

# 2016-18 Strategic Plan

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

### Mission

The mission of the Virginia Department of Small Business and Supplier Diversity (SBSD) is to enhance growth opportunities for Virginia's small businesses to prosper through increased revenue and job creation thereby raising the standard of living of all Virginians.

### Vision

To advocate for equal access to opportunities for Virginia's small businesses for their creation, growth and sustainability.

### Values

**Diversity:** Develop and facilitate supplier diversity and inclusion strategies to create an equitable business climate in Virginia.

**Optimize Collaboration:** Optimize collaborations within the agency and promote partnership opportunities with other federal, state and local agencies, as well as small business resources.

**Customer Service:** Strive to provide the highest levels of customer service for both internal and external customers; to be a valued partner and resource.

**Professionalism:** Provide services in a manner that embodies responsiveness, friendliness, timeliness, reliability and professionalism.

**Maximize Technology:** Maximize the use of technology to enhance the effectiveness and efficiency of the agency in accomplishing its mission.

**Teamwork:** Foster an environment that encourages collaboration across and within divisions to better serve customers and achieve agency objectives.

**Commitment to Staff:** Development through continual professional growth opportunities as well as recognition of exceptional performance.

### Finance

#### Financial Overview

DSBSD receives 67% of its funding from general funds and 33% of its funding from non-general funds. The majority of the non-general funds are allocated to loans and guarantee programs administered by the Virginia Small Business Financing Authority and the highway transportation funds allotted to the Federal Disadvantaged Business Enterprise (DBE) program.

The agency has experienced significant programmatic and organizational change since FY2005. The changes have resulted in additional program responsibilities that have not been adequately funded. The number of certified vendors managed by both the SWaM and DBE programs in FY2005 was approximately 3,000, while the program has grown to now support approximately 16,000 certified vendors in FY2017. This is a 533 percent increase in programmatic volume over the last 12 year period. However, staffing in FY2005 was seven employees. By FY2017 the number had increased to 13, which has resulted in a 54 percent increase in staffing over that same time period. This has put a strain on resources making it difficult for existing staff to meet regulatory requirements and support the small businesses it is charged with serving. This can stall small business access to Virginia procurement opportunities which impacts the overall health of the economy.

#### Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	5,166,421	2,501,331	5,166,620	2,501,439
Changes to Initial Appropriation	-807,190	0	-970,228	500,000

*(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

DSBSD's customer base will grow as 98 percent of businesses in Virginia are categorized as small businesses. As the agency does more outreach and advocacy work we will see more vendors served by our programs. Legislative changes adding new designations such as Employment Service Organizations and Historically Black Colleges and Universities will increase our customer base as well.

## Current Customer List

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Business and Finance	Banks	44	131	Increase
Business and Finance	Small Business Community	17,782	681,517	Increase
Business and Finance	Partner Entities	18	18	Stable
State Agency(s),	State agencies	170	170	Stable
Transportation	Disadvantaged Business Enterprise Community	1,895	2,100	Increase

## Partners

Name	Description
Small Business Development Centers	Workshops and labs, training, conferences, business counseling and financing
Women's Business Centers	Workshops and labs, training, conferences and business counseling
Veterans Business Outreach Center	Workshops and labs, training, conferences and business counseling
Procurement Technical Assistance Center	Workshops and labs, training, conferences and business counseling
Virginia Community College System	Workshops and labs, training, conferences and business counseling
Universities and Colleges	Workshops and labs, training, conferences, and business counseling
Economic Development Authorities	Workshops and labs, training, conferences, business counseling and financing
Chambers of Commerce	Workshops and labs, training, conferences, and business counseling
Virginia Department of Transportation	Workshops and labs, training, conferences, and business counseling related to transportation
Department of General Services	Partner on training related to SWaM initiatives in procurement and eVA data and training
Department of Social Services	Programmatic partnership
US Department of Transportation	Programmatic partnership
US Department of Treasury	Programmatic partnership
US Economic Development Administration	Programmatic partnership
Small Business Administration	Programmatic partnership
Minority Supplier Development Council	Programmatic partnership
Women's Business Enterprise National Council	Programmatic partnership
Business Development Assistance Group	Programmatic partnership

## Agency Goals

- **Spur economic vitality through strategic investment of resources.**

- **Summary and Alignment**

- Implement strategies that assist small businesses to be more competitive in a rapidly changing global economy.

