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

Supplier Diversity

**Applies to**: Any state office or activity of the executive branch of state government, including state agencies, departments, offices, divisions, boards, commissions, institutions of higher education as defined in [RCW 28B.10.016](http://apps.leg.wa.gov/RCW/default.aspx?cite=28B.10.016) and correctional and other types of institutions.

**Authorizing sources**:

* State Law [**RCW 39.26.090(6)**](https://app.leg.wa.gov/RCW/default.aspx?cite=39.26.090)
* State Law [**RCW 39.26.005**](https://app.leg.wa.gov/RCW/default.aspx?cite=39.26.005)
* State Law [**RCW 39.26.240**](http://app.leg.wa.gov/RCW/default.aspx?cite=39.26.240)
* State Law [**RCW 39.26.245**](https://apps.leg.wa.gov/rcw/default.aspx?cite=39.26&full=true#39.26.245)
* State Law [**RCW 39.26.160(3)(b)**](https://app.leg.wa.gov/RCW/default.aspx?cite=39.26.160)
* State Law [**RCW 43.60A.200**](https://app.leg.wa.gov/RCW/default.aspx?cite=43.60A.200)
* State Law [**RCW 39.26.010**](https://app.leg.wa.gov/RCW/default.aspx?cite=39.26.010)
* [**Executive Order 19-01**](https://www.governor.wa.gov/sites/default/files/exe_order/19-01_VeteranAndMilitaryFamily%20.pdf)
* **[Executive Order 13-01](https://www.governor.wa.gov/sites/default/files/exe_order/eo_13-01.pdf)**
* [**DES Policy 210-01**](mailto:https://des.wa.gov/sites/default/files/public/documents/About/Procurement_reform/Policies/DES-210-01AgencyContractReporting.pdf?=c04df)

**Effective date**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020

**Last update**: N/A

**Sunset review date**: 5 years from Effective date

**Approved by**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Chris Liu, Director

# Reason for Policy

The state is encouraged to purchase goods and services from Washington small businesses and veteran-owned businesses. A competitive solicitation process must be used for all purchases of goods and services unless there is an exception listed under RCW 39.26.125.Agencies may consider diverse contractor participation in determining the lowest responsive and responsible bidder.

This policy establishes the procurement criteria authorized in statute, Executive Order 19-01, and the Governor’s Business Diversity Subcabinet recommendations. This policy applies to all purchases for goods and services made by agencies under delegated authority, granted in accordance with [RCW 39.26.090](http://app.leg.wa.gov/RCW/default.aspx?cite=39.26.090) or under [RCW 28B.10.029](http://app.leg.wa.gov/RCW/default.aspx?cite=28B.10.029).

# Policy

**Purpose Statement:** Supplier diversity will be included in all aspects of procurement. The purpose of this policy is to provide maximum practicable opportunities intended to further promote, encourage and facilitate the purchase of goods and services from Washington small businesses and veteran-owned businesses.

**Statutory Authority**

1. **RCW 39.26.005 Intent** The 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.
2. **RCW 39.26.090(6) The** Department of Enterprise Services (DES) is to develop procurement policies and procedures, such as unbundled contracting and subcontracting that encourage and facilitate the purchase of goods and services from Washington small businesses.
3. **RCW 39.19.010** Washington State is to provide the maximum practicable opportunity for increased participation by minority and women-owned and controlled businesses in participating in the process by which goods and services are procured by state agencies and educational institutions from the private sector.
4. **Executive Order 19-01** (signed on 5/13/19) DES in conjunction with the Department of Veteran’s Affairs (DVA), and the Office of Minority and Women Business Enterprises (OMWBE), is responsible for establishing a new policy regarding procurement practices and preferences to promote state agency contracting with veteran-owned businesses.
5. **Veteran-Owned Business Purchasing Goals** :
   1. **RCW 43.60A.200** State agencies are encouraged to award 3% of non-competitive purchases to certified Veteran-Owned businesses.
   2. **Executive Order 13-01** Each executive cabinet agency shall set a target of awarding at least 5% of all procurement contracts to certified Veteran-Owned businesses.

