



Washington State
**DEPARTMENT OF
ENTERPRISE SERVICES**

SUPPLIER DIVERSITY – SMALL/VETERAN’S BUSINESS EVALUATION POINTS WASHINGTON CONTRACTS FOR GOODS/SERVICES

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PRESENTER

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OVERVIEW



- Department of Enterprise Services (DES) is the state's lead procurement agency.
- DES also procures and manages around 200 statewide contracts with around 1,500 vendors.
- DES is responsible for developing and implementing procurement policies and procedures for Washington agencies.

STATUTORY DIRECTIVE



RCW 39.26.005

Legislature intends that the state develop procurement policies, procedures, and materials that encourage and facilitate state agency purchase of goods and services from Washington small businesses.



RCW 39.26.090

Developing procurement policies and procedures, that encourage and facilitate the purchase of goods and services from **Washington small businesses, microbusinesses, and minibusiness, and minority and women-owned businesses** to the maximum extent practicable . . .



Executive Order

EO 22-01: Equity in Public Contracting requires cabinet agencies to use the Tools for Equity to improve the scope and equity of public spending in Washington

2019 DISPARITY STUDY

State of Washington
Disparity Study
2019



“ . . . Minorities and White women do not enjoy equal access to all aspects of State contracting opportunities . . . Some remedial action is warranted and necessary to ensure non-discrimination in State contracting.”

One recommended action: review vendor requirements so that they are no greater than necessary to protect the State’s interests



CH COLETTE
HOLT
& ASSOCIATES

SUPPLIER DIVERSITY POLICY

SUPPLIER DIVERSITY POLICY

- Enterprise Services Policy No. [POL-DES-090-06](#) – Supplier Diversity
 - Effective April 1, 2023
- [Supplier Diversity Virtual Handbook](#)



Enterprise Services Policy No. POL-DES-090-06

Supplier Diversity

Applies to: Any procurement by the executive and judicial branches of state government, including state agencies, departments, offices, divisions, boards, commissions, institutions of higher education as defined in [RCW 28B.10.015](#) and correctional and other types of institutions ([RCW 39.26.010\(1\)](#)) ([RCW 39.26.100](#)) ([RCW 39.26.102](#)) governed by RCW 39.26.

Authorizing sources:

- State Law [RCW 39.26.090\(6\)](#)
- State Law [RCW 39.26.005](#)
- State Law [RCW 39.26.240](#)
- State Law [RCW 39.26.245](#)
- State Law [RCW 39.26.160\(3\)\(b\)](#)
- State Law [RCW 43.60A.200](#)
- State Law [RCW 39.26.010](#)
- [Executive Order 19-01](#)
- [Executive Order 22-01](#)
- [DES Policy 210-01](#)

Related sources:

- [Executive Order 05-03](#)

Effective date: April 1, 2023

Last update: N/A

Sunset review date: 5 years from Effective date

Approved by:  Tara C. Smith, Director


Reason for Policy

The Legislature has directed the Department of Enterprise Services to develop procurement policies and procedures that encourage and facilitate the purchase of goods and services from Washington small businesses, microbusinesses, minibusinesses, diverse, and veteran-owned businesses to the maximum extent practicable. Supplier diversity adds value such as innovation, quality improvements, efficiencies, and cost savings.

The purpose of this policy is to ensure that all procurement professionals and those with acquisition responsibilities use approved, legally compliant strategies that encourage and facilitate the purchase of goods and services from small, diverse, and veteran-owned businesses to the maximum extent possible. Agencies must take action to remove barriers that prevent small, diverse, and veteran-owned businesses from receiving equitable access to state goods and services procurements.

SUPPLIER DIVERSITY TOOLS

- C-1 – Forecasting
- C-2 – Outreach
- C-3 – Unbundling
- C-4 – Contracts under \$150,000
- C-5 – Small/Veteran's Business
- C-6 – Solicitation/Contract Language
- C-7 – Other Strategies
- C-8 – Transparency



Open the
Market to
Small/Vet bus's

STRATEGY IS IN §C7(A) OF THE POLICY AND HANDBOOK

C7(a). Using Small and/or Veteran Evaluation Points Procedure

<i>Action by:</i>	<i>Action:</i>
Agency supplier diversity leader(s) and procurement staff	<ol style="list-style-type: none">1. Ensures that an evaluation point strategy is included in all solicitations where it is relevant to do so. Small and/or veteran evaluation points may not be used for federally funded solicitations.
Procurement staff	<ol style="list-style-type: none">2. Decides how many evaluation points to award to small and/or veteran-owned businesses during a solicitation.<ol style="list-style-type: none">a. For example, "10%-20% of evaluation points will be awarded" to veteran-owned and/or Washington small businesses.3. Includes language in the solicitation to allow evaluation points for small and/or veteran-owned business only if the vendor is responsive and responsible.4. Awards evaluation points to small and/or veteran-owned businesses when applicable.