- **Associated State Goal**

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

- **Associated Societal Indicator**

- Business Climate

- **Objectives**

- **» Improve the reporting of state agency expenditures toward achievement of aspirational Commonwealth SWaM goals.**

- *Description*

- Providing accurate and timely information to agencies and other affected constituencies. Continual improvement of reporting capabilities and functionality to allow the Expenditure Dashboard to be the source of data for achievement of aspirational goals.

- *Objective Strategies*

- Utilize updates in technology to ensure functionality. Conduct workshops and training activities to provide transparency in the data collection and reporting process. Continual review and partnership with DOA and Bank of America to ensure data integrity.

Measures

» **Develop and provide critical business development educational opportunities for small businesses.**

*Description*

In partnership with pertinent small business resource partners to provide business development training to include; business plan development, marketing, finding a targeted market in Virginia government, promotion of additional programs available through DSBSD and other relevant business topics.

*Objective Strategies*

- Build regional network of small business resources and develop events that serve mutual clients by offering key information to include how to start or grow a business, access to markets, access to capital, gaining appropriate certifications for marketability, connecting to government and private buyers for doing business.

Measures

- ♦ Provide education and outreach to assist Virginia small businesses with strategic growth and development.

» **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*

- Market and provide education on products to banks and economic development entities. Through these partnerships financing opportunities are identified and the Virginia Small Business Financing Authority is able to assist with capital access needs.

Measures

» **Reduction in days required to complete the review process for SWaM and DBE completed applications**

*Description*

Increasing opportunities for businesses to have equal access to Commonwealth procurements. Timely access to both certification programs allows for competitive advantage for small businesses.

*Objective Strategies*

- Utilize new technology to create efficiencies by moving from the current manual process. Continue to evaluate current regulations to identify opportunities to streamline the process and timeframes required.

Measures

• **Enhance the positive business climate in Virginia for small businesses as they move through the business life cycle: formation, stabilization and growth.**

**Summary and Alignment**

Because small businesses are the economic engine of the Commonwealth it is imperative that the agency offer services designed to assist with the development and growth of those small businesses.

**Associated State Goal**

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

**Associated Societal Indicator**

Business Climate

**Objectives**

» **Develop and provide critical business development educational opportunities for small businesses.**

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#### Measures

## **Major Products and Services**

### **Certification of Small, Women-owned and Minority-owned (SWaM) businesses and Disadvantaged Business Enterprises (DBEs):**

Initial certification and recertification of Small, Women-owned and Minority-owned (SWaM) businesses and the certification and annual review of certification for Disadvantaged Business Enterprises (DBEs) allows small businesses to access Commonwealth procurement opportunities of goods and services. Certified businesses gain opportunities to bid on state government contracts, and are also listed in a directory which is used by government procurement officers in state and local government purchases.

DSBSD certification designations have grown to include seven certification types as well as an agreement to allow for reciprocity with federal programs that align with the current Commonwealth initiatives.

### **Business Development and Outreach Services:**

The Business Development and Outreach Services (BDOS) Division is often the first point of contact for small business owners who are interested in growing their businesses by obtaining more information about the Virginia Small Business Financing Authority or learning the marketing advantages of the Commonwealth of Virginia's certification as a SWaM (Small, Woman-owned, or Minority-owned) business. This division of DSBSD offers a broader reaching scope of services to all small businesses by facilitating connections to contracting opportunities with various levels of government as well as business to business opportunities.

The Commonwealth's Business One Stop is staffed and managed by the agency. This application allows access to certification, registration, licensing and permitting from 26 agencies through one comprehensive source for individuals seeking to start a business in Virginia. The agency also offers the Virginia Business Information Center (VBIC) where individuals can receive general business guidance and advice through phone, e-mail and live chat.

The Disadvantaged Business Enterprise Outreach Division provides specialized management and technical assistance to Disadvantaged Business Enterprises (DBEs) participating in projects funded by the US Department of Transportation and other federal sectors. The primary purpose of the specialized assistance is to provide training, assistance, and services to DBEs certified in the DBE program to increase their activity in the program, and to facilitate the enterprises' development into viable, self-sufficient organizations capable of competing for, and performing on Federally- assisted highway projects. This program also serves as a linkage to subcontractors for prime vendors that have been awarded transportation projects. This business-to-business connection may facilitate new opportunities and business development for the DBE

entity.

