

# 2014-16 Strategic Plan

## Department of Small Business and Supplier Diversity [350]

### Mission

The Virginia Department of Small Business and Supplier Diversity (DSBSD). Helps small businesses and entrepreneurs by hosting workshops, seminars and presentations to help them start or grow their businesses. DSBSD also obtain financing by way of loan guarantees and micro-loans. Working collaboratively with public and private industries, DSBSD will aggressively pursue supplier diversity by creating contracting opportunities and promoting fairness in the state's procurement process for Small, Women, minority-owned, Service Disabled Veterans, and micro businesses.

### Vision

DSBSD envisions a Commonwealth in which a system of fair contracting and equal business opportunities exist for its small businesses; especially for women- and minority-owned businesses. The Department strives to be the Commonwealth's principal point of communication with the business community and to be the One-Stop businesses need to access resources to maximize their potential for success. DSBSD strives to build business capacity by ensuring a plentiful and well trained workforce to drive productivity, by facilitating capital solutions to fund business development and expansion and by providing information to support business formation and growth.

### Values

High-quality Customer Services: We will respond to customers in a timely and courteous manner, and use our available resources to fairly assist all customers to fulfill our mission of fair and equitable access to Virginia's procurement opportunities.

Efficient Delivery of Agency Services: We will continuously improve our operations and processes to provide the most cost effective and efficient system to provide services to our customers.

Significant contributor to Job Creation Plan of the Commonwealth: We will make every possible effort to play a critical role in economic development and job creation process of the Commonwealth of Virginia

### Finance

#### Financial Overview

DSBSD receives 71% of its funding from general funds and 29% of its funding from non-general funds. The non-general funds are allocated to the agency for the responsibility of certifying Federal Disadvantaged Business Enterprise (DBE) and providing management and technical assistance to the DBEs. In FY2005, the agency accepted the responsibility of certifying small and women-owned businesses without additional resources to support the process. The agency implemented creative solutions such as providing training of SWaM certification to the DBE certification staff to process both certifications without hiring additional staff.

#### Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	5,851,632	2,382,321	5,864,265	2,382,321
Changes to Initial Appropriation	0	0	-824,446	0

*(Changes to Initial Appropriation will be 0 when the plan is created. They will change when the plan is updated mid-biennium.)*

### Customers

#### Anticipated Changes to Customer Base

Growing, due to the Governor's Micro-Business initiative, Employment Service Organizations (ESO), and Disabled Veterans.

#### Current Customer List

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Business and Finance	Banks	30	65	Increase
Business and Finance	Business community	17,177	22,127	Increase
Business and Finance	Entrepreneurs	1,500	2,000	Increase
State Agency(s),	State agencies	170	170	Stable

Wholesale/Retail Trade	SWaM Business Enterprises	80	80	Stable
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## Partners

Name	Description
Incubators	Entrepreneur Express
Local Workforce Investment Boards	Memoranda of Understanding have been executed with several WIBs around the state to implement a joint incumbent worker training program.
Department of Social Services	Child Day Care Financing Loan Program
Chamber of Commerce	Entrepreneur Express, Business Sales Growth and One-on-Ones
Department of General Services	SWaM Program; Electronic Virginia (eVA)

## Agency Goals

### • Promote the use of agency discretionary dollars to increase the spend level on SWaM vendors

#### Summary and Alignment

Promote the use of agencies discretionary dollars to increase the spend level on SWaM vendors

#### Associated State Goal

Economy: Be a national leader in the preservation and enhancement of our economy.

#### Associated Societal Indicator

Business Startups

#### Objectives

#### » Increase financing to small businesses for fixed asset and working capital needs to support their growth when the private lending sector cannot fully assist.

##### Description

Increasing opportunities for businesses to obtain the capital required to grow in order to increase employment and investment in the Commonwealth is at the heart of the mandate provided in Section 2.2-2279, the Virginia Small Business Financing Act. Through its direct loan, indirect loan, and conduit financing programs, the Virginia Small Business Financing Authority fulfills this mission. This objective is also consistent with DSBSD assistance in promoting economic growth by helping Virginia businesses prosper.

##### Objective Strategies

- Reach out to small businesses and make it known that DSBSD has these programs to assist them in gaining financial backing.

