

# Agreed Sub-Object Base for Diverse State Spend and Diversity Participation Reports

## Background

OMWBE was the first agency to establish financial system instructions to create a set of financial expenditure data that represents discretionary spending by state agencies as directed by the state's socio-economic goals for diversity; including firms certified by OMWBE. Several changes occurred prompting the need to amend financial instructions and expand their use to socio-economic goals other than OMWBE certified vendor participation:

1. Some financial data changed due to agency mergers and market changes. This prompted a need to change the financial instructions so it represents the current state of agency accounting and the current market.
2. The legislature established new socioeconomic groups in Washington State Law:
  - Businesses certified by the Washington State Department of Veterans Affairs.
  - Businesses self-certified as a Washington Small, Mini or Micro Businesses using (WEBS).
3. The governor and state legislature established similar state reporting requirements for all categories of business diversity participation. To represent discretionary spending by state agencies directed by the states socio-economic goals for diversity; and provide the most consistent reporting for all diversity participation reports, the three state agencies agreed on common instructions to create the financial expenditure data set used by the financial systems.
4. Sub-object codes have been consolidated and renamed in the SAAM manual as maintained by the Office of Financial Management.

The Washington state agencies of OMWBA, DVA and DES agreed the following represents the appropriate financial expenditure sub-objects to use for calculating the base for the diverse spend and participation reports:

1. Construction and Engineering & Architectural Service
  - JE - Land
  - JF - Buildings
  - JG - Highway Construction
  - JH - Improvements Other Than Buildings (Non State Highway System)
  - JJ - Grounds Development
  - JK - Architectural and Engineering Services; and
  - JL - Capital Planning recommend for inclusion for subcontractors
2. Professional Services
  - CA - Management and Organizational Services
  - CB - Legal and Expert Witness Services
  - CC - Financial Services
  - CD -Computer and Information Services
  - CE - Social Research Services
  - CF - Technical Research Services
  - CG - Marketing Services
  - CH - Communication Services
  - CJ - Employee Training Services
  - CK - Recruiting Services; and
  - CZ - Other Personal Services; and change object title to Personal Service Contracts
3. Purchased Goods
  - EA - Supplies and Materials, FH- Raw Materials (Direct Materials)

- JA - Non-capitalized Assets
- JB- Non-capitalized Software
- JC - Furnishings and Equipment
- JM - Art Collections, Library Reserve Collections, and Museum and Historical Collections
- JQ - Software; and
- JZ - Other Capital Outlays

#### 4. Purchased Services

- EB - Communications and Telecommunications Services
- EE - Repairs, Alterations, and Maintenance
- EF - Printing and Reproduction
- EH - Rentals and Leases – Furnishings and Equipment
- ER - Other Purchased Services
- ES - Vehicle Maintenance and Operating Costs; and
- EZ - Other Goods and Services
- ED - Rentals and Leases – Land and Buildings
- ET- Audit Services, EG- Employee Professional Development and Training;
- JN - Relocation Costs
- Note: the following are retired codes and are excluded going forward, but are included for older fiscal year base calculations:
  - EP- Insurance
  - FD- Freight-In, and change the object title to Goods and Services

#### 5. Travel

- GB - In-State Air Transportation
- GG - Out-of-State Air Transportation with the multiplier of twelve percent (12%).<sup>1</sup>

#### 6. Exceptions –Exception codes will no longer be deducted from the reporting base.

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<sup>1</sup> Expenditures to travel agencies were previously counted at twenty (20%) percent of the dollar amount of the payment and OMWBE calculated an adjustment so monthly reports reflected twenty percent (20%) of the total value in the MBE and WBE utilization column for purchased services. The agreed change in percentage is based on current market practices and was confirmed to be twelve percent (12%) by DES analysis and confirmed by OFM.