Business outreach provides resources that will enable small business in Virginia to grow, create jobs and strengthen the economy.

#### **Loan Assistance and Grants:**

The Virginia Small Business Financing Authority (VSBFA), serves as the Commonwealth's economic development financing arm to help new and existing businesses to receive debt and equity financing through strategic partnerships with Virginia's banks and other financial services providers. The VSBFA administers state-wide programs that provide businesses, not-for-profits, and economic development authorities with financing for economic growth and expansion. The VSBFA offers:

- Loans directly to businesses and non-profits;
- Credit enhancements to banks that are lending to businesses and non-profits;
- Bond financings that benefit for-profit businesses and 501 (c) (3) not-for-profit entities, as well as clean energy and P3 transportation projects; and
- Assistance for small businesses to attract equity investments by providing an equity incentive grant program.

In addition, the Small Business Jobs Grant Fund, serves as an incentive for Virginia based business to create and retain jobs within the Commonwealth. These funds are available to small businesses in the categories of manufacturing, distribution centers, corporate headquarters for companies with multiple facilities, research and development, information technology services to business (B2B), or inbound call centers.

### **Performance Highlights**

#### **Certification of Small, Women-owned and Minority-owned (SWaM) businesses and Disadvantaged Business Enterprises (DBEs):**

The introduction of the micro business designation through Executive Order 20 was enacted and implemented in October of 2014. The agency has been able to certify more than 6,800 micro businesses since the Executive Order was implemented; 94 percent of which are Virginia based businesses. Micro businesses have received over 174,215 orders from the state. Of that total, 165,649 orders have gone to Virginia Micro businesses for a total amount of \$454,865,197. Overall Virginia investment in these procurement activities are more than \$492 million since the implementation of EO20.

DSBSD has implemented revised regulations to align with the current business environment and allow greater access to certification. The agency has updated its review process to ensure program integrity and compliance with The Code of Virginia. The agency has up to 60 business days per regulation to process complete applications. The agency has been able to meet processing of applications within the regulatory guidelines.

#### **Business Development and Outreach:**

Business Development and Outreach works in collaboration with the small business community throughout the Commonwealth as part of its comprehensive approach to meeting. The agency's Business Service Managers reach hundreds of small business owners annually.

#### **Loan Assistance and Grants:**

The Virginia Small Business Financing Authority (VSBFA) performance has continued its strong loan, credit enhancement, and grant volume due to increased marketing efforts. During State Fiscal Year 2016, the performance of the VSBFA in new loan volume was 21% higher than during State Fiscal Year 2015, due in large part to a 47% increase in the number of presentations made to banks, Economic Development Authorities (EDA's), Small Business Development Centers (SBDC's), and other business-focused organizations by the VSBFA staff. In the first three quarters of State Fiscal Year 2017, the VSBFA achieved 95 loans committed for a total of \$13,010,893, and enabled \$44,221,650 of private financing. The efforts of the VSBFA resulted in 1,395 jobs that were created or retained.

Both the number of firms qualifying for job creation grants and the number of new jobs created have increased during FY17. In the first three quarters of State Fiscal Year 2017, the Small Business Jobs Grant Fund Program disbursed \$246,569.11 to 14 businesses.

### **Staffing**

Authorized Maximum Employment Level (MEL)	50
Salaried Employees	45
Wage Employees	3
Contracted Employees	5

### **Key Risk Factors**

The agency has experienced consistent growth in certification designations through the legislative process. In the 2016 legislative session the General Assembly created two new designations to include: Employment Service Organizations and Historically Black Colleges and Universities. Also, in that legislative session the monitoring and reporting requirement for Service Disabled Veteran Owned businesses was changed to focus on a 3% goal in technology spend only. Every change in legislation requires changes to agency technology to allow for monitoring and tracking. Additional designations also increase the number of businesses that are eligible to participate in the Commonwealth SWaM program putting a strain on existing staff to meet the increased volume.

In the 2017 legislative session the General Assembly passed legislation regarding reciprocity requirements related to home state certification and acceptance of the Small Business Administration Certification program. These changes will require additional updates to agency technology.

Consistent turnover in the certification officer roles for both SWaM and DBE are risks to the agency. These positions are in the pay band 4 classifications causing recruitment to be difficult. Successful candidates must possess strong analytical skills and do not stay with the agency long term. Due to the amount of time and expense associated with training these positions the turnover rate is concerning and creates challenges for the agency to meet regulatory requirements around the processing of certification applications.

