



Small Business Commission Executive Summary of 2020 Interim Activity

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Pursuant to the powers and duties authorized under § 30-183 of the Code of Virginia, the Virginia Small Business Commission (the Commission) held three meetings during the 2020 interim with Delegate Alfonso H. Lopez, chair, presiding. The Commission's meetings occurred on August 3, 2020, November 6, 2020, and December 1, 2020. Materials presented at the meetings are accessible through the [Commission's website](#).

The Commission focused its attention on the impact of the COVID-19 pandemic on small businesses, as well as the activities of the Department of Small Business and Supplier Diversity (the Department). At its first meeting, the Commission members discussed how to provide small businesses access to capital to help with costs associated with the COVID-19 pandemic, including purchasing personal protective equipment, providing paid family and medical leave, paying rent, and other purposes. At the Commission's second meeting, Tracey Wiley, Director of the Department, gave an overview of the history of the Department, recent Department-related legislation, and the Department's core functions, including providing access to capital through its financing arm, the Virginia Small Business Financing Authority