##### Measures

- ◆ Continuous education and marketing to the Financial Services Industry (Banking) of the need for “gap” funding for SWaM and DBE businesses as they compete and acquire contracts.
- ◆ Enhance the Reporting and Data Outputs to measure the SWaM and DBE IMPACT on the community (i.e. localities, higher education, and state).

#### » Increase the number of out-reach events

##### Description

Bringing together buyers with vendors (match-making events)

##### Objective Strategies

- Advertise the event regionally, in many different media venues.

##### Measures

- ◆ Number of small promotional activities aimed at Small, Women, Minorities and Disadvantaged Business Enterprises
- ◆ Provide education and outreach to assist Virginia small businesses with strategic growth and development.

#### » Enhance the positive business climate in Virginia by providing information and solving problems for businesses as they move through the business life cycle: formation, stabilization, and growth.

##### Description

This service area objective will help businesses grow their revenues by helping them tap into new markets specifically those of

government contracting and procurement. Given the complex process for selling to the government and the limited resources of many businesses, we make information, training and technical assistance available to simplify the process for businesses as well as networking with procurement officers.

#### *Objective Strategies*

- Provide networking opportunities for businesses that will allow them to get in front of buyers, particularly those purchasing services and products on behalf of the Commonwealth. We will encourage businesses to establish enduring relationship that will help them grow their businesses.
- Continue to market our website to businesses by including information on its value in all of our outreach efforts.

#### Measures

- ◆ Make available a pool of Small, Women, and Minority (SWaM) and Disadvantaged Business Enterprise (DBE) certified vendors for local, state, and corporate/private entities.
  - ◆ Number of jobs created and retained by businesses receiving loans from the Virginia Small Business Financing Authority
- » **Improve the posting of Commonwealth's expenditures with small, women-, minority-, and service disabled veteran-owned businesses, monthly, quarterly, and annually.**

#### *Description*

Providing efficient and effective assistance to state agencies in analyzing their expenditures with SWaM and Disabled Veterans (DV) businesses in achieving their aspirational goals set in their agency SWaM plan. This will highlight the agencies commitment to the SWaM program.

#### *Objective Strategies*

- Hold seminars periodically to explain the process and go through examples to encourage the use of discretionary dollars.

#### Measures

- » **Provide assistance to state agencies in crafting their agency annual SWaM Plans and providing required data to complete the Commonwealth's expenditure reports.**

#### *Description*

To provide assistance to state agencies in crafting their agency annual SWaM Plans and providing required data to complete the Commonwealth's expenditure reports so that discretionary spend levels can shown.

#### *Objective Strategies*

- Revise our database to accommodate additional groups of businesses

#### Measures

- **Improve the efficiency of the SWaM and DBE certification process, to reduce the days required to complete each certification application review**

#### **Summary and Alignment**

Improve the efficiency of the SWaM and DBE certification process, to reduce the days required to complete each certification application review.

#### **Associated State Goal**

Economy: Be a national leader in the preservation and enhancement of our economy.

#### **Associated Societal Indicator**

Business Startups

#### **Objectives**

- » **Assess certification process continuously, to improve the effectiveness of the certification process.**

#### *Description*

Decrease days needed to complete the certification process.

#### *Objective Strategies*

- Increase staff to decrease turn-around time

#### Measures

- ◆ Average number of days to process a Small, Women, and Minority (SWaM) certification application.

- ◆ Number of small promotional activities aimed at Small, Women, Minorities and Disadvantaged Business Enterprises
- ◆ Unit cost of processing certification applications (total costs required for processing applications, divided by, number of certification applications processed)

• **Improve the reporting process so the Governor and his staff, state agencies, and the public will be provided with timely and accurate procurement dollars spent with SWaM and DV businesses.**

**Summary and Alignment**

Implement an improved web-based data collection and analysis system to better report the Commonwealth's expenditures with small, women-, minority-, service disabled veteran-owned, and micro businesses.

**Associated State Goal**

Economy: Be a national leader in the preservation and enhancement of our economy.

**Associated Societal Indicator**

Business Startups

**Objectives**

- » **Improve the posting of Commonwealth's expenditures with small, women-, minority-, and service disabled veteran-owned businesses, monthly, quarterly, and annually.**

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*Objective Strategies*

- Revise our database to accommodate additional groups of businesses

*Measures*

## Major Products and Services

The certification process helps eligible small, women- and minority- owned businesses (SWaM), and disadvantaged business enterprises (DBEs) to compete for state procurement contracts. SWaM is a state certification, while DBE is a federal, U.S. Department of Transportation certification. Certification is also processed for Service-Disabled Veterans who own small businesses.