The DSBSD has several IT applications that it is responsible for managing. Those applications include the agency website, certification portal, expenditure dashboard and business one stop portal. The agency has not been given appropriation adjustments to meet the requirements related to normal operations and maintenance nor needed enhancements. The agency also has no dedicated IT staff and relies on existing staff to assist as needed.

## Management Discussion

### General Information About Ongoing Status of Agency

The Virginia Department of Small Business and Supplier Diversity (DSBSD) was created by legislation proposed in the 2013 General Assembly Session. As legislation passed, the merger became effective in January 1, 2014. The assembling of the former Virginia Department of Business Assistance (DBA) and the Virginia Department of Minority Business Enterprise (DMBE) established a “one stop” business resource that currently serves as a gateway for small businesses seeking assistance with the growth and development of their business, assistance with obtaining access to capital and assistance with competing for local, state and federal procurement opportunities.

Virginia, crowned as one of the “Best Places to Do Business” by Forbes Magazine in years 2006, 2007, 2008, 2009, and 2013, attracts small businesses around the country. The Commonwealth, which has also been touted as business friendly, has an open door policy that encourages competition amongst start-ups and existing small businesses in several traditional and high growth industries including advanced manufacturing, healthcare, biosciences, cyber security, and energy.

As the premier agency for businesses development, DSBSD has in its toolbox resources ranging from Outreach Services and Financing to Certification for both state and federal programs that support the growth and sustainability of small businesses. The agency’s subject matter experts are professionals that have years of experience and training to assist small businesses in navigating state government successfully. In addition, DSBSD has access to collaborative partners that share in the same value system of investing in the advancement of small businesses. As an Advocate, this newly merged agency is evolving as the catalyst for economic development while meeting objectives for small businesses in attracting and retaining talent; policy development; procurement; and wealth creation.

In addition to advocacy, the agency supports small businesses by providing access to capital. The Department of Small Business and Supplier Diversity (DSBSD) has the Virginia Small Business Financing Authority (VSBFA) focused in several key areas to enhance capital access to support the Commonwealth’s economic development effort. The VSBFA has initiated or improved upon several creative financing tools designed to support the Administration’s move toward a new Virginia economy.

- Financing Support for Existing Small Businesses – The VSBFA created and self-funded the SWaM Business Micro Loan Program to assist existing small businesses with small-dollar financing needs to bridge a short-term gap in cash flow. To date, this program has enabled \$3.7 million in private investment and helped businesses create and retain 627 jobs throughout the Commonwealth;
- Financing Support for Entrepreneurs – The VSBFA markets and administers the Small Business Investment Grant Fund for the agency which has helped small businesses raise equity to support growth and job creation. This focus on equity initiatives in FY 17 (to date) has produced capital investment of \$7.7 million throughout the Commonwealth. The VSBFA was also instrumental in drafting legislation to support the extension of equity crowdfunding in Virginia and partnered with Virginia’s Center for Innovative Technology (CIT) to invest directly in new business ventures through its State Small Business Credit Initiative venture fund;
- Financing Support for Economic Development in Rural and Distressed Regions - A key priority of the VSBFA is to enhance economic development-focused lending efforts in support of Virginia’s most distressed regions. Through its direct loan and credit enhancement programs, in FY 16 & 17 (to date), the VSBFA has helped distressed localities recruit and retain 65 private sector employers in areas where unemployment and poverty remain high. Successful loans in FY 16 & 17 (to date), that otherwise would not have been received, have helped create 680 jobs and over \$10 million in private investment.

In addition to access to capital, the agency provides support through Business Development and Outreach Services as well as technical assistance support. The Business Development and Outreach Services (BDOS) of DSBSD will continue to support economic development in Virginia by working with both new and existing small businesses in the Commonwealth. The BDOS team serves as a one-stop for facilitation of licensing and registration with 26 different state agencies through the Business One Stop Portal (BOS). The agency staffs and administers a hotline for all business questions at any stage of business through the Virginia Business Information Center (VBIC). The agency conducts business-related educational workshops throughout the Commonwealth on doing business with government at all levels. The division assists with finding target markets as well as provides guidance on development and growth options.

