

2018-20 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 enhancing the economy and 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 competency.

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 approximately 60% of its funding from general funds and 40% 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 VSBFA receives \$163,690 in general funds accounting for 4% of its operating budget. These funds are used to support the Executive Director's salary and other operational expenses. The primary source of revenue for the remaining non-general support of the Authority is derived from bond fee income. Should the Authority experience a decline in bond activity or should legislation be introduced that limits bond activity or fee collection the division would not be able to sustain operations.

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 15,000 certified vendors in FY2018. This is more than a 500 percent increase in programmatic volume over the last 13 year period. However, staffing in FY2005 was seven employees. By FY2018 the number had increased to 11. 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.

The agency has identified a need across all divisions to better leverage technology to provide real time data internally for performance management and externally to stakeholder and small business advocacy groups. The agency currently has no dedicated resources available to support these efforts. DSBSD has identified a need for a customer relationship management (CRM) tool that would allow for the tracking and analyzing of all customer interactions. Also, the agency has a need for internal and external dashboards to collect vital information that allows for proactive program adjustments based on economic indicators and the success or failure of current activities. These tools will allow the agency to strategically focus resources and create efficiencies while serving Virginia small businesses.

Biennial Budget

	2019	2019	2020	2020
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	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Initial Appropriation for the Biennium	4,439,269	2,899,301	4,189,269	2,574,301
Changes to Initial Appropriation	0	0	0	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

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 Micro, Employment Service Organizations, Historically Black Colleges and Universities, and Federal Reciprocity Vendors 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	100	100	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

- ♦ Support of service disabled veteran businesses through certification.

» **Increase access to capital for small businesses to support growth. Enable and leverage private financing for Virginia's small businesses.**

Description

Increasing opportunities for businesses to obtain the capital required to grow in order to promote and develop industrial development and to further the long-term economic development of the Commonwealth through the improvement of its tax base and the promotion of employment. The Authority will seek to promote industry, develop trade and increase employment opportunities, through the increase in commerce at the heart of the mandate provided in Section 2.2-2279, the Virginia Small Business Financing Act. (Declaration of Purpose 2.2-2280). 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

- ♦ Number of presentations to financial institutions and economic development partners.

» **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 a manual process to a fully automated process for customers. Continue to evaluate current regulations to identify opportunities to streamline the process and timeframes required.

Measures

- ♦ Average number of days to process a Small, Women, and Minority (SWaM) certification application.
- ♦ Make available a pool of Small, Women, and Minority (SWaM) and Disadvantaged Business Enterprise (DBE) certified vendors for local, state, and corporate/private entities.
- ♦ Support of service disabled veteran businesses through certification.

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

Description

DSBSD programs contribute to the economy of Virginia by providing critical information to small businesses to start and grow and enhance economic development through revenue generation and job creation in the Commonwealth for all small businesses, certified and non-certified. The Agency serves the entire state in each of five agency-designated geographic regions.

Objective Strategies

- Build regional network of small business resources and develop events that serve external stakeholders 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

- ◆ Number of partners collaborated with annually to support Virginia small businesses.
- ◆ Provide education and outreach to assist Virginia small businesses with strategic growth and development.

• **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

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- ◆ Average number of days to process a Small, Women, and Minority (SWaM) certification application.
- ◆ Make available a pool of Small, Women, and Minority (SWaM) and Disadvantaged Business Enterprise (DBE) certified vendors for local, state, and corporate/private entities.
- ◆ Support of service disabled veteran businesses through certification.

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Measures

- ◆ Number of partners collaborated with annually to support Virginia small businesses.
- ◆ Provide education and outreach to assist Virginia small businesses with strategic growth and development.

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 7,200 micro businesses since the Executive Order was implemented; 94 percent of which are Virginia based businesses. As of FY18, micro businesses have received over 274,515 orders from the state. Of that total, 263,019 orders have gone to Virginia micro businesses for a total of \$782,628,657. Overall Virginia investment in these procurement activities are more than \$837 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 facilitated financing totaling \$2,714,526 supporting 386 new jobs. During FY18, During 2018 eighteen loans were made through the Swam Micro Loan Program. To date, this new program has enabled \$4.8 million in total financing and helped businesses create and retain 915 jobs throughout the Commonwealth. Bond volume increased substantially from \$61,050,187 in 2017 to \$1,353,330,695 in 2018. This growth is principally due to the \$737,000,000 I-66 Express project. This sort of volume is not deemed to be indicative of future volume.