Outreach activities promote DSBSD's programs and services through a statewide marketing campaign. The department collaborates with federal, state and local governments and establishes good relationships with state agencies. It also provides eligible vendors with management and technical assistance.

Procurement Reporting and Coordination collects procurement data, generates accurate statistics, and prepares reports. Success is measured by the number of dollars agencies spend with SWaM vendors, as displayed on a database software system called the SWaM Dashboard.

DSBSD's most visible and widely used products and services include Small Business Jobs Grant Fund, Business One Stop, Business Information Services, and the Virginia Small Business Financing Authority (VSBFA). During fiscal year (FY) 2014, the agency:

- Hosted 65 events, and serviced 1,500 clients.
- Made 95 new loans worth over \$12 million.
- VSBFA had 7 bond issuances totaling over \$543 million.

DSBSD provides services through Business Information Services, and the Virginia Small Business Financing Authority. The agency anticipates providing the same types of products and services in the future, but will continue to make changes in how it delivers its products and services for several reasons including: number of businesses that need assistance with job creation, number of individuals that require help in starting their own business, and small businesses that require working capital for their business.

## Performance Highlights

The expansion of certification and other support services for businesses resulted in a significant increase in the level of the DSBSD's performance output. It also created a "one-stop-shop" for business certification and supplier diversity efforts in the Commonwealth.

Business Information Services (BIS) organized over 65 events and made contact with 1,500 clients. In 2013, the number of people attending the Entrepreneur Workshops and the Growing Sales Seminars increased over FY12. The One on One Counseling sessions have been valuable to clients. BIS conducted 655 sessions in over 45 different parts of the Commonwealth.

New loans approved were higher in FY13 than in FY12 due to the increased marketing efforts for the Loan Guaranty Program.

For over three decades, the Department has served as the catalyst for promoting and encouraging state procurement diversification and business opportunities for minority businesses. In 2002, the Department commissioned a disparity study that found substantial under-utilization of the Commonwealth's minority-owned and women-owned businesses in state procurement. As a result of this study, the Department's enabling legislation was expanded to include the certification of small and women-owned businesses, as well as the certification of disadvantaged business enterprises. The certification of Service-Disabled Veterans who are also small business owners was also codified in the Code of Virginia in 2007. In 2014, DSBSD will add Micro-Businesses to its categories of small businesses.

## Staffing

Authorized Maximum Employment Level (MEL)	63
Salaried Employees	32
Wage Employees	6
Contracted Employees	1

## Key Risk Factors

General Assembly and the Governor required 3 new certification categories: Employment Service Organizations, Service Disabled Veteran-Owned business', and Micro-Businesses, without increasing DSBSD's budget for processing. Due to the new categories, there are a growing number of certification applications being received.

In addition, vendors want more management and technical consulting services; as well as participation in more workshops and events.

Emphasis needs to be on hiring full-time staff rather than wage.

Organizational restructure and development is the primary issue. Recruiting, training, and retraining staff in critical areas, like certification, business development/outreach, procurement/compliance, ensuring proper funding to support allotted positions.

With the credit crisis and recession, credit has been difficult for businesses to access. Demand for government support for small businesses has increased. Equity and working capital financing are needed.

## Management Discussion

### General Information About Ongoing Status of Agency

The Department of Small Business and Supplier Diversity ("DSBSD") is focused on increasing the availability and utilization of small, women-owned, and minority-owned businesses, as well as disadvantaged business enterprises and service-disabled-owned businesses, in the Commonwealth's procurement programs. Two components of this process, the certification of small, women-owned and minority-owned ("SWaM"), service-disabled veteran-owned (DV) businesses, Micro-Businesses, and Disadvantaged Business Enterprise ("DBE") and providing the required management and technical services for business development, require increased financial resources and different types of services as the demand for these services continue to grow and the economy begins to recover.