SMALL/VETERAN'S BUSINESS POINTS – WHAT AND WHY

- Small/Veteran Evaluation Points are preference points issued to Certified Veteran-owned and/or Washington Small Businesses
- Benefits:
 - Helps to provide equity, not just equality, for Small/Veteran Business Firms
 - Helps Comply with Policy/RCWs [next page] and Governor's Goals
 - Keeps state funds in state by using Washington Based Firms
 - Helps local economies

SMALL/VETERAN'S BUSINESS POINTS – AUTHORIZATION

- RCW 39.26.005, .090(6): ...”[T]he state [shall] develop procurement policies and procedures ... that encourage and facilitate state agency purchase of goods and services from Washington small businesses.”
- RCW 39.26.160(3)(b): “In determining the lowest responsive and responsible bidder, an agency may consider best value criteria, including but not limited to ... [w]hether the bid encourages diverse contractor participation.”
- RCW 43.60A.200(2)(a): “State agencies shall [p]erform outreach to veteran-owned businesses ... to increase opportunities for [them] to sell goods and services to the state.”
- EO 19-01(3): DES “will... promote state agency contracting with and procurement from veteran owned businesses...”

SMALL/VETERAN'S BUSINESS POINTS – HOW

- Important! This methodology **CANNOT** be used when federal funds are being utilized
 - Why? It introduces a location-based preference (WA State)
- How much can we set?
 - It is up to each individual agency to set this number for each procurement. DES has been most successful when allocating 10-20 percent of the total points for small- or veteran- owned bidders. Evaluation points should be based on market research and customized to each solicitation.

SMALL/VETERAN'S BUSINESS POINTS – HOW

- How do we verify an ASB's Washington Small and/or Certified Veteran status?
 - For small businesses: This can be done by verifying a vendor's self-certification on WEBS.
 - Notice: We (at DES) are NOT using RCW 39.26.010(22)b [OMWBE Certification]
 - See our 2-page guide, "Verifying a Small/Veteran Business" (next slide)
 - For veteran-owned businesses: The Washington State Department of Veteran's Affairs website has a [search tool](#) that can be used to find a vendor's certification status.

SMALL/VETERAN'S BUSINESS POINTS – HOW

WASHINGTON SMALL BUSINESS

VERIFICATION: Washington Small Businesses can be verified through Washington Electronic Business Solution ([WEBS](#)) or by completing the steps listed below.



QUALIFICATION: To qualify as a Washington Small Business for a **goods and services procurement**, the bidder's principal office must be located in the state of Washington, see RCW 39.26.010(13), **and** the bidder must self-certify that it is owned and operated independently from all other businesses and that it falls under either the total number of employees requirement (50 or fewer) or the total gross revenue requirement (less than \$7,000,000) over the previous 3 consecutive years. See RCW 39.26.010(22)(a). This can be done through in WEBS or through the Exhibit A-1 Bidder's Certification; which asks bidders to certify under penalty of perjury that they are a Washington small business and would qualify for the small business evaluation points. If there is doubt as to the bidder's attestation on the A-1 Certification, then proceed to the steps below.

First, verify that the bidder's principal office/place of business is located within Washington State. A principal office or principal place of business is the bidder's headquarters where business decisions are made and the location for the bidder's books and records as well as the bidder's senior management personnel. If the bidder's principal office/place of business is not located in

Washington, then is the bidder does not qualify as a Washington Small Business.

1. Look up the bidder on the Washington Secretary of State's Website [Corporations and Charities System \(wa.gov\)](#) and determine whether the bidder has identified a location in Washington State as its "principal office street address").
2. If you cannot verify the bidder's principal office/place of business through the Secretary of State's website, then look up the bidder's website to determine if their principal office/place of business is located in Washington.
3. If you remain unable to verify the bidder's principal office/place of business, contact the bidder, and verify that the bidder's headquarters – i.e. – the location where business decisions are made and the location for the bidder's books and records as well as the bidder's senior management personnel – is located in Washington.

Once the bidder's principal office/place of business is verified as located in Washington State, determine whether the bidder meets one of the following criteria:

- EMPLOYEE TEST QUALIFICATION. The bidder is owned and operated independently from all other businesses, and it falls under the total number of employees requirement (50 or fewer).
- or*
- REVENUE TEST QUALIFICATION: The bidder is owned and operated independently from all other businesses, has more than 50 employees, and it falls under the total gross revenue requirement (less than \$7,000,000) over the previous 3 consecutive years. See RCW 39.26.010(22)(a).

1. Do they have 50 or fewer employees?

- Check WEBS. Did they indicate in WEBS how many employees they have?
- Call their place of business and ask "how many employees do they have"
- Call the owner and ask, "How many employees do you have" If you question the validity as a Washington small business and need to verify the number of employees a business has, ask to view two quarters of their Tax and Wage filing with the Washington State Employment Security Department (ESD). Employers in the state of Washington must file a Tax and Wage Report each quarter with ESD. Request to view their ESD filing. **Do not** ask for them to send you a copy, establish a place and time when you can meet, and you can view and verify their number of employees. Once you [verify](#) they have 50 or fewer employees you can stop here.

2. If the business has more than 50 employees, verify that it's gross revenue is less than 7 million annually over the previous three consecutive years.

Request to view their state tax filing with Washington State Department of Revenue (DOR). **Do not ask** for them to send you a copy, establish a place and time when you can meet, and you can view and verify their income for past three years. Or,

Request to view their IRS tax returns for the last three years. **Do not ask** for them to send you a copy, establish a place and time when you can meet, and you can view and verify their income for past three years.

SMALL/VETERAN'S BUSINESS POINTS – RESOURCES

- The Supplier Diversity Handbook has a listing of Best Practices, and some additional tools/templates
 - [Supplier Diversity Virtual Handbook](#)
 - [Best Practices](#)
 - [DES' Evaluation Tools/Templates](#)
 - [APEX Accelerator \(Formerly PTAC\)](#)

QUESTIONS

THANK YOU



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