In 2018 all funds (\$849,456) appropriated to the Small Business Investment Grant Fund were distributed. Grant awards were distributed to 53 investors who invested \$2,192,593 in 10 Virginia small business. 2019 was met with similar success. Thirty investors, who provided a total of \$2,496,678 in equity contributions to 16 businesses, have been approved for \$819,753 in grant awards. These awards represent the entire pool of appropriated funds (\$819,753). Awards will be distributed in October

Twenty new projects were added to the Small Business Jobs Grant pipeline in 2018. Twelve applications were received. Awards paid out during 2018 totaled \$70,857 and represented reimbursement for costs associated with 80 new jobs.

Staffing

Authorized Maximum Employment Level (MEL)	50
Salaried Employees	41
Wage Employees	0
Contracted Employees	2

Key Risk Factors

The agency has experienced consistent growth in certification designations through the legislative process. 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 2018 legislative session the General Assembly discussed legislation to change the definition of a small business. Any changes to this definition will result in changes needing to be made to agency technology and staffing will need to be evaluated to determine if it is able to support new demands.

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 recently updated the website and certification portal but still needs to update the expenditure dashboard and business one stop portal. The need to continuously upgrade technology strains agency resources.

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.

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) as well as Federal Reciprocity for 8(a), Economically Disadvantaged Woman Owned Small Businesses (EDWOSB) and Federal Service Disabled Veteran (FSDVs) 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 new Certification Portal was launched July 2017. The new portal allows for complete electronic submission of required documents to complete the certification process. The portal also provides reminders to currently certified businesses that their certification is due to expire and they need to recertify.

The Expenditure Dashboard is currently under development and user acceptance testing has begun. The agency 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 development is complete, the agency will define requirements to enhance the Business One Stop Portal.

Estimate of Technology Funding Needs

Workforce Development

Five percent (5%) of DSBSD employees are eligible to retire immediately and eight percent (8%) are eligible to retire in the next five years. Twenty-seven percent (27%) 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, Radford, Roanoke, and Abingdon. These satellite offices are used by outreach staff to make appointments to serve clients across the Commonwealth.

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. The program also allows reciprocity for three federal certifications that are third party verified, 8(a), Economically Disadvantaged Woman Owned Small Business (EDWOSB), and Federal Service Disabled Veteran (FSDV). This program allows businesses to access contracting dollars at the state and local level as well as Corporate/Private entities in Virginia.

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)
- Reciprocity for Federal 8(a) Certification
- Reciprocity for Federal Economically Disadvantaged Woman Owned Small Business (EDWOSB) Certification
- Reciprocity for Federal Service Disabled Veteran (FSDV) Certification
- SWaM and DBE Directories
- Technical Assistance
- Precertification Workshops
- Buyer Workshops
- Certification Application Portal

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Micro Small Business Certification (MicroBE)	Code of VA § 2.2-1605	7VAC13-20	Required	38,439	0

Small Business Certification (SBE)	Code of VA § 2.2-1605	7VAC13-20	Required	38,439	0
Women-owned Business Certification (WBE)	Code of VA § 2.2-1605	7VAC13-20	Required	38,439	0
Minority-owned Business Certification (MBE)	Code of VA § 2.2-1605	7VAC13-20	Required	38,439	0
Service Disabled, Veteran-owned Business (SDV)	Code of VA § 2.2-1605	NA	Required	38,439	0
Employment Service Organizations (ESO)	Code of VA § 2.2-1605	NA	Required	38,439	0
Historically Black Colleges and Universities (HBCU)	Code of VA § 2.2-1605	7VAC13-20	Required	38,439	0
Reciprocity for Federal 8(a) Certification	Code of VA § 2.2-1605	NA	Required	38,439	0
Reciprocity for Federal Economically Disadvantaged Woman Owned Small Business (EDWOSB) Certification	Code of VA § 2.2-1605	NA	Required	38,439	0
Reciprocity for Federal Service Disabled Veteran (FSDV) Certification	Code of VA § 2.2-1605	NA	Required	38,439	0
SWaM and DBE Directories	Code of VA § 2.2-1605	49 CFR § 26	Required	58,799	55,011
Precertification Workshops	Code of VA § 2.2-1605	NA	Required	53,913	0
Buyer Workshops	Code of VA § 2.2-1605	NA	Required	82,581	0
Technical Assistance	Code of VA § 2.2-1605	49 CFR § 26	Required	0	416,850
Disadvantaged Business Certification (DBE)	Code of VA § 2.2-1605	49 CFR § 26	Required	0	327,205
Certification Application Portal	Code of VA § 2.2-1605	7VAC13-20; 49 CFR § 26	Required	184,650	172,096

Anticipated Changes

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

Enacted legislation requires the agency offer reciprocal certification to vendors that are currently certified at the Federal level that have been vetted by the Federal Cognizant Agency or by a third party certification entity. The accepted certifications have been identified and will include 8(a), Economically Disadvantaged Woman Owned Small Businesses (EDWOSB), and Federal Service Disabled Veterans (FSDV). This new legislation could override Virginia's present reciprocity provisions and home state certification requirement. Clarity on this point of the legislation will be required to ensure proper implementation. Technology enhancements are underway to capture these new designations.

