

Washington State Executive & Small Cabinet

Veteran-Owned Business Spending Progress & Goal Report

2024



WASHINGTON STATE
DEPARTMENT OF
**VETERANS
AFFAIRS**



"Serving Those Who Served"

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Message from the Director

Greetings,

It is my pleasure to provide your Washington State Department of Veterans Affairs second annual report on executive cabinet and small agencies progress toward Veteran-owned business spending goals.

There are 525,343 Veterans who call Washington State home. Veterans contribute billions of dollars to our state's economy through their earned benefits, employment, and business enterprises. We know many of these Veterans run small businesses throughout urban and rural areas of Washington. Ensuring they have equitable access to conduct business with State government will make Washington a place where Veterans and their families want to stay and thrive.

As we look back at our progress in conducting business with Veteran-owned businesses in FY24, I am pleased to report that we increased our spend statewide by \$27.5 million, a 152% increase, when compared to the previous three-year average!

However, we still have a long way to go to obtain our statewide equitable spend goals. All state agencies have an opportunity to significantly increase their efforts to address the low percentage of state spend on goods and services directed toward minority-, women-, and Veteran-owned businesses. We fully support the Governor's work to ensure equitable opportunities and greater access for these enterprises to conduct business with the State of Washington and are committed to supporting our state's Veteran-owned businesses.

Your Washington State Department of Veterans Affairs has increased outreach efforts to connect to Veteran-owned businesses. This has resulted in a 27 percent increase in Veteran-owned business certification over the past three years. There are currently over 2,480 certified Veteran-owned businesses in Washington State.

Through our agency's innovative programs, Washington State continues to lead the way in supporting Veterans and their families. Your WDVA has a goal to be a leading state in Veteran service delivery and outcomes and be a place that Veterans and their families want to call home, whether they are transitioning from the military at one of our state's military installations or are coming back home from another state. Ensuring we have services and supports to help entrepreneurial Veterans successfully start, sustain, and grow their businesses is one strategy to help us achieve that goal.



*David Puente, Jr.
Director, WDVA*

Purpose of the Report

Governor Inslee's Executive Order 22-01 requires that the Washington State Department of Veterans Affairs (WDVA) report quarterly on each agency's progress toward its goals for participation by Veteran-owned businesses, starting at the end of Fiscal Year 2023. This report informs state agencies of their previous fiscal year spending and requests that agencies establish stretch goals for Veteran-owned business spending for the new fiscal year, as required in Executive Order 19-01, Section (3)

WDVA is committed to supporting our state agency partners as they identify opportunities to conduct business with our certified state Veteran-owned businesses. In addition, we continue to conduct outreach to locate new Veteran-owned businesses and providing support to Veterans and family members interested in starting a new business.

Veteran-Owned Business Information

WDVA certifies businesses owned and controlled by United States military Veterans, with the goal of providing them more opportunities to conduct business with the government. State agencies, higher-education institutions, local governments, and private companies can search WDVA's website for certified Veteran-owned businesses to meet their supplier diversity goals. RCW 41.04.005 and RCW 41.04.007 redefines the definition of Veteran in Washington State, which expands to any Veteran who is already eligible for Federal VA benefits, and creates eligibility for State benefits for Veterans who were separated with less than honorable characterizations of service due solely to sexual orientation, gender identity, or gender expression or actions or statements related to sexual orientation, gender identity, or gender expression, regardless of characterization of service.

Over the last three years, the number of certified Veteran-owned businesses has risen to over 2,480, which is a 27 percent increase. WDVA conducts outreach through numerous methods to identify, educate, and assist Veteran-owned businesses and potential future business owners.

The following chart comparing FY 2021 to FY 2024 is a great snapshot of that trend. WDVA is appreciative of the work being conducted by our Veteran-Owned Business Coordinator. Though we only have one resource fully dedicated to these efforts, WDVA utilizes its network of outreach staff as well as our partners in state agencies, cities, and counties throughout the state. We also partner with Veterans service organizations, county Veterans offices, and nonprofit Veteran organizations to help us in these efforts.