DSBSD also offers a StreetWise MBA, a national program to take qualified/selected businesses through an intensive seven-month program to scale their business to the next level with expected results of increased revenue and job creation. Additionally, in conjunction with large prime contractors, the agency offers a four-week Contractor’s Class to strengthen small businesses in their preparation to be qualified subcontractors and open opportunities for these businesses.



Finally, the agency supports both the Commonwealth and Federal certification programs. The Certification Division is responsible for the certification of eligible Micro, Small, Women, and Minority (SWaM), Employment Service Organizations (ESOs), Historically Black Colleges and Universities (HBCUs), Service Disabled Veteran (SDVs) owned businesses administered through the Commonwealth of Virginia program. This program allows businesses to access contracting dollars at the state and local level.

This division also certifies Disadvantaged Business Enterprises (DBEs) for participation under the Virginia Unified Certification Program which is a Federal program under the US Department of Transportation. This program allows businesses to access contracting dollars at the federal, state and local level primarily related to transportation.

Through these programs and services the agency fulfills its mission to enhance growth opportunities for Virginia's small businesses to prosper through increased revenue and job creation thereby raising the standard of living of all Virginians.

## Information Technology

DSBSD is currently overhauling all IT applications within the agency. The website was launched in 2017 and offers new functionality and a clean user friendly design. The website hosts a newly designed events registration function that allows small businesses to easily access agency hosted workshops and events. The site allows for fast and easy registration and provides the agency with data analytics on attendance. The Certification Portal is under development and is currently in beta testing for release into production. The new portal will allow for complete electronic submission of required documents to complete the certification process. The portal will also provide reminders to currently certified businesses that their certification is due to expire and they need to recertify.

The agency is currently developing needs requirements for the update of the Expenditure Dashboard application. The agency has held workgroups with buyers across the Commonwealth to obtain feedback and input on system requirements to allow for enhanced application performance. Once the Expenditure Dashboard enhancements are complete the agency will define requirements to enhance the Business One Stop Portal.

DSBSD is working with VITA/Northrup Grumman to complete an agency wide refresh of computers. The refresh will allow all staff to be mobile by providing laptops to all employees. The refresh is expected to be complete in 2017.

## Estimate of Technology Funding Needs

### Workforce Development

Fourteen percent (14%) of DSBSD employees are eligible to retire immediately and forty-two percent (42%) are eligible to retire in the next five years. Thirty-six percent (36%) of DSBSD employees are sixty years old or older. The obvious impact will be the loss of experience, specialized skills, and institutional knowledge. The need for effective succession planning will increase in the next several years as many of the agency's long term employees retire.

The agency has developed a recognition program focusing on non-monetary ways to recognize and motivate staff. The agency is fostering a culture that is supportive of professional development opportunities to allow staff to continue to grow. Evaluation of career progression opportunities within the agency are ongoing.

The agency is actively working to develop succession planning strategies to include knowledge capture through documentation of processes and cross training of staff to ensure depth across positions.

### Physical Plant

DSBSD is in the James Monroe Building on the 11th floor. This location allows staff to be within close proximity to partner agencies. In addition, the agency maintains satellite offices to include Virginia Beach, Hampton, Lynchburg, Fairfax, Petersburg and Southwest Virginia. These satellite offices are used by outreach staff to make appointments to serve clients across the Commonwealth.

## Supporting Documents

Title	File Type
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**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 expenditure data, and to provide statistical analyses and reports on the Commonwealth's expenditures for goods and services from Small, Women and Minority ("SWaM") vendors.

The Procurement and Reporting Service Area focuses on collecting detailed state expenditure data through the Commonwealth Accounting System and the Bank of America credit card reporting process. This data is captured and reported by Agency, Secretariat and Commonwealth; totals can be reported by month, quarter and year.

DSBSD produces expenditure reports that demonstrate the Commonwealth's progress with achievement of the 42% goal of doing business with SWaM vendors. The agency uses data captured within the SWaM Dashboard to monitor this progress.

**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 expenditures to small, women- and minority-owned businesses.

This service area provides 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.

**Citations to the Code of Virginia**

**Subsection 3. of § 2.2-1605. Powers and duties of Department.**

**Subsection 1. of § 2.2-1606. Powers of Director.**

**§ 2.2-1610. Reports and recommendations; collection of data.**

**Products and Services**

**Description of Major Products and Services**

Procurement Reporting and Coordination collects expenditure data, generates statistics, and prepares reports to track progress toward meeting aspirational goals. Success is measured by the number of dollars agencies spend with SWaM vendors, as displayed through the SWaM Expenditure Dashboard.

