



Small Business Participation State Purchasing Report

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Contacts:

Chris Liu, Director, Department of Enterprise Services, (360) 407-9201

Jaime Rossman, Assistant Director, Contracts & Procurement, Department of Enterprise Services, (360) 407-9329

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EXECUTIVE SUMMARY

In accordance with RCW 43.19.727, the Department of Enterprise Services (DES), Washington State Department of Transportation (WSDOT), and institutions of higher education must report the effects the technical assistance under RCW 43.19.725(3) is having on the number of small businesses annually receiving state contracts for goods and services purchased by the state.

Pursuant to RCW 43.19.725, the department must develop a model plan for state agencies to increase:

- (a) The number of small businesses registering in the state's enterprise vendor registration and bid notification system;
- (b) the number of such registered small businesses annually receiving state contracts for goods and services purchased by the state; and
- (c) the percentage of total state dollars spent for goods and services purchased from such registered small businesses.

The goal of the plan is to increase the number of small businesses receiving state contracts as well as the percentage of total state dollars spent for goods and services from small businesses registered in the state's enterprise vendor registration and bid notification system, also known as the Washington Electronic Business Solutions (WEBS), by at least 50 percent in fiscal year 2013, and at least 100 percent in fiscal year 2015 over the baseline data reported for fiscal year 2011.

Based on past reports these goals were reached.

SUMMARY RESPONSE

RCW 43.19.727 requires DES to submit a report to the appropriate committees of the legislature providing verifiable information regarding the effects of technical assistance every other year beginning November 15, 2013. After the initial report submitted in 2014, subsequent reports have not been drafted or submitted. As such, this report examines the influence the technical assistance is having on WEBS registrations, the number of contracts awarded to small businesses, and the total amount spent with small businesses for years 2015 through 2020.

Subsection (3)(a) requires the development and implementation of a web-based information system to capture data, track outcomes, and provide accurate and verifiable information regarding the effects of technical assistance under RCW 43.19.725(3).

Washington’s Electronic Business Solutions (WEBS) is the system used to capture data around both:

- (a) The number of small businesses registering in the state’s enterprise vendor registration and bid notification system; and
- (b) The number of such registered small businesses annually receiving state contracts for goods and services purchased by the state

The Agency Financial Reporting System (AFRS) is the system used to capture data around:

- (c) The percentage of total state dollars spent for goods and services purchased from such registered small businesses.

Development and implementation of a new system was not needed in order to track the outcomes of these goals.

NUMBER OF SMALL BUSINESSES REGISTERING IN THE STATE’S ENTERPRISE VENDOR REGISTRATION AND BID NOTIFICATION SYSTEM (WEBS)

The table below displays the past six years of total WEBS registered users and, of those registered users, the number and percentage of Washington State small businesses registered.

	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Total WEBS Registered Users	35,358	39,472	43,516	22,531	18,774	19,706
Washington State Small Businesses Registered	7,070	8,598	10,387	7,844	7,639	8,255
Small Business %	20%	22%	24%	35%	41%	42%

The number of small business accounts grew by 2 percent each year from 2015 to 2017. In 2018, the percentage of small businesses increased by 11 percent. This is due to an audit DES conducted of WEBS in 2017 where businesses that had not logged into WEBS for the past 12 months had their accounts deactivated. As a result, the number of active WEBS accounts, as well as small business accounts, were greatly reduced from 2017 to 2018. Going forward, DES established a business rule that would deactivate accounts that had not been logged into within the previous 12 months. This business rule also reduced the number of active accounts from 2018 to 2019. Despite

many accounts being deactivated, the percentage of small businesses accounts in WEBS has continually increased since 2015.

NUMBER OF REGISTERED SMALL BUSINESSES ANNUALLY RECEIVING STATE CONTRACTS FOR GOODS AND SERVICES

The table below displays a summary of the registered small businesses receiving State contracts for goods and services. This information has also been pulled from the WEBS system where agencies have recorded contract awards. It is important to note that the information below only includes contracts where the awards section has been completed in WEBS. The percentage of small businesses on contract more than doubled from 2013 to 2017 and has since held steady only varying by 1 percent.

Year	Unique Vendors Any Contract	Total Vendors All Contracts	Unique Small Business Vendors Any Contract	Total Small Business Vendors All Contracts	Percentage of Small Businesses Any Contract	Percentage of Small Businesses All Contract
2013	819	1,015	112	130	14%	13%
2014	1,088	1,381	211	273	19%	20%
2015	1,373	1,826	343	493	25%	27%
2016	1,678	2,369	540	801	32%	34%
2017	1,740	2,183	673	871	39%	40%
2018	1,752	2,156	669	844	38%	39%
2019	1,739	2,157	670	857	39%	40%
2020	1,639	2,019	629	797	38%	39%

The table shows both unique small business vendors and total small business vendors. Definitions for each column are below:

Unique Vendors Any Contract: Total number of unique WEBS vendors that were on any active contract during that calendar year.

Total Vendors All Contracts: Total number of WEBS vendors that were on any contract active contract during that calendar year; since some vendors will be on multiple contracts, this number is larger than the previous column.

Unique Small Business Vendors Any Contract: Total number of unique small business WEBS vendors that were on any active contract during that calendar year.

Total Small Business Vendors All Contracts: Total number of small business WEBS vendors that were on any active contract during that calendar year; since some vendors will be on multiple contracts, this number is larger than the previous column.

PERCENTAGE OF TOTAL STATE DOLLARS SPENT FOR GOODS AND SERVICES PURCHASED FROM REGISTERED SMALL BUSINESSES

The table below displays the amounts and percentages of total State dollars spent on goods and services from registered small businesses. The percentage has increased almost every year and has more than doubled from 4.01 percent in 2013 to 8.17 percent in 2020.

	2013	2014	2015	2016
Total percent	4.01%	4.22%	5.21%	6.50%
Washington Small Businesses	\$135,430,024	\$136,396,721	\$171,698,566	\$186,832,867
	2017	2018	2019	2020
Total percent	7.29%	8.06%	7.74%	8.17%
Washington Small Businesses	\$213,734,619	\$236,557,652	\$235,323,078	\$268,797,724

The information included in the above table was obtained from the Diversity Participation Report, which pulls information from the Agency Financial Reporting Systems, commonly known as AFRS.

CONCLUSION AND NEXT STEPS

In 2019, the process to develop an enterprise procurement policy to increase the State's partnership and business with small, minority-, women- and veteran-owned businesses was started. This policy will address several RCWs, executive orders, and portions of the 2019 State of Washington Disparity Study. The draft policy will be reviewed at the next procurement policy workshop in spring 2021 with a target completion date in fall 2021.

DES is also working to improve the WEBS system to ensure the contract award section is easier to complete after every solicitation has ended. Currently, the award section cannot be corrected after it is completed and it is not required to be completed. This leads to many agencies leaving this section blank which results in incomplete reporting. This enhancement, along with the new policy, will help agencies contract with small business and lead to more accurate reporting in WEBS.