

Agency: 147 Off of Minority & Women's Business
Decision Package Code/Title: A0 Federal Funding Spending Authority
Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Under federal regulations, OMWBE is the single certifying agency for federal DBE certification in the State of Washington. Currently, OMWBE only receives funds to run the Disadvantaged Business Enterprises (DBE) program from WSDOT under an Interagency Agreement. This covers the cost of WSDOT's usage of the DBE certified firms, including application review. It does not cover the cost of investigations, appeals, and outreach. This cost is being subsidized by state funds. Also, this does not cover the cost for other political subdivisions and agencies to use that certification.

OMWBE can charge subdivisions a fee for the use of the OMWBE certifications. It is important to note that these fees are not gathered from or collected to the state general fund. Currently, WAC 326-02-034 allows OMWBE to collect fees from subdivisions that use the state certification. OMWBE is working with the Office for Regulatory Innovation and Assistance (ORIA) to use an expedited rule making process to amend the rule to allow for the collection of fees from political subdivisions that use the federal certification as well. OMWBE believes this will result in an increase of \$1 million in available funds. Those funds would be used to hire an additional 5 FTE's to fully staff the federal certification unit: an investigator/tax expert, an administrative assistant 2, 1 management analyst 4, a program specialist 3 for outreach and an FTE to run and maintain the DBE database. This would staff a unit devoted to our federal certification process.

OMWBE requests spending authority of \$979,133 and 5 FTEs for FY 15-17 to cover: \$621,286 -4 DBE staff (Investigator/Taxes, MA4, AA2, and a Program Specialist 3 for Outreach): as well as \$200,000 for a data base to capture DBE expenditures and \$157,847 for a FTE to run that program.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
453-1 OMWBE Enterprises Account-State	513,379	484,364	997,743
Total Cost	513,379	484,364	997,743

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
453 OMWBE Enterprises Ac0420	Charges for Services	497,687	497,687	995,374
Total Revenue		497,687	497,687	995,374

Package Description:

OMWBE does not currently have sufficient funding to cover the cost of processing Federal certifications, appeals and outreach. Often OMWBE utilizes resources to process Federal files instead of utilizing the revenue to carry forward the intent of the OMWBE legislation. This request to increase the expenditure authority would provide funds from federally funded projects to cover

investigations, outreach, and certifications of firms, as well as offer an easy to use reporting system for all users. Once the system is in place each user would require unique a sign on and have a usage charge from the vendor. OMWBE is currently working with ORIA on amending our subdivision fee WAC, WAC 326 02 034. This WAC, along with RCW 39.19.220, allows OMWBE to

charge a political subdivision a reasonable fee based on the benefit to the subdivision of OMWBE certifications. Currently, our WAC does not allow OMWBE to charge a fee for a subdivision's use of our DBE (federal) certification. OMWBE will be working with ORIA to amend the applicable WAC on an expedited basis to allow OMWBE to collect those usage fees from our subdivision partners. This additional income and expenditure will help cover some of the cost associated with OMWBE's federal certification process, investigations, and outreach.

The funding would allow an OMWBE's staff person to be assigned to investigate complaints made about certified firms. This staff person would fully investigate those complaints in a timely manner. The person would also have tax expertise, which is a gap in abilities that currently exists with our staff that would be very helpful in resolving complaints. The management analyst position would process applications for DBE certification to ensure the firms applying meet the eligibility criteria. These two positions will be working to improve and maintain a robust list of certified firms available to contract with the state and political subdivisions. The administrative assistant will support these two positions. Finally, the program specialist will handle outreach, allowing OMWBE to educate firms not yet certified on the benefits of certification, as well as prime contractors and political subdivisions on the over-all benefits of using OMWBE certified firms on their contracts. This will make OMWBE's outreach efforts more efficient and targeted.

Furthermore, the funds would create and maintain a database to capture DBE expenditures by agency and higher education institution. This database would collect DBE usage information for all entities that are required to report such usage under RCW 39.19.250. The information gathered can then assist low performing agencies in increasing their utilization and make DBE utilization more transparent for Washington's citizens by gathering the information in one location. OMWBE will use the funds to pay an FTE to run and maintain this database.

OMWBE requests an increase in expenditure authority to allow it to spend the money collected once WAC 326-02-034 has been amended and the fees for federal certification are collected from political subdivisions using the certification. The increase in expenditure authority will allow OMWBE to improve and maintain a robust federal certification process, allowing more eligible Washington State businesses to obtain and maintain certification and ultimately, obtain contracts with the state, political subdivisions, agencies and higher education institutions.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Approving the above expenditure will allow OMWBE to re-focus our current staff on State Certification as intended in the legislation and put in place a proven collection center for DBE participation rates.