Fiscal Years <i>Months</i>	Number of Files Completed	Number of Businesses Certified	Average Processing Days
FY21 <i>July 2020-June 2021</i>	163	1,803	10
FY22 <i>July 2021-June 2022</i>	160	1,963	7
FY23 <i>July 2022-June 2023</i>	247	2,210	7
FY24 <i>July 2022-June 2023</i>	276	2,486	7

Certified VOB Directory

The WDVA has a search tool, the Veteran-Owned Business Directory, that is publicly available on our website, www.dva.wa.gov, that provides information on certified Veteran-owned businesses as well as other helpful information for agencies and businesses. The directory is searchable by keywords, descriptions, location, and business category.

The Washington Electronic Business Solution, also known as WEBS, is the system of record for the certified Veteran-owned businesses and we export the data from WEBS to the WDVA website. Many prime contractors, agencies, and political subdivisions seek out certified firms because they want to do more work with small, local Veteran-owned businesses.

Outreach and Education

Despite going 100% online due to COVID-19 impacts for nearly three years, we are back in full swing with our partnered Outreach and Education events such as:

- Alliance Northwest (March)
- Washington State Small Biz Fair (September)
- Seahawks and YesVets Hiring and Resource Fair (July)
- Meet The Bigs (November)
- The Regional Contracting Forum (September)

WDVA has also partnered with Dun and Bradstreet to identify over 1500 uncertified, self-identified Veteran-owned businesses in Washington State. Informational mailings were sent to all of these businesses encouraging them to certify.

This past year has allowed us the opportunity to travel across western Washington to speak with currently certified Veteran-owned business about their experiences surrounding certification, solicitations, and doing business in Washington State. Our team traveled to six different Veteran-owned businesses - hear from three of them next!

“Becoming certified with the Washington VOB is one of the simplest processes I have encountered. The benefits are monumental, and they contributed to our rapid growth through networking and referrals by the Washington VOB process. I would highly recommend all Veteran-owned businesses to register and become part of a network that truly honors and supports you.”



Frank Diaz
Tin Hut BBQ

“I believe it’s important to verify that businesses are truly Veteran owned. FastSigns appreciates the opportunity the state gives us to serve and support the citizens of Washington state. Our job is to understand their needs, educate, and give our clients all the tools for them to make an informed decision.



Grace Kendall
FastSigns of Lacy

“Increasingly, many of the bidding opportunities released by Washington State agencies and other state organizations including goals for certified Washington state VOB companies. This opens more avenues for Veteran-owned businesses to engage and participate in the procurement process. Additionally, the certification enables us to connect with other certified Veteran-owned companies for potential collaborations and/or partnerships on opportunities.



Carmen Nazario,
Elyon International

VOB Spotlight

Website Traffic

Our website attracted 21,145 visitors in FY22, an increase of 5,061 or 23.93% over FY21.

Below are the top pages which attracted visitors to the Veteran-owned business section of our website.

<u>Web Page</u>	<u>Page Views</u> <i>(Total: 21,658)</i>	<u>Percent of Web Traffic</u> <u>Pertaining to VOB</u>
VOB Homepage	10,145	46.85%
VOB Search	6,826	31.52%
VOB Resources	2,748	12.69%
Prime Contractor VOB Search	706	3.26%
Doing Business with WDVA	500	2.31%
Federal Surplus Property for VOB Owners	316	1.5%
New VOB Logo News Article	219	1.01%
Doing Business in WA State	104	0.48%

Linked Deposit Loan Program

Businesses certified by Office of Minority and Women Business Enterprises (OMWBE) and Veteran-owned firms certified by the Department of Veterans Affairs are eligible to participate in the state's Linked Deposit Loan Program. The program allows a certified business to receive an interest rate reduction on a business loan from a participating lender sourced from a pool of funds that are set aside only for certified business borrowers.