**Anticipated Changes**

Enhancements are in progress to the technology that is used to capture this data. Legislative changes to designations require technological changes to ensure accurate tracking and reporting.

**Factors Impacting**

Increased demand for statistical reports continues to grow. The system requires coordination with other state agencies and institutions of higher education to ensure accurate data is captured.

**Financial Overview**

This service area is supported by 77% general funding and 23% highway transportation funding. This service area supports reporting of expenditures related to the SWaM initiative.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	417,704	126,646	417,704	126,646
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**





## Minority Business Enterprise Outreach [53407]

### Description of this Program / Service Area

The Department provides specialized management and technical assistance to Disadvantaged Business Enterprises (DBEs) participating in projects funded by the US Department of Transportation and other federal sectors. The primary purpose of the specialized assistance is to provide training, assistance, and services to DBEs certified in the DBE program to increase their activity in the program, and to facilitate the enterprises' development into viable, self-sufficient organizations capable of competing for, and performing on Federally- assisted highway projects.

This program also serves as a linkage to subcontractors for prime vendors that have been awarded transportation projects. This business-to-business connection may facilitate new opportunities and business development for the DBE entity.

### Mission Alignment

The programs offered by the Disadvantaged Business Enterprise Outreach Services directly align with DSBSD's mission to promote economic growth by helping Disadvantaged Business Enterprises prosper through increased revenue and job creation, thereby raising the standard of living for all Virginians.

### § 2.2-1605. Powers and duties of Department

### Products and Services

#### Description of Major Products and Services

Regional Disadvantage Business Enterprise and Transportation Business Development Specialists facilitate collaboration between federally funded entities and prime contractors in each of four regions throughout the Commonwealth, some of the major products and services include:

Technical assistance

Management review

Certification support

One on one counseling to DBE vendors

Guidance to agency procurement officers; with a focus on the Virginia Department of Transportation (VDOT)

DBE business-related workshops (including but not limited to collaboration on the DBE annual training symposium)

Facilitate connections between DBEs and federally funded projects, prime contractors and appropriate federal agencies

DBE directory on the agency website

### Anticipated Changes

The agency is transforming the technology for certification. Disadvantaged Business Enterprises (DBEs) will now be able to submit documents electronically. Based on federal priorities, it is expected transportation projects and investment may increase, thereby increasing the demand for DBE vendors and therefore DBE certification staff as well as DBE outreach staff.

### Factors Impacting

Virginia has the 5th largest Disadvantaged Business Enterprise (DBE) directory in the nation. As DBE vendors have to recertify annually, this creates a strain on staff as the volume continues to increase.

### Financial Overview

This service area is supported by 3% general funding and 97% highway transportation funding. This service area includes our Disadvantaged Business Enterprise Outreach Services team. They provide technical assistance to DBE businesses throughout the Commonwealth. They develop sources of supply for transportation projects and partner closely with Virginia Department of Transportation.

Biennial Budget

	<b>2017 General Fund</b>	<b>2017 Nongeneral Fund</b>	<b>2018 General Fund</b>	<b>2018 Nongeneral Fund</b>
Initial Appropriation for the Biennium	33,879	1,080,103	33,879	1,080,211
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 Micro, Small, Women, and Minority (SWaM), Employment Service Organizations (ESOs), Historically Black Colleges and Universities (HBCUs), Service Disabled Veteran (SDVs) owned businesses administered through the Commonwealth of Virginia program. This program allows businesses to access contracting dollars at the state and local level.

This service area also certifies Disadvantaged Business Enterprises (DBEs) for participation under the Virginia Unified Certification Program which is a Federal program under the US Department of Transportation. This program allows businesses to access contracting dollars at the federal, state and local level primarily related to transportation.

### Mission Alignment

The certification programs directly align with DSBSD's mission to promote economic growth by helping Virginia small businesses prosper through increased access to government contracting opportunities.

This Service Area performs the certification function that is required by the Code of Virginia, Section 2.2-1604 et seq. for the SWaM Certification 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.