Factors Impacting

Financial Overview

This service area is supported by 44% general funding and 56% 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 15,000 certified vendors in FY2018. This is a 500 percent increase in programmatic volume over the last 13 year period. However, staffing in FY2005 was seven employees. By FY2018 the number had increased to 11, which has resulted in a 57 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

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	764,338	971,165	764,338	971,165

Changes to Initial Appropriation	0	0	0	0
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Supporting Documents

Title	File Type
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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 small businesses to start and grow and enhance economic development through revenue generation and job creation in the Commonwealth for all small businesses, certified and non-certified.

The Business Development and Outreach Services team serves the entire state in each of five agency-designated geographic regions. BDOS develops and implements dynamic workshops on critical topics for small businesses. Additionally, we include other small business resources in the area when offering larger conferences.

BDOS provides critical information to small businesses by offering 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, SWaM Workshops and Labs, Business Consultations sessions, Construction Contracting Class and New Virginia: Scaling4Growth (in partnership with Interise.org) – a six-month business growth program. In addition, we offer 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.

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.

As with all divisions within the Department of Small Business and Supplier Diversity data collection for BDOS and DBE Outreach is critical to understanding the needs of stakeholders and evaluating program outcomes.

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.

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 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

SWaM Certification Workshops and Labs

New Virginia Scaling 4 Growth Development Program

Construction Contracting Course

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.

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

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Facilitate the collaboration of other small business resource entities	Code of VA § 2.2-1605	49 CFR § 26	Required	36,745	48,937
Entrepreneur Express	Code of VA § 2.2-1605	NA	Required	36,745	0
Growing Sales Conferences	Code of VA § 2.2-1605	NA	Required	36,745	0
Selling to the Commonwealth Seminars	Code of VA § 2.2-1605	NA	Required	36,745	0
Selling to the Commonwealth Labs	Code of VA § 2.2-1605	NA	Required	36,745	0
SWaM Certification Workshops and Labs	Code of VA § 2.2-1605	NA	Required	36,745	0
Virginia Scaling 4 Growth Development Program	Code of VA § 2.2-1605	49 CFR § 26	Required	85,495	49,086
Construction Contracting Course	Code of VA § 2.2-1605	49 CFR § 26	Required	36,745	26,674
Business Consultation	Code of VA § 2.2-1605	NA	Required	36,745	0
Regional Connects for buyers and small businesses	Code of VA § 2.2-1605	NA	Required	36,745	0
Dashboard Workshops for state buyers	Code of VA § 2.2-1605	NA	Required	36,745	0
Other key business-related workshops	Code of VA § 2.2-1605	NA	Required	36,745	0
Virginia Business Information Center	Code of VA § 2.2-1605	NA	Required	28,668	0

Facilitate collaboration between federally funded entities and prime contractors	Code of VA § 2.2-1605	49 CFR § 26	Required	0	48,937
Technical assistance	Code of VA § 2.2-1605	49 CFR § 26	Required	0	100,612
Management review	Code of VA § 2.2-1605	49 CFR § 26	Required	0	48,937
Certification support	Code of VA § 2.2-1605	49 CFR § 26	Required	0	48,937
One on one counseling to DBE vendors	Code of VA § 2.2-1605	49 CFR § 26	Required	0	48,937
Guidance to agency procurement officers	Code of VA § 2.2-1605	49 CFR § 26	Required	0	48,937
DBE business-related workshops	Code of VA § 2.2-1605	49 CFR § 26	Required	0	48,937
Facilitate connections between DBEs and federally funded projects	Code of VA § 2.2-1605	49 CFR § 26	Required	0	52,274
Business One Stop	Code of VA § 2.2-1617	NA	Required	500,000	0

Anticipated Changes

DSBSD will continue to improve the Business One Stop system.

The agency is planning to launch an alumni companion program to the New Virginia Scaling 4 Growth Initiative. The MBA style program has seen tremendous participant success in job creation and revenue growth. This next phase of the program will allow the participants to continue to grow and develop as a cohort and expand their network of resources.