The DSBSD has enhanced its certification, re-certification, and appeals process. One way that this is achieved is through partnership arrangements with localities, non-profit organizations, and private sector companies seeking to diversify their supply chain. To date, DSBSD has established over 10 partnerships through Memorandum of Understanding and are pursuing additional partnerships and reciprocal agreements with other states and other certifying entities. In order to stem the tide of revenue leaving the state, 1-way, DSBSD implemented a certification reciprocity program wherein vendors from states or localities which do not allow Virginia-based businesses to participate in their set-a-side programs, DSBSD in turn does not allow those states to participate in our set-a-side programs, thereby implementing a fairer trade practice.

The DSBSD will continue to support economic development in Virginia by working with new and existing businesses to provide workforce incentives, debt financing products and technical support, and business information to businesses as they move through the business life

cycle. DSBSD is focused on providing resources and reducing costs for businesses to start-up, sustain it and grow. DSBSD has improved services through the use of technology and Business One-Stop. Business One-Stop currently links seven agencies together to streamline the process of starting a new business. Any client data collected for one form can be used for all forms, thus reducing duplicative data entry for the business client. DSBSD will also start a new program aimed at jumpstarting investment. The Small Business Investment Grant Fund will give investors 10 percent of their investment in small businesses.

DSBSD will continue to provide small business outreach to underserved communities in distressed areas. DSBSD will also work in partnership with other agencies and private sector groups to expand outreach to underserved populations. In addition, the Department will continue to improve and expand its programs as resources become available.

### **Information Technology**

Most of DSBSD's laptops and PCs have been "refreshed" with somewhat newer equipment from Northrop Grumman (NG).

DSBSD is building a new "DASHBOARD" to drill-down deeper into SWaM and Sub-Prime expenditures.

The Business One Stop Phase II will migrate the functionality of Business One Stop Phase I to a more robust and scalable technology platform. It will also add functionality to integrate with the agencies involved in business registration activities.

DSBSD is working to increase the functionality of Business One-Stop by adding more agencies to Business One-Stop to make it a truly one stop place for businesses to get resources on how to start their business. A community online forum was also put in place for individuals who need answers and can be answered by the community as a whole.

### **Estimate of Technology Funding Needs**

#### **Workforce Development**

As a result of code changes, the demand for the certification of service disabled veteran-owned businesses, Employment Service Organizations(ESO), and Micro-Businesses are expected to dramatically increase the workload of the agency. To keep abreast of thousands of applications, DSBSD will need more full-time certification officers.

#### **Physical Plant**

DSBSD is in the Bank of America (BOA) building, with a new door security system on 3 entrances. The BOA building has very convenient parking for our customers to meet with us, which is a necessity in downtown Richmond. In calendar year 2015, the Department of General Services (DGS) will be moving the DSBSD to the Monroe building on 14th and Broad streets. Customer parking may become challenging.

## **Supporting Documents**

**Title**

**File Type**

**Minority Business Enterprise Procurement Reporting and Coordination [53406]**

**Description of this Program / Service Area**

The Department of Small Business and Supplier Diversity (DSBSD) works collaboratively with state agencies and institutions to collect and verify procurement data, and to provide statistical analyses and reports on the Commonwealth's procurement of goods and services from Small, Women and Minority ("SWaM") vendors and from Service-Disabled Veteran-owned (DV) businesses.

The Procurement and Reporting Service Area focuses on collecting detailed state procurement payments monthly and reporting accurate state expenditures monthly, quarterly and annually.

In the past, DSBSD produced expenditure reports that demonstrated the Commonwealth's progress with Executive Order No. 33 (2006) and its achievement of the 40% goal of doing business with SWaM vendors. Today, the Commonwealth has an electronic data application, called the SWaM Dashboard, which allows state agencies and institutions to input their quarterly SWaM expenditure data in a more consistent format and provide for an instant viewing of the Commonwealth's progress online.

The SWaM Dashboard, found on DSBSD's website ([www.DSBSD.Virginia.gov](http://www.DSBSD.Virginia.gov)) provides expenditure data on total dollars spent on procurement for each year.

Data trending is also available to the Governor, his Secretaries, the Legislature, and to agencies and institutions via the SWaM Dashboard

**Mission Alignment**

The Department of Small Business and Supplier Diversity (DSBSD) Procurement Reporting and Coordination service area generates and reports to the Governor and General Assembly the status of the state's utilization of small, women- and minority-owned businesses in state procurement.

