



Testimony on Senate Bill 1140

Hearing of the Senate State Government Committee

Curtis Topper, Secretary

June 14, 2022

Good morning, Chairman Argall, Minority Chairman Street and members of the Senate State Government Committee. It is my pleasure to be here this morning to discuss the merits of Senate Bill (SB) 1140 and the significant benefits it would have for small, small diverse and veteran businesses in Pennsylvania.

For as long as I can remember, we've heard talk about how Pennsylvania's small businesses are the "backbone" and "lifeblood" of our economy. While various efforts have been made in the past to level the playing field for small businesses, the impact of these efforts have been difficult to empirically evaluate.

With SB1140, the legislature will help to ensure that the Commonwealth engages consistently with the challenge and employs strategies that have proved successful for our small, small diverse and veteran businesses. The Commonwealth's small and small diverse businesses will benefit from a consistent commitment, backed by specific actions, enshrined in statute.

Over the past seven and a half years, the Department of General Services (DGS) has worked diligently to create the most successful DGS small and small diverse business programs in Pennsylvania history.

This progress began with Governor Wolf's ground-breaking executive order, and continued as we worked with key stakeholders through the Governor's Advisory Council on Diversity, Inclusion, and Small Business Opportunities (DISBO) to make deliberate improvements to our contracting system. We conducted the Commonwealth's first truly comprehensive disparity study, and we've embraced the results and used them to inform our work. We established a network of agency liaisons across agencies under the governor's jurisdiction. We created a new small business mentorship program, and we have been working with the legislature in a bi-partisan, productive way that benefits the people we serve.

We have implemented three major policy and program changes. Our goal-setting program establishes empirically based small diverse business participation and spending commitment levels for solicitations for construction, design professional services, supplies, and services. We revitalized the Small Business Reserve program, created during the Corbett administration,

which requires agencies to reserve at least 15% of their contracts for Small Businesses. And we established the Veteran Business Enterprise program, setting an aspirational goal of 4.6 percent of state contract spend to be dedicated to veteran-owned businesses.

Since 2015, the Commonwealth has spent more than \$3.5 billion with small, small diverse and veteran businesses. During that same time, the percentage of the total Commonwealth spend that went to small, small diverse and veteran businesses rose from 7.6 percent in 2015, to 20.25 percent in 2020. In 2020-2021, Commonwealth spending with small businesses, small diverse businesses, and veteran business enterprises rose to nearly \$856 million— the largest amount on record.

I truly believe our greatest successes are still ahead of us, but to achieve that success we need to ensure that our successful programs continue consistently over the long term. SB1140 is the method by which we can make that happen.

SB1140 statutorily establishes the goal-setting program administered by the PA Department of General Services, Bureau of Diversity, Inclusion and Small Business Opportunities, or BDISBO. In addition, the legislation calls for a disparity study to be completed every five years to maintain the constitutionality of the programs and keep aspirational targets up-to-date for the goal-setting program. The legislation removes the 100-employee limit from the definition of “small business” allowing size and revenue limits to be set on an industry-by-industry basis which is more consistent with federal program eligibility requirements.

This legislation would have an immediate effect by creating certainty for the future for more than 5,000 small, small diverse, and veteran businesses who benefit from our programs and policies. This commitment in turn will encourage these businesses, and others, to become certified and to continue to invest and grow in our Pennsylvania communities.

I'd like to take a moment to thank Deputy Secretary for Diversity Inclusion and Small Business Opportunities Kerry Kirkland, Director Lisa Sanford and the entire BDISBO Staff for their work; the DISBO Advisory Council for their time and effort in making recommendations to improve our program, and for being advocates for small, small diverse and veteran businesses.

These businesses truly are vital to our economy, and we should do everything we can to ensure that they have a future in our state contracting system. I am proud of the success we've had thus far, and I look forward to the hard work that is still ahead. With your support of SB1140, I have no doubt that our sustained commitment will see us through.

Thank you.