



# Taking Action Against Disparities

## Governor Wolf's Commitment to Small and Small Diverse Businesses

As a result of the first-ever [Commonwealth Disparity Study](#) in 2018, significant insight was gained into the challenges faced by small businesses (SBs) and small diverse businesses (SDBs) when it comes to state government contracting and the overall economy. Based on the recommendations of the study, Governor Wolf is committed to implementing policies and programs that will get the commonwealth on a path of improvement in the quality and quantity of opportunities for SBs and SDBs. These efforts will be centered around the implementation of Goal Setting, the establishment of a Veterans Business Enterprise (VBE) program and the revitalization of the Small Business Reserve (SBR) program.

### Goal Setting

Goal Setting replaces the current scoring process used for SB/SDB subcontracting participation on competitively procured state contracting opportunities including low-bid solicitations. As a result of the 2018 Commonwealth Disparity Study results, the Department has set an aspirational target for 26.3% of the commonwealth's contracting spend to go to SDBs. The new process tailors participation goals based on the specific market and geographic availability of SDBs on a solicitation-by-solicitation basis. SDB goals are set for each solicitation using an analysis and mathematical calculation that considers: the detailed scope of work, the estimated amount of spend for each line item of work to be done, the geographic market where the work will be performed and percent of DGS verified SDBs available to do the specific work as determined by the Disparity Study.

For each construction solicitation that meets or exceeds \$300,000<sup>1</sup> and each goods and services solicitation that meets or exceeds \$250,000, the SDB and VBE goals will be stated in the solicitation document. Potential prime contractors will be required to meet those goals as part of their proposal to do business with the commonwealth. To ensure that the initiative complies with constitutional requirements, they may also request a good faith effort waiver if they are unable to meet both goals in full.

Finally, in order to ensure that the SDB program meets all legal requirements for a race- and gender-specific program, the Commonwealth removed VBEs from the category of SDBs and created a new program for VBEs.

### VBE Program

As a result of the 2018 Commonwealth Disparity Study results, the Department will use a methodology similar to the goal setting for SDBs to reach its aspirational target for 4.6% of the commonwealth's contracting spend to go to VBEs. The Department will continue to review future procurements to determine whether there is enough VBE availability to set a VBE Participation Goal, to meet or exceed 4.6%.

---

<sup>1</sup> The construction goal setting threshold will increase to \$400,000 starting July 1, 2020.

As part of the efforts to boost the availability of VBEs, the commonwealth is considering a Service-Disabled Veteran-Owned Small Business Enterprises as both an SDB firm and a VBE firm. This status is granted providing the applicant holds approved third-party certification from the [Veterans Affairs Vets First Verification Program](#).

The Department is looking for additional ways to increase opportunities for VBEs, including through the expansion of the Commonwealth's Small Business Reserve program, which designates certain procurements as only being available for award to Small Businesses, including Veteran Business Enterprises.

## Goal Setting Implementation

The new SDB and VBE goal setting programs begin a phased implementation with construction projects over the designated threshold starting **June 15, 2020** and goods and services over the designated threshold starting **August 17, 2020**.

## The Small Business Reserve (SBR) Program

In June of 2019 Governor Wolf announced the revitalization of the SBR program and required all Commonwealth agencies under the governor's jurisdiction to identify and target 15% of their total agency contract spend for SBR procurements. The program enables businesses of similar sizes and resources to compete among each other for specific government contract opportunities as prime contractors. Any business that meets the [eligibility criteria](#) and satisfactorily completes the [DGS self-certification process](#), will be deemed a "Small Business." Only Small Businesses will be eligible to bid or propose as prime contractors for procurements issued under this program.

## How can I find SBR opportunities?

Visit [eMarketplace](#), click on "Solicitations," and in the search criteria field, choose the option to "View Small Business Procurements." Check the box and select to either "View Current Records" or "View Archived Records" to filter the list of SBR solicitations.