This service area supports the mission of the DSBSD in that it provide direct statistical feedback to the Executive and Legislative branches on the Commonwealth's performance and impact on the growth and development of the Virginia's small, women- and minority-owned ("SWaM") businesses.

This service area of DSBSD also provides assistance to agencies by locating and using SWaM vendors, as well as helping agencies understand SWaM procurement policies. Procurement Advocates and Business Development Specialists (from the Outreach Service Area) serve as the liaisons between agencies and the vendor community, and help create connections between the two components.

**Products and Services**

**Description of Major Products and Services**

The certification process helps eligible small, women- and minority- owned businesses (SWaM), and disadvantaged business enterprises (DBEs) to compete for state procurement contracts. SWaM is a state certification, while DBE is a federal, U.S. Department of Transportation certification. Certification is also processed for Service-Disabled Veterans who own small businesses.

Outreach activities promote DSBSD's programs and services through a statewide marketing campaign. The department collaborates with federal, state and local governments and establishes good relationships with state agencies. It also provides eligible vendors with management and technical assistance.

Procurement Reporting and Coordination collects procurement data, generates accurate statistics, and prepares reports. Success is measured by the number of dollars agencies spend with SWaM vendors, as displayed on a database software system called the SWaM Dashboard.

**Anticipated Changes**

None

**Factors Impacting**

Increased demand for statistical reports and coordination of fiscal/financial information between state agencies and institutions.

**Financial Overview**

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	362,658	262,458	362,658	262,458
Changes to Initial Appropriation	0	0	0	0

## Supporting Documents

Title	File Type
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## Minority Business Enterprise Outreach [53407]

### Description of this Program / Service Area

Developing and implementing a statewide marketing plan to improve the Department of Small Business and Supplier Diversity's ("DSBSD") image, and promote its services and programs;

Participate in and collaborate with state agencies to promote Small, Women- and Minority-owned ("SWaM") Business and Disadvantaged Business Enterprise ("DBE") participation;

Provide SWaM and DBE (or eligible vendors) with certification, management and technical assistance;

Develop outreach collaborations between federal, state, and local governments, and non-governmental entities; and

Provide guidance and one-on-one counseling to vendors, procurement officials, agencies, and executives.

As part of its outreach efforts, the DSBSD provides a number of services, including but not limited to:

#### Certified Businesses and Specialized Vendor Lists

The Department provides DSBSD-certified SWaM and DBE Vendors List. The requests for these lists come from various places: state and local governments, private firms seeking to incorporate SWaM or DBE firms in their bids, and procurement officers seeking to assure that SWaM or DBE firms are aware of potential solicitations. There are enormous requests for Specialized Vendor Lists of Certified Businesses from the state and local governments as well as private firms. The Department's has made the list available on its website for downloading and has provided user with a means to search the list of Certified Businesses.

#### Management Assistance and Technical Assistance to SWaM and DBE firms

The Department conducts business assessments of SWaM and DBE firms to determine the type of management or technical assistance needed. The assessment determines the sufficiency of the firm's organizational structure, management team, business model, market and/or distribution area, and their business capacity to create value.

The Department's technical assistance range from engaging select firms in a core curriculum designed to improve business operation to providing highly specialized direct services to assess internal controls, manufacturing and processing, estimating, bidding, cost analysis, and distribution. The management assistance and technical assistance are extended to the field, when possible, where the assistance is applied to the project.

#### Other Services

Mentoring, marketing, financial assistance, and business training directly or through workshops, seminars, conferences and one on one counseling.

### Mission Alignment

The Outreach Service Area supports the Department of Small Business and Supplier Diversity (DSBSD) mission by identifying Small, Women- and Minority-owned businesses ("SWaM") and Disadvantaged Business Enterprises ("DBE") firms for the SWaM and DBE certification programs. This function helps to increase capacity of these firms to do business with the Commonwealth. This Service Area also works with state, local, federal and private entities that seek the DSBSD's assistance with establishing an affirmative outreach program or identification of SWaM and DBE firms to provide goods or services.

### Products and Services

#### Description of Major Products and Services

Provide SWaM and DBE (or eligible vendors) with certification, management and technical assistance;

Develop outreach collaborations between federal, state, and local governments, and non-governmental entities; and

Provide guidance and one-on-one counseling to vendors, procurement officials, agencies, and executives.

