
**Community & Economic
Development & Trade Committee**

HB 2925

Brief Description: Establishing a plan for improving the effectiveness of the office of minority and women's business enterprises.

Sponsors: Representatives Kenney, Pettigrew, Bailey, McDonald, Darneille, Upthegrove, Hasegawa, Loomis, Kelley, Hankins, Rolfes, Morrell, Schual-Berke and Santos.

Brief Summary of Bill

- Requires the Office of Minority and Women's Business Enterprises to establish a plan, with timelines, to improve OMWBE effectiveness.

Hearing Date: 1/24/08

Staff: Chris Cordes (786-7103).

Background:

The Office of Minority and Women's Business Enterprises (OMWBE) was created in 1983 with the purpose to provide minority and women-owned business enterprises (MWBE) the maximum practicable opportunity for increased participation in public works contracts and public contracts for goods and services. The OMWBE is required to:

- develop and implement programs and a comprehensive plan to provide an opportunity for qualified MWBE to participate in public works and in supplying goods and services to state agencies and educational institutions;
- identify barriers to equal participation by qualified MWBE in state agency and educational contracts;
- establish annual overall goals for MWBE participation for each state agency and educational institution to be administered on a contract or class-of-contracts basis;
- develop and maintain a central MWBE certification list for state agencies and educational institutions;

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- develop and operate a system of monitoring compliance with the program, and investigate complaints of violations with the help of the involved agency or educational institution;
- cooperate and act jointly with the United States, other states, and Washington's political subdivisions with regard to their similar programs; and
- submit an annual report to the Governor and the Legislature outlining the progress in implementing the program.

The OMWBE is the sole authority to certify minority, women-owned, and socially and economically disadvantaged businesses for participation in public contracting programs. Only small business concerns, as defined by the OMWBE, may be certified.

Annual goals for participation in state contracts by qualified MWBE are established under an administrative rule. The rule uses a percentage of the reporting base, which includes all expenditure for public works, personal services, and the procurement of goods and services by state agencies and educational institutions.

Initiative 200 (I-200), adopted by the voters in 1998, prohibits discrimination or preferential treatment in public contracting on the basis of race, sex, color, ethnicity, or nationality. After I-200's passage, then-Governor Locke issued a directive on the implementation of programs, such as the OMWBE program, in light of I-200. He directed that, in accordance with I-200, state agencies could not consider race, sex, color, ethnicity, or national origin in awarding contracts. Nor could agencies add preferences for meeting MWBE goals or award a contract to a bidder who did not submit the lowest bid but who met MWBE goals. He further directed OMWBE to continue establishing laudatory, voluntary goals for state agencies and educational institutions to help eliminate improper discrimination by identifying disparities in participation by MWBE in state contracts. He directed these agencies and institutions to intensify their outreach and recruitment efforts to increase the number of available contractors within underrepresented groups.

In 2006 Governor Gregoire asked state agencies to work with the OMWBE to implement a Supplier Diversity Program. In her letter to the state agency directors, she noted that state contracts with certified MWBE have declined over the last six years. For minority businesses the decline was from 5 percent to less than 1 percent, and for women-owned businesses from 4 percent to 1 percent. She asked the agencies to designate agency leaders, track progress, and implement practical solutions.

Summary of Bill:

The Office of Minority and Women's Business Enterprises (OMWBE) must establish a plan to complete the following, with timelines and the goal of improving OMWBE effectiveness:

- A project to streamline the certification process, improve outreach, and facilitate certified firms' participation in local government contracts;
- A project to improve the ability of OMWBE to encourage certified firms to participate in public contracts as subcontractors; and
- A database that allows communication with state agencies on the participation of firms certified under the OMWBE process.

The plan must be developed in consultation with the Advisory Committee on Minority and Women's Business Enterprises and be reported to the Governor and Legislature by December 1, 2008.

The Advisory Committee must be established by April 1, 2008, with membership taking into account statewide geographic distribution and including representatives from certified or eligible businesses, organizations that represent certified or eligible businesses, state agencies, and local governments.

Appropriation: None.

Fiscal Note: Requested on January 18, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.