**Leadership Commitment**

1. Agency executive leadership will:
2. Include business diversity focus in the agency’s strategic plan
3. Set business diversity goals, consistent with authorizing statutes
4. Transparency
5. Designate Agency leader(s) with the responsibility for increasing your Agency’s spending with small, minority, women, and veteran-owned businesses.
6. Review business diversity goals and progress
7. Develop agency expectations around outreach, inclusion plans, etc.

**Forecasting**

1. Analyze Data
   1. Analyze spending trends
   2. Availability of diverse suppliers in relevant industries
2. Planning
3. Increase small and diverse business utilization
4. Target contract and procurement opportunities
5. Data policy

**Outreach**

1. Agency procurement staff will conduct outreach to Washington small and veteran-owned businesses, using the agency’s outreach expectations and Office of Minority and Women’s Business Enterprise (OMWBE) Inclusion Plan.
2. Agency outreach expectations
3. Outreach plans related to the procurement of goods and services
   * 1. Support, technical assistance and guidance.
     2. Publicly posted
     3. Staff (roles/responsibilities, competency and designated lead)
4. Budget for outreach
5. Targeted outreach opportunities
6. Communication methods
7. Performance measures and monitoring plan
8. Feedback process
9. Review
10. Continuous improvement

**Unbundling**

Unbundling entails the division of a larger contract into smaller ones. Within larger contracts, there may be potential to have a portion segmented to promote competition for small businesses that meets a state procurement goal.

1. Agency to decide if unbundling is suitable
   1. When/how to use unbundling
   2. Market research
2. Business justification/documentation

**Contract Language**

1. Alignment with statutory and Executive Order (EO 13-01 and 19-01) requirements
2. Alignment with Governor’s Goals on Equity in State Contracting
3. Sample contract language
   1. Use of inclusion plans
   2. Require the contractor and subcontractor(s) to register in WEBS
   3. Require the contractors to pay their subcontractors timely
4. Adjust terms and conditions to encourage greater participation of diverse firms (i.e. insurance requirements, etc.)
5. Contract management best practices
   1. Ensure contractor performance (specific to goals and requirements related to cultural competency, inclusion and anti-discrimination)
   2. Diverse business reporting requirements, including subcontractor data

**Inclusion Plans**

An inclusion plan outlines a commitment the vendor makes towards including small, diverse and veteran-owned businesses for ancillary services that the vendor does not directly perform.

1. Inclusion Plan template
   1. Requirements
   2. Responsiveness
2. Target planned procurements with potential for inclusion plan
3. Engage industry
   1. Clarity on what can be subcontracted
4. Implementation
5. Monitoring inclusion plan

**Purchase Cards**

1. How purchase cards should be used to encourage the intent of this policy

**Transparency**

1. Transparency requirements

**Training: Agencies will be required to complete training**

1. Training program
2. Who affected
3. Timeline

**Compliance: Agencies will document compliance with this Policy**

1. Reporting progress
   1. Use of WEBS
2. Justification/documentation

**Conditions**

1. Exceptions
2. Master contract requirements

# Procedure

**Procedure:** Enterprise Services Procedure #PRO-DES-090-06 [To be developed based on feedback received on policy]

# Guideline

**Guideline:** Enterprise Services #GDL-DES-090-06 [To be developed based on feedback received on policy]

# Frequently Asked Questions

**FAQ:** Enterprise Services FAQ [To be developed based on feedback received on policy]

# Appendices

[Sample Contract Language](file:///\\des.wa.lcl\doc\CPRM\Enterprise-Policy\Pol_Pro_Gdl%20Documents\Green%20Purchasing%20Policies\Drafts\Sample%20Recycled%20Products%20%20Language.docx) [To be developed based on feedback received on policy]

# History

## Adopted

\_\_\_\_\_\_\_\_\_\_\_\_, 2020

## Replaces

N/A