### § 2.2-1605. Powers and duties of Department., and § 2.2-1604. Definitions

### Products and Services

#### Description of Major Products and Services

Micro Small Business Certification (MicroBE)

Small Business Certification (SBE)

Women-owned Business Certification (WBE)

Minority-owned Business Certification (MBE)

Disadvantaged Business Certification (DBE)

Service Disabled, Veteran-owned Business (SDV)

Employment Service Organizations (ESO)

Historically Black Colleges and Universities (HBCU)

SWaM and DBE Directories

Technical Assistance

Precertification Workshops

Buyer Workshops

#### Anticipated Changes

Employment Service Organizations and Historically Black Colleges and Universities have been added to the SWaM category and are counted toward Agency achievement of aspirational spend goals. Technology enhancements are underway to capture these new designations.

New legislation requires that all agencies spend 3% of their technology spend with a certified Service Disabled Veteran (SDV) owned business. Implementation will be more difficult as the agency's technology will need to capture a subset of the total discretionary spend. The limited vendor pool of currently certified SDVs makes implementation challenging. However, the agency is partnering with Virginia Information Technology Agency (VITA) and the Department of Veterans Services (DVS) to incorporate more SDV vendors in their mandatory contracts.

New legislation will require the agency to offer reciprocal certification to vendors that are currently certified by the Small Business Administration (SBA) into the Commonwealth SWaM program. The impact to the agency is unknown at this time but vendors that were unable to participate previously due to size limitations will now be able to participate in the program. This could create a demand that our current resources are unable to manage. The programs that will be accepted still need to be defined. This new legislation will override Virginia's present reciprocity provisions and home state certification requirement which is expected to go into effect in FY18.

## **Factors Impacting**

### **Financial Overview**

This service area is supported by 24% general funding and 76% highway transportation funding. The agency has experienced significant programmatic and organizational change since FY2005. The changes have resulted in additional program responsibilities that have not been adequately funded. The number of certified vendors managed by both the SWaM and DBE programs in FY2005 was approximately 3,000, while the program has grown to now support approximately 16,000 certified vendors in FY2017. This is a 533 percent increase in programmatic volume over the last 12 year period. However, staffing in FY2005 was seven employees. By FY2017 the number had increased to 13, which has resulted in a 54 percent increase in staffing over that same time period. This has put a strain on resources making it difficult for existing staff to meet regulatory requirements and support the small businesses it is charged with serving. This can stall small business access to Virginia procurement opportunities which impacts the overall health of the economy.

### Biennial Budget

	<b>2017 General Fund</b>	<b>2017 Nongeneral Fund</b>	<b>2018 General Fund</b>	<b>2018 Nongeneral Fund</b>
Initial Appropriation for the Biennium	101,774	328,381	101,774	328,381
Changes to Initial Appropriation	0	0	0	0

### **Supporting Documents**

**Title** **File Type**

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

**Description of this Program / Service Area**

*This program has been eliminated.*

**Mission Alignment**

*This program has been eliminated.*

**§§ 2.2-1612 through 2.2-1614. Repealed.**

**Repealed by Acts 2014, cc. 41 and 464, cl. 2.**

**Products and Services**

**Description of Major Products and Services**

*This program has been eliminated.*

**Anticipated Changes**

None

**Factors Impacting**

None

**Financial Overview**

This service area no longer exists.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	0	0	0	0
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Business Information Services [53418]****Description of this Program / Service Area**

Business Development and Outreach Services (BDOS) contributes to the economy of Virginia by providing critical information to entrepreneurs to enhance economic development efforts in the Commonwealth.

The Business Services Management team of BDOS in each of five geographic regions throughout the Commonwealth facilitates a strong network of collaborated small business resources and partner to offer a series of events to include but not limited to, Entrepreneur Express, Grow Sales Conferences, Selling to the Commonwealth (to include both eVA and SWaM Certification), Selling to the Commonwealth Computer labs, Business Consultations, and other critical business-related workshop topics related to financing, accounting, marketing and others as well as Regional Connects and Dashboard workshops.

The Virginia Business One Stop and the Virginia Business Information Center serve businesses and encourage new business formation by serving as a pivotal point of contact for technical assistance to entrepreneurs on state licensing, registration and regulatory requirements and by providing development opportunities for entrepreneurs. These programs accelerate business formation and growth 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.

**Mission Alignment**

The programs offered by the Business Development and Outreach Services directly align with DSBSD's mission to promote economic growth by helping Virginia businesses prosper through increased revenue and job creation thereby raising the standard of living for all Virginians.

