

## Public Body Procurement Workgroup

### Recommendations for HB 1404

Recommendation 1: The Workgroup recommends that the General Assembly consider not reenacting Chapter 834 enacting Clause 1 in the upcoming session and consider a section 1 bill to require the Virginia Department of Small Business and Supplier Diversity to report on December 1, 2026, on the outcome of the disparity study currently being performed as required by 2024 Acts of Assembly Chapter 834 enacting Clause 4. This disparity study differs from previous studies in that it expanded to study the availability and utilization of small and micro-owned businesses in addition to previously studied women-owned and minority-owned businesses. It also specifically looks at the utilization and differences between categories of state procurement, such as by the types of goods and services needed or procured by state agencies.

Recommendation 2: The Workgroup recommends that the General Assembly consider directing a study of the small business definition before codifying any enhancement plan. The Workgroup further suggests that the General Assembly direct the study to be based explicitly on Virginia business with the intent of benefiting Virginia businesses, similar to the policy the state of Maryland implemented. Additionally, the General Assembly, as part of the study, could consider directing Virginia Department of Small Business and Supplier Diversity, in collaboration with the Department of General Services, Virginia Information Technologies Agency and Virginia Department of Transportation, to review the DSBSD certification processes, including outreach practices. Finally, the Workgroup recommends that the General Assembly consider incorporating this recommendation into the disparity study report.

Recommendation 3: The Workgroup recommends that the General Assembly consider not codifying a goal for the utilization rate of small SWaM businesses. An accurate goal for utilization cannot be set until the current disparity study is complete. The study being performed should provide data by commodity, detailing availability, participation and utilization. This will enable the Commonwealth of Virginia to establish a more appropriate goal. Additionally, if the General Assembly studies and changes the definition of a small business, the goal will need to be reevaluated once it is implemented.

Recommendation 4: The Workgroup recommends that if the General Assembly intends to reenact Clause 1, then the General Assembly may consider technical amendments to address the concerns mentioned in the Workgroup meetings. Items discussed included confusion over terminology and conflicts with existing definitions found in the Virginia Public Procurement Act.