
State of Washington 2019 Disparity Study

Presented by the
Office of Minority and Women's Business Enterprises



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Why does OMWBE exist?

Our charge: **Identify and eliminate barriers to equal participation** by minority- and women-owned businesses in contracts with state agencies and educational institutions.

History of OMWBE

OMWBE was created in 1983 by the state Legislature. OMWBE is governed by RCW 39.19, which states:

“...The purpose and intent of this chapter are to provide the maximum practicable opportunity for increased participation by minority and women-owned and controlled businesses in participating in public works and the process by which goods and services are procured by state agencies and educational institutions from the private sector.”

What does OMWBE do?

- Leads:
Governor's Subcabinet on Business Diversity.
- Certifies:
Is the state's sole agency for certifying small businesses owned and controlled by minorities, women, and socially and economically disadvantaged persons.
- Engages:
Works with state and local agencies to improve supplier diversity in state contracting.



OMWBE also does . . .

- **Linked Deposit:**
 - We coordinate the Linked Deposit Loan Program with Washington State Department of Veterans Affairs and State Treasurer.
- **Tracking and Reporting:**
 - We track and report diverse spending by state agencies.
- **Partnerships:**
 - We partner with other agencies and organizations to educate businesses on the certification and public procurement process.



== **LINKED** ==
== **DEPOSIT** ==
== **PROGRAM** ==

Recent work

- Published Disparity Study in June 2019.
- Completed an outreach tour.
- Led Community of Practice.
- Continue to lead the Governor's Subcabinet on Business Diversity.



What is a Disparity Study?

- A disparity study is an analysis that examines the number of specified individuals or groups who are available to obtain contracts, and those who are actually selected.
- Study collected data and analyzed state use of MWBEs in all funded contracting sectors and all agencies from federal fiscal years 2012 to 2016.

Better data

- The state's Disparity Study analyzed the procurement of goods and services, client services, and public works contracting and purchasing.
- Determined utilization as a percent of total dollars in the agencies geographic and product marketplaces.
 - 75% sample
 - Determine the availability as a percent of all firms.
- Calculate disparity indices for contracts:
 - All race and gender groups and all industry groups combined and disaggregated.
 - Examine various impacts by industry and within North American Industry Classification System (NAICS) codes.

Disparity ratios

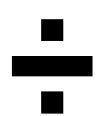
Disparity ratio = M/WBE utilization ÷ availability

Washington State utilization analysis

All funded contracts for federal fiscal year sectors and all agencies from 2012 to 2016:

Final data contract file
 =\$3,484,653,357

- 613 prime contracts (74.5%)
 =\$2,596,300,922
- 2,690 subcontractor contracts (25.5%)
 =\$888,352,435



Washington State availability analysis

MWBE aggregated weighted availability
 (all sectors and agencies combined)

Race/Gender Populations	Percent of Population	Dollars Distributed to Population
MWBEs	15.2%	≈\$444,050,244.54
Blacks	1.7%	≈\$35,084,771.45
Hispanics	0.7%	≈\$16,473,011.36
Asians	2.6%	≈\$21,385,445.52
Native Americans	0.6%	≈\$49,726,396.15
White Females	9.6%	≈\$321,380,620.06
Non MWBEs	84.8%	≈2,413,069,446.62

What the Disparity Study says

Race/Gender	Disparity Ratios (all sectors & agencies combined)	Disparity Ratios (without Client Services)	Disparity Ratios (without Client Services & NAICS 238210)
MWBEs:	102.4%	71.3%* ++	54.43%*** ++
Blacks:	70.4% ++	2.5% ++	2.52% ++
Latinos:	86.8%	110.1%	85.87%
Asians:	29.3% ++	29.9% ++	30.37% ++
Native Americans:	294.5%	310.3%	322.35%
White females:	116.8%	79.8% ++	53.05% ++
Non-MWBEs:	99.6%	105.3%***	109.02%***

Below 80%?

*** Indicates statistical significance at the 0.001 level

* Indicates statistical significance at the 0.05 level

+ + Indicates substantive significance (under 80%)

The disparity study's market research

- The Census Bureau's Survey of Business Owners:
 - Very large disparities in sales receipts between M/WBE firms and non-M/WBEs.
- The Census Bureau's American Community Survey:
 - In most cases, M/WBEs were underutilized relative to firms owned by white men.
 - Wages and business earnings were lower for these groups compared to firms owned by white men.



Key anecdotal data reported

- Most M/WBEs said it is extremely difficult to obtain work on state projects.
- M/WBE certification conferred few benefits.
- Long established firms recounted the negative impact of Initiative 200.
- Small firms found it difficult to access contracting information.
- Contracts were often too large for small firms.
- Insurance, bonding, experience requirements, etc., are barriers.
- Antiquated and decentralized state systems are challenges.

Disparity Study recommendations

- Implement an electronic data collection and monitoring system.
- Examine current policies and provide best practices.
- Conduct pre-bid conferences.
- Post winning bidders/proposers to WEBS.
- Conduct additional outreach efforts:
 - Conduct special outreach to M/WBEs in industries where they have received few opportunities.
 - Focus outreach on agencies with low use of M/WBEs.

Disparity Study recommendations

- Review contract sizes and scopes.
- Raise the Direct Buy limits.
- Adopt “quick pay” policies.
- Review insurance, surety bonding, and work experience requirements.
- Train state staff on how to increase diversity in contracting.

Disparity Study recommendations

- Develop race- and gender-neutral programs like:
 - Bonding and financing support
 - Target Market program
 - Mentor-protégé program, etc.
- Develop performance measures for success.



Changing the system: The Governor's Subcabinet on Business Diversity

What is it?

- Governor Jay Inslee chose 12 executive cabinet agencies for the Subcabinet.
- DES, WSDOT, DSHS, L&I, DOC, HCA: These agencies made up about two-thirds of the total state spend.
- The subcabinet has identified a clear and strategic path to achieve durable and sustainable changes in all public contracting.

Questions and answers

Thank You!