style="list-style-type: none"> • Activities internal to state government • Services provided by state agencies (EK, EL, EM, EN, ET, EV,EW, EX, GN) • Inter/tra-agency reimbursements (S/T) <p>EC. Utilities</p> <p>ED. Rentals/leases</p> <p>EG. Training**</p> <p>EI. Retailer commissions</p> <p>EJ. Subscriptions</p> <p>EY. Software licenses, maintenance, subscriptions**</p> <ul style="list-style-type: none"> • Some cost of goods sold categories (FA, FB, FC, FE) <p>G. Travel</p> <p>JD. Library resources</p> <p>JN. Relocation costs**</p> <p>JR. Intangible assets</p> <p>N. Grants, benefits, and client services</p> <p>P. Debt service</p>

Agency Certified Subcontractor Data
FY 2015 Report to the Office of Minority and Women's Business Enterprises.

Instructions to agencies: Include the following:

1) Dollar amounts paid to subcontractors certified by OMWBE. 2) Payments made to the subcontractor by the prime contractor. If the payment was made by your agency, it is already included in the data OMWBE receives from AFRS. 3) Expenditures for the objects and sub objects counted in OMWBE reports, as listed in the attached memo.

Agency Name:
Agency Number:

Subcontractor Name

FY 15 Dollar Amount

Total Dollar Amount

\$0

Prepared by:
Title:
Email address:
Phone number:
Date:

March 29, 2016

To: Agency Directors and Deputy Directors

From: Teresa Berntsen, Director, Office of Minority and Women's Business Enterprises

Subject: State agency and educational institution diversity participation reports

This memo provides an update on the Office of Minority and Women's Business Enterprises' (OMWBE) plans for reporting agency and educational institution diversity participation.

Legal requirements for reporting

State law requires:

- OMWBE to issue an annual report on each agency and educational institution's dollars spent on public works and procurement with certified minority- and women-owned businesses ([RCW 39.19.250](#)).
- OMWBE to establish annual goals for participation ([RCW 39.19.030](#)).
- Agencies and educational institutions to adopt plans with measures to increase the participation of certified minority- and women-owned businesses. OMWBE must notify the Governor, State Auditor, and the Joint Legislative Audit and Review Committee if agencies do not comply ([RCW 39.19.060](#)).

OMWBE posts these spend reports and plans on its [web site](#).

What is counted?

Please see the attached list of objects and sub-objects that are currently counted in the report. Purchases paid with cash or payment cards are not currently counted because the detail about who is being paid is not captured in the state's accounting system. OMWBE rules allow subcontract work to be counted if the subcontractor is certified.

The Governor's [Business Diversity Subcabinet](#) is looking at the issue of what is counted and if payment card and subcontractor spend can become part of the report in an automated way.

2015 and 2016 reporting

For reporting on FY 2015 and issuing instructions for FY 2016, OMWBE will:

1. Return to reporting for the fiscal year. The last period reported was calendar year 2014.
2. Resume reporting eligible subcontractor payments.
3. Change wording on reports to provide context and explain what is counted.
4. Report against the state's Results Washington goals: *Goal 2, Leading Indicator 4.1.a: Increase state agency and educational institution utilization of state-certified small business in public works and contracting and procurement by 2017 to:*
 - *Minority-owned businesses: 10%*
 - *Women-owned businesses: 6%*
 - *Veteran-owned businesses: 5%*

OMWBE will not issue letter grades based on agencies' plans to increase their diversity participation by at least 20%, as was indicated in a memo to agencies last year.

5. Ask agencies to update plans to increase their diversity spend. OMWBE will work with the Department of Enterprise Services to provide best practices and again offer to meet with agencies.

Next steps

OMWBE will:

- Be in touch with deputy directors to gather subcontractor data from agencies (estimated early April 2016).
- Provide agencies and educational institutions a preview of their FY 2015 numbers (estimated late April 2016).
- Publish numbers on web and send required report to Governor and Legislature (estimated May 2016).
- Send instructions for FY 2016.

If you have any questions, please contact me (360-664-9757, teresab@omwbe.wa.gov) or Lawrence Coleman, Assistant Director of Communications and External Relations (360-664-9759, lawrencec@omwbe.wa.gov).

Attachment: Explanation of what is included in diversity spend reports