One of OMWBE's goals for the year and coming years is to increase our list of certified firms and fortify that list by ensuring the current certification list has businesses that currently meet certification requirements. Although OMWBE has had some success in increasing the number of certified firms, there are always more to be added. Also, OMWBE's ability to fully investigate complaints of ineligibility against other certified firms is hindered by a lack of staff expertise in specific areas and staff time. To fully provide the services necessary to bolster and maintain our federal certification database and list, OMWBE requires additional expenditure authority through FY 15-17 to cover the cost of processing applications, investigating complaints, and providing outreach to firms not already certified by OMWBE.

Performance Measure Detail

Activity:

No measures submitted for package

Incremental Changes

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. With this funding we will be able to create better customer service, complete targeted outreach, and improve our technology

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. If a state wishes to participate in federal transportation program funding, the funds are needed to continue to run the program. This will meet the Governor's Results Washington Priorities by adding to a prosperous economy and efficient, effective, and accountable government.

What are the other important connections or impacts related to this proposal?

This request is tightly coordinated with OMWBE's mission and the state's federal financial relationship with transportation programs

What alternatives were explored by the agency, and why was this alternative chosen?

OMWBE has carefully reviewed its revenue stream and this is the most practical way to charge the actual users of the program.

What are the consequences of adopting or not adopting this package?

OMWBE cannot investigate complaints against firms with the current budget and we cannot do the necessary outreach needed to support the federal program. Failing to meet the federal requirements may subject the state to potential litigation and loss of federal funding.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

WAC 326-02-034 will be amended to allow OMWBE to collect fees from political subdivisions for federal DBE certification utilization.

Expenditure and revenue calculations and assumptions

Calculations were based on HRMS tables and DES estimates for FTE costs. Revenue estimates were based on totals given by federal agencies.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

On-going

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	238,944	238,944	477,888
B Employee Benefits	88,886	88,886	177,772
E Goods\Other Services	18,610	18,610	37,220
G Travel	37,924	37,924	75,848
J Capital Outlays	129,015	100,000	229,015
Total Objects	513,379	484,364	997,743

Agency: 147 Off of Minority & Women's Business
Decision Package Code/Title: 8L Lease Rate Adjustments
Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of Minority & Women's Business Enterprises (OMWBE) is working with the Office of Financial Management (OFM) for the relocation of our agency.

OMWBE was asked by OFM to consider moving to the Capital Court Building (CC) which has recently been remodeled and is ready for leasing tenants. OFM has notified OMWBE that we must vacate the General Administration (GA) Building by 2017. The CC Building is near proximity to the current GA building and most agencies OMWBE partners with. Since the lease is already being paid for by the state it will not be an additional burden on tax payers.

OMWBE will be moving from the GA building to another available state building by the end of fiscal year 2017. There is currently space available in a building near the GA building that will meet OMWBE's needs. The cost to lease this space is higher than OMWBE currently spends for the space at the GA building. Also, OMWBE was not anticipating moving until the next biennia; however, since this space is available now, OMWBE is willing to move before the deadline. Unfortunately, the expense of moving and the expense of the new lease amount were not calculated into the current biennial budget. OMWBE seeks an increase in budget to cover the one-time cost of the move and a permanent increase to cover the higher rent.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
453-1 OMWBE Enterprises Account-State	194,000	100,000	294,000
Total Cost	194,000	100,000	294,000

Package Description:

The Office of Financial Management has informed OMWBE that the agency must leave the General Administration building by the end of fiscal year 2017. Currently, the Capital Court building is available for occupancy and OFM is currently paying rent on the space without occupants. OMWBE is able and willing to move to this space; however, it lacks sufficient funds to move the agency.

Requested Resources OMWBE requests an additional \$94,000 moving fee and \$100,000 annually to pay for the difference in lease with comparable square footage.

Expected Result

OFM is already paying for this non-leased space. This simply moves spend to OMWBE from OFM. OMWBE will be out of the GA building as requested ahead of the 2017 cut-off.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

N/A

Performance Measure Detail

Activity:

No measures submitted for package

Incremental Changes

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

N/A

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

N/A

What are the other important connections or impacts related to this proposal?

N/A

What alternatives were explored by the agency, and why was this alternative chosen?

OMWBE has reviewed other areas to lease with OFM. This is the best fit for the low lease price.

What are the consequences of adopting or not adopting this package?

OMWBE will stay in the GA building and pay the lease; however, OMWBE will need to move at some point. The CC building will remain unoccupied and OFM will pay their lease.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure estimates are based on data supplied by OFM

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

On-going.

Agency: 147 Off of Minority & Women's Business
Decision Package Code/Title: 90 Maintenance Level Revenue
Budget Period: 2015-17
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

Maintenance Level Revenue. This is for State Certification to local political subdivisions and applications.

Fiscal Detail

Operating Expenditures				<u>Total</u>
Total Cost				
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
	453 OMWBE Enterprises Ac0420 Charges for Services	268,300	268,300	536,600
	Total Revenue	268,300	268,300	536,600

Package Description:

Maintenance Level Revenue

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

What are the consequences of adopting or not adopting this package?

What is the relationship, if any, to the state's capital budget?

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Expenditure and revenue calculations and assumptions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?