As part of its outreach efforts, the DSBSD provides a number of services, including but not limited to:

#### Certified Businesses and Specialized Vendor Lists

#### Management Assistance and Technical Assistance to SWaM and DBE firms

### Anticipated Changes

None

### Factors Impacting

None

**Financial Overview**

Biennial Budget

	<b>2015 General Fund</b>	<b>2015 Nongeneral Fund</b>	<b>2016 General Fund</b>	<b>2016 Nongeneral Fund</b>
Initial Appropriation for the Biennium	34,343	811,253	34,841	811,253
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Minority Business Enterprise Certification [53414]**

**Description of this Program / Service Area**

The Certification Service Area is responsible for the certification of eligible Small, Women-, and Minority-owned ("SWaM" & "DV") businesses in the SWaM Procurement Initiative.

This service area also certifies Disadvantaged Business Enterprises ("DBE") for participation under the Virginia Unified Certification Program (as part of the federal DBE Program) and Service Disable, Veteran-owned Small Business Owners in the Commonwealth.

**Mission Alignment**

This Service Area performs the certification function that is required by the Code of Virginia, Section 2.2-1400 et seq. for the SWaM Procurement Initiative.

This Service Area also implements the federal certification program required under 49 CFR Parts 23 and 26 for the federal Disadvantaged Business Enterprise Program under the U.S. Department of Transportation.

**Products and Services**

**Description of Major Products and Services**

Small Business Certification (SBE)

Women-owned Business Certification (WBE)

Minority-owned Business Certification (MBE)

Disadvantaged Business Certification (DBE)

Service Disabled, Veteran-owned Business

**Anticipated Changes**

The addition of Micro-Businesses to Product Services.

Create the micro business designation, which shall include those certified small businesses that have no more than twenty-five (25) employees and no more than \$3 million in average annual revenue over the three-year period prior to their certification. DSBSD shall develop a best practices method for identifying those small businesses that are eligible for the micro business designation. DSBSD shall also evaluate and offer recommendations for the implementation of the micro business designation by October 1, 2014. Expand the set-aside for competition among all certified small businesses to include purchases up to \$100,000 for goods and nonprofessional services and up to \$50,000 for professional services when the price quoted is fair and reasonable.

In the procurement selection process for these set-asides, at least one of the proposals/bids shall be obtained from a micro business unless upon due diligence no micro business in a particular category exists or was willing to submit a proposal/bid. Purchases under \$10,000, however, shall be set aside for micro businesses when the price quoted is fair and reasonable. Executive branch agencies that have statutory authority for procurement shall include these set-asides in their purchasing regulations, policies, and processes. Current contracts will continue in accordance with their terms.

**Factors Impacting**

The Department has a need for additional certification staff, during a time of 5% and 7% funding cuts in FY15 and FY16 respectively. Cutting staff would be self-defeating, but replacing wage positions with full-time staff would not. Full-time employees are not bound by the reduced weekly hours, that bind wage personnel. In addition, full-time employees will stay longer ( health benefits, etc.) thereby avoiding the lengthy retraining process

**Financial Overview**

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	108,779	379,572	108,779	379,572
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Service Area Plan**

**Capital Access Fund for Disadvantaged Businesses [53417]**

**Description of this Program / Service Area**

*Providing Access to Capital for Entrepreneurs (P.A.C.E.)*

There is current legislation pending that will eliminate this program and merge it into another new program called the SWaM Business Loan Fund, but until that happens the P.A.C.E. Program provides access to capital for new and existing Virginia businesses by encouraging banks to make loans that they would otherwise not make due to a borrower's risk profile. The program is administered by the Virginia Small Business Financing Authority (VSBFA) within the Department of Small Business and Supplier Diversity (DSBSD). The P.A.C.E. program provides two financing mechanisms as described below in Products and Services.

**Mission Alignment**

The mission of the PACE program, administered by the Department of Small Business and Supplier Diversity, provides small business access to the Capital Access Fund for Disadvantaged Businesses, and Loan Guaranty Fund for Disadvantaged Businesses.

**Products and Services**

**Description of Major Products and Services**

**Eligible Loan Uses:** Funds are available for working capital, expansion, equipment, agri-business and most other business needs. Loans to refinance a bank's existing loans to a borrower or loans for non-owner occupied real estate or residential housing are not eligible for enrollment.