Factors Impacting

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

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 64% general funding and 36% highway transportation funding. 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 as well as the Disadvantaged Business Enterprise Outreach Services team is included in this service area. They provide one-on-one counseling, education through workshops and training events, business development services, technical assistance, as well as develop sources of supply for Commonwealth projects.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	1,018,361	571,207	1,018,361	571,207
Changes to Initial Appropriation	0	0	0	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.

This division also 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.

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 Expenditure Dashboard to monitor this progress.

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. It generates and reports to the Governor and General Assembly the status of the state's expenditures to small, women- and minority-owned businesses.

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. It also 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

§ 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.

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

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.

Expenditure Dashboard: The collection of expenditure data, generation of statistics, and preparation of reports to track progress toward meeting aspirational goals is managed by the Administrative Services Division. Success is measured by the number of dollars agencies spend with SWaM vendors, as displayed through the SWaM Expenditure Dashboard

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Accounting	Code of VA § 2.2-1606	NA	Required	95,995	0
Payroll	Code of VA § 2.2-1606	NA	Required	91,757	6,070
Human Resources	Code of VA § 2.2-1606	NA	Required	88,075	273
Budget	Code of VA § 2.2-1606	NA	Required	87,884	269
Financial Reporting	Code of VA § 2.2-1606	NA	Required	87,508	0
General Support	Code of VA § 2.2-1606	NA	Required	87,508	0
Agency Management	Code of VA § 2.2-1606	NA	Required	87,508	0
Legislative Services	Code of VA § 2.2-1606	NA	Required	87,508	0
IT Support	Code of VA § 2.2-1606	NA	Required	335,899	31,825
Expenditure Dashboard	Code of VA § 2.2-1610	NA	Required	137,982	0

Anticipated Changes

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

Factors Impacting

Legislative mandates.

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 97% general fund and 3% highway transportation fund supported. 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, Reporting of Expenditures related to the SWaM Initiative, and Information Technology Support.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	1,437,627	38,437	1,187,627	38,437
Changes to Initial Appropriation	0	0	0	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 promote and develop industrial development and to further the long-term economic development of the Commonwealth through the improvement of its tax base and the promotion of employment. The Authority will seek to promote industry, develop trade, and increase employment opportunities. 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

The mission of the VSBFA and this service area aligns with the agency mission by providing financing for the benefit of new and expanding Virginia small businesses, to promote and develop industrial development and to further the long-term economic development of the Commonwealth through the improvement of its tax base and the promotion of employment.

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 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 for-profit businesses, 501 (c) (3) not-for-profit entities, as well as P3 transportation projects for 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. This is the principal source of funding for VSBFA operations. With the expiration of the Qualified Energy Conservation Bonds, the VSBFA will investigate other clean energy bond programs, as well as look to develop additional relationships with Bond Attorneys to ensure a predictable source of revenue.

Technical Assistance/Resources - The Virginia Small Business Financing Authority provides technical financial counseling and education 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. Additionally, the Authority team members call on businesses and represent the Agency in a myriad of panels and other presentations to small business owners and entrepreneurs.

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 \$9.79/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 50% of their investment in a qualified small business depending upon availability. Changes to the legislation in recent years have increased the percentage of investment available for award from 10% to 50% and no longer restrict eligible investors from being employed by, or being officers or directors of, the business receiving the equity investment.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Direct Loans	Code of VA § 2.2-2280	NA	Required	99,797	193,613
VSBFA Credit Enhancement Programs	Code of VA § 2.2-2280	NA	Required	99,797	193,613
Conduit Financing	Code of VA § 2.2-2280	NA	Required	99,797	193,613
Technical Assistance/Resources	Code of VA § 2.2-2280	NA	Discretionary	99,797	193,613

Small Business Jobs Grant Fund	Code of VA § 2.2-1615	NA	Required	0	109,518
Small Business Investment Grant Fund	Code of VA § 2.2-1616	NA	Required	819,753	109,518

Anticipated Changes

New legislative will create changes in the rate of deployment for both the Small Business Jobs Grant and the Small Business Investment Grant.

It is anticipated there will be a need to improve the inventory of shovel-ready business sites, particularly in rural and distressed parts of the Commonwealth, the VSBFA will work with state, regional, and local stakeholders to respond to unfilled financing needs for: (1) purchase; (2) site characterization and (3) site development (move from one Tier to another) of sites under 100 acres.

The VSBFA will work with select local financial institutions to develop a financing product in support of SWaM businesses that successfully win new work contracts. Due to costs associated with mobilizing for a contract and timing differences between the start of a project and receipt of the first payment, small businesses may face financial strain.

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 48% general fund and 52% 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 primarily generated by bond fee income. Smaller amounts of revenue are generated from fees and principal and interest repayments.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	1,218,943	1,318,492	1,218,943	993,492
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**