**§ 2.2-1605. Powers and duties of Department.** A. 1. , 2. & 4. & B. 2. & 4. **§ 2.2-1606. Powers of Director.** 2. & 5.

**Products and Services****Description of Major Products and Services**

Regional Business Services Managers facilitate the collaboration of other small business resource entities in each of five regions throughout the Commonwealth and within the region offer several business development events, some of which include:

Entrepreneur Express

Growing Sales Conferences

Selling to the Commonwealth Seminars

Selling to the Commonwealth Labs

Business Consultation

Regional Connects for buyers and small businesses

Dashboard Workshops for state buyers

Other key business-related workshops (including but not limited to QuickBooks, Finance, Accounting, Marketing, Social Media Marketing, etc.)

Business One Stop – This initiative is an interactive electronic portal which helps 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.

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 improve the Business One Stop system and incorporate the pending update changes from the State Corporation Commission.

**Factors Impacting**

Continuing in two-year development phase of Business Development and Outreach Services (BDOS) development to including staffing, business development programs and tracking systems to capture BDOS client information and results.

**Financial Overview**

This service area is 100% general fund supported. This service area includes the agency Business One Stop (BOS) portal and Virginia Business



Information Center (VBIC) Line. These functions support business development by linking small businesses to resources throughout the Commonwealth to start and grow their businesses. The agency Business Development and Outreach Services team is included in this service area. They provide one-on-one counseling, education through workshops and training events and business development services to businesses throughout the Commonwealth.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	1,522,619	0	1,522,619	0
Changes to Initial Appropriation	-80,000	0	-80,000	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, procurement, information technology, performance management, and communications.

**Mission Alignment**

This service area supports the promotion of 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.

**§ 2.2-1603. Department of Small Business and Supplier Diversity created; appointment of Director; offices; personnel.**

**§ 2.2-1606. Powers of Director. 2., 6., 7., & 8.**

**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:** Human resource 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. Worker's compensation is handled by the agency as well as human resource administrative functions.

**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 and Agency Deputy Director are part of the Administrative Services Division.

**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**

One administrative position was lost during the FY17 budget reductions. Duties have been absorbed and distributed to existing staff.

**Factors Impacting**

Budget cuts and legislative mandates

**Financial Overview**

This service area is 100% supported by general fund. This service area supports the administrative and leadership functions of the agency to include the Director's Office, Fiscal Operations, Procurement, Facility Management, Budget Development and Oversight, Human Resource Support and Information Technology Support.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	769,636	0	769,835	0
Changes to Initial Appropriation	-47,209	0	-80,000	0

**Supporting Documents**

**Title** **File Type**

## Financial Services for Economic Development [53423]

### Description of this Program / Service Area

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.

### Mission Alignment

This service area provides financing for the benefit of new and expanding businesses, to assist in the creation and retention of jobs.

**Article 7. Virginia Small Business Financing Authority § 2.2-2279 - § 2.2-2314.**

### 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 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 SWaM Microloan Program, the Loan Guaranty Program, Capital Access Programs (the Virginia Capital Access Program, the Tobacco CAP) 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.

**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.

Department of Small Business and Supplier Diversity in coordination with the Virginia Small Business Financing Authority administers the Small Business Jobs Grant Fund which is used to spur job creation. This grant program requires the creation of a minimum of five new jobs in Virginia and pay a minimum of approximately \$10/hr to their employees. The Small Business Investment Grant Fund is used to encourage investors to invest in small businesses. The grant will reimburse investors up to 10% of their investment in a qualified small business.

### Anticipated Changes

Legislative changes will be implemented in FY18 for both the Small Business Jobs Grant as well as the Small Business Investment Grant. The changes will reduce capital investment requirements and increase access to eligibility.

### Factors Impacting

Available funding

Legislative changes to programs

Changes in the economy

Changes in credit culture of banks

### Financial Overview

This service area is approximately 60% general fund and 40% non-general fund supported. This service area holds funding for the Small Business Jobs Grant as well as the Small Business Investment Grant. Funding totaling \$163,690 of the general fund is set-aside to support the Virginia Small Business Financing Authority(VSBFA). The non-general fund balance in this service area is generated from loans administered by the VSBFA from program income and loan repayments that are in turn lent back out.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	2,320,809	966,201	2,320,809	966,201
Changes to Initial Appropriation	-679,981	0	-810,228	500,000

**Supporting Documents**

**Title** **File Type**