**Eligible Loan Types:** Term loans and lines of credit are eligible.

**Eligible Borrowers:** Any corporation, partnership, limited liability corporation, limited liability partnership, joint venture, sole proprietorship which is authorized to conduct business in the Commonwealth of Virginia and is predominantly owned by socially or economically disadvantaged individuals.

**Anticipated Changes**

None

**Factors Impacting**

None

**Financial Overview**

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	39,835	0	39,835	0
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Business Information Services [53418]**

**Description of this Program / Service Area**

Business Information Services contributes to the economy of Virginia by integrating entrepreneurship into the Commonwealth’s economic development efforts. The service area encourages new business formation by providing technical assistance to entrepreneurs on state licensing, permitting, registration and regulatory requirements and by providing developmental opportunities for entrepreneurs.

**Mission Alignment**

The programs offered by Business Information Services directly align with DSBSD’s mission to promote economic growth by helping Virginia businesses prosper. These programs accelerate business formation by making it easier for young companies to understand and access the more than 110 regulatory and business assistance programs administered by 26 different state agencies in the Commonwealth. It helps business grow by providing state and federal procurement training and one-on-one counseling.

**Products and Services**

**Description of Major Products and Services**

Business One Stop - This initiative is an interactive electronic portal will help entrepreneurs determine formation requirements and assist with the completion of the filing and permitting process. Currently, there are 26 different state agencies, with over 400 forms, and over 100 business regulatory and assistance programs that could touch a business during its formation process.

Entrepreneur Express (EE) - These half day events identify entrepreneurs, link them with resources and motivate them to take the next step to grow their business. The Entrepreneur Advisory Team has been established to maximize collaboration between local, state and federal service providers.

Virginia Business Information Center - The Virginia Business Information Center (VBIC) is a gateway for assistance with business formation. The service can be accessed by phone, email and live chat and provides tailored solutions to the entrepreneur.

**Anticipated Changes**

DSBSD will continue to expand and integrate BOS with the SCC system.

**Factors Impacting**

Staffing

**Financial Overview**

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	1,416,481	0	1,416,481	0
Changes to Initial Appropriation	0	0	-75,000	0

**Supporting Documents**

**Title** **File Type**

**Administrative Services [53422]**

**Description of this Program / Service Area**

Administrative Services within the Virginia Department of Small Business and Supplier Diversity provides administrative support to the agency's staff by providing financial management, human resource management, government procurement, information technology, performance management, and communications.

**Mission Alignment**

This service area directly aligns with the Virginia Department of Small Business and Supplier Diversity mission to promote economic growth by helping Virginia businesses prosper by providing assistance, guidance and support to all service areas within the agency.

In addition, the Administrative Services area supports the agency's mission by providing the direction, operational consistency, and compliance requirements of the Commonwealth and other laws as applicable.

**Products and Services**

**Description of Major Products and Services**

**Accounting:** All deposits, travel reimbursement vouchers, vendor invoices, project reimbursements, procurement, maintaining the equipment inventory and surplus property records, overseeing the Small Purchase Charge Card and Travel Charge Card programs, monthly reconciliations and policy development and interpretation are handled in the Administration Service Area.

**Payroll:** All payroll related transactions are processed through Administrative Services. The documents are submitted to the Department of Accounts Payroll Service Bureau to be entered in to the Commonwealth Integrated Payroll/Personnel System (CIPPS). All entries are verified and the payroll is certified for processing. Payroll oversight for the agency is provided by Administrative staff.

**Human Resources:** HR functions are handled by Department of Human Resource Management's Service Bureau. This will include benefits, compensation and classification, pay transactions, leave accounting, recruitment, employee relations, policy development and interpretation, coordination with payroll and reporting. Workers comp. must be handled internally within the agency by the Virginia Small Business Financing Authority staff.

**Budget:** All budgetary transactions and distribution and strategic planning processes are responsibilities of Administrative Services.

**Financial Reporting:** All monthly, quarterly and annual reports as required are compiled and submitted by the Administrative Services & Virginia Small Business Financing Authority staff.

**General Support:** This consists of overseeing the mail function, package pick ups and deliveries, staffing the receptionist desk, answering and directing phone calls from outside callers and/or visitors.