The Office of the State Treasurer is authorized to use up to \$190 million of the state's short-term surplus funds to purchase a certificate of deposit (CD) equivalent to the dollar amount of a financial institution's loan to certified businesses. Up to \$175 million is available for loans for certified minority- and women-owned businesses, and up to \$15 million for Veteran-owned businesses

- The Linked Deposit Program for Veterans has had a waiting list for all but a few months over the past decade, with some businesses waiting over a year to be enrolled in the program. An increase in the amount authorized for Veteran-owned businesses in the Linked Deposit Program would have a significant positive impact on certified Veteran-owned businesses in Washington State.
- For FY21-24, 33 WDVA certified firms held \$12 million in Linked Deposit Loans that are in repayment or have available lines of credit.

Agency Spend Report and Goals

Data Methodology

All data in this report was collected for executive and small cabinet agencies consisting of Veteran-owned business spend in public contracts and goods and services. Spend data and percentages cover fiscal years (FY) 2023 through FY2024. FY2024 captures spending from July 1, 2023, through June 30, 2024. Due to deadlines for completion of this report, some June 2024 expenditures that were entered after July 1, 2024, may not be included in this report, but would be reflected in the Q1 spend report.

Data was pulled from the Enterprise Reporting System and presented results derive from the Supplier Diversity Participation Report.

What is included in the spend report?

The spend report includes all agency spending within the following expenditure categories (object/sub-object):

- Professional Services contracts (Object C)
- Goods and Services (Object E)- Supplies (EA), Communications (EB), Repairs/ maintenance (EE), Printing (EF), Professional development/training (EG), Furniture/ equipment rentals (EH), Other contractual services (ER), Vehicle maintenance (ES), and Software licenses (EY), and Miscellaneous (EZ).
- Cost of Goods Sold (Object F) – Purchases, Freight-In, and Raw Materials
- Capital Outlays (Object J) – Noncapitalized assets (JA), Noncapitalized software (JB), Furnishings and Equipment (JC), Buildings (JF), Art and other collections (JM), Relocation costs (JN), and Software (JQ), Construction (JG), Improvements (JH), Architectural and Engineering (JK), and Capital planning (JL, JZ)

All other sub-object codes within expenditure objects E, F, and J are excluded. All expenditures within salaries & benefits (Object A, B), travel (Object G), grants and client services (Object N), debt service (Object P), reimbursements (Objects S, T), and Other (Object W), are excluded as well.

Executive Cabinet Agency Veteran-Owned Business Spend Results and Fiscal Year 2024 Goals

WDVA's continued implementation of Executive Order 22-01 requires WDVA to report quarterly on each agency's progress towards meeting suggested Veteran-owned business (VOB) spending goals established in our FY23 annual report.

In our review of agency spending, we noted the amount of spend fluctuated significantly across the agencies. Given the volatility associated with the pandemic, WDVA will be comparing FY24 to spending averages between FY21-FY23.

The attached spreadsheet notes, for FY24, agencies spent a total of \$5.4 billion in qualifying expenditures. \$45.7 million of these funds were spent with 298 certified Veteran-owned businesses, representing a .85% total VOB spend for FY24. This represents a 152% increase in VOB spending in FY24 alone compared to the 3-year annual VOB spending average (\$18.1 million) across FY21-23. One agency averaged spending over 10% of qualifying expenditures with certified Veteran-owned businesses, four averaged spending over five percent, and another ten agencies averaged more than 1% percent in VOB spending. Approximately 72% of agencies are spending less than 1% of qualifying expenditures on Washington's over 2,200 certified Veteran-owned businesses.

Based on FY23 VOB spending, agencies that spent <1% were given a target goal of at least 1% VOB spending for FY24. Agencies that had >1% VOB spending for FY23, were given a target in FY24 that suggested they increase their VOB spend by 20%. Approximately, 22% of all agencies met their FY24 VOB spending goal. Special mention to the Military Department, Office of Independent Investigations, and the Washington State Historical Society for being the three state agencies with the highest VOB spend percentage. FY25 VOB spending goals are suggested utilizing the same metrics. Therefore, those agencies that are currently under one percentage should try to achieve at least one percent spend with certified Veteran-owned businesses in Fiscal Year 2025.