**Agency Management:** The agency director is part of Administrative Services.

**Legislative Services:** Legislative Services for the agency is administered by Administrative Services.

**IT Support:** The agency utilizes VITA; however, day-to-day IT needs are administered for the agency by Administrative Services.

**Anticipated Changes**

Will add additional staff

**Factors Impacting**

Lack of funds through budget cuts, and hiring freezes.

**Financial Overview**

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	746,202	0	758,337	0
Changes to Initial Appropriation	0	0	-50,000	0

**Supporting Documents**

**Title**

**File Type**

## Financial Services for Economic Development [53423]

### Description of this Program / Service Area

One portion of this service area consists of the Virginia Small Business Financing Authority which implements the Virginia Small Business Financing Act, assisting Virginia's new and existing businesses, as well as businesses expanding into Virginia, by increasing access to capital through the creative application of public and private financing. The goal is to maximize employment opportunities and investment throughout the Commonwealth. Programs and services are available statewide, with focused effort on regions of highest distress.

In addition, outside of the VSBFA, this service area also includes the Small Business Jobs Grant Fund and the Small Business Investment Grant Fund that provides financial assistance to entrepreneurs and small businesses looking to start-up or expand.

For the Small Business Jobs Grant Fund (SBJGF) in FY14, we have 95 companies that have made (or will make) a capital investment of \$267,372,696 to create or retrain 6890 jobs. We have paid a total of 57 companies to hire or retrain 999 jobs and we paid them a total of \$858,285.02. That is about \$859.00 per job.

For the Small Business Investment Grant Fund (SBIGF), we had 2 companies qualify for the program and \$77,000 was paid.

### Mission Alignment

This service area directly aligns with the Department of Small Business and Supplier Diversity by providing financing for the benefit of new and expanding businesses, to assist in the creation and retention of jobs.

### Products and Services

#### Description of Major Products and Services

**Direct Loans** - The Virginia Small Business Financing Authority provides direct loan financing to businesses and local industrial and economic development authorities through its "gap" financing and certain market specific loan programs.

VSBFA loan and credit enhancement programs include the federally-funded Economic Development Loan Fund and the U.S. Treasury's State Small Business Credit Initiative. Other programs include the Virginia Economic Development Loan Fund, in which the VSBFA partners with private debt and equity financing to provide fixed asset loans; the Small Business Microloan Program, the Loan Guaranty Program, Capital Access Programs (the Virginia Capital Access Program, the Tobacco CAP, and the P.A.C.E. Program) which all provide loan portfolio insurance to banks to mitigate the risk on a portfolio of small business loans made by banks, the Child Care Financing Program, in partnership with Department of Social Services, to provide "soft cost" financing to family home providers and child day care centers; and the Environmental Compliance Assistance Fund, in partnership with Department of Environmental Quality, to provide fixed asset financing to small businesses for purposes of improving the environment.

**Conduit Financing** - The Virginia Small Business Financing Authority is also the statewide issuer of industrial development bonds to qualifying small manufacturers and 501 c 3 non-profit entities through the Industrial Development Bond Program (IDB) and also serves as the Commonwealth's administrator of the statewide private activity bond allocation for industrial bond issuances.

**Technical Assistance/Resources** - The Virginia Small Business Financing Authority provides limited telephonic and electronic financial counseling to businesses and business owners who express a need for financing but do not know the necessary steps, procedures, and tools to obtain such financing through public and/or private sectors.

Outside of the VSBFA, the Department of Small Business and Supplier Diversity also administers the Small Business Jobs Grant Fund - To expand existing businesses or new facilities that qualify. For example, the small business must create 5 new jobs in VA and pay at least \$10/hr to their employees and the Small Business Investment Grant Fund - To encourage investors to invest in small businesses. The Fund will reimburse investors up to 10% of their investment in a qualified small business.

#### Anticipated Changes

None anticipated.

#### Factors Impacting

Available funding

Legislative changes to programs

Changes in the economy

Changes in credit culture of banks

### Financial Overview



Biennial Budget

	<b>2015 General Fund</b>	<b>2015 Nongeneral Fund</b>	<b>2016 General Fund</b>	<b>2016 Nongeneral Fund</b>
Initial Appropriation for the Biennium	3,143,334	929,038	3,143,334	929,038
Changes to Initial Appropriation	0	0	-699,446	0

**Supporting Documents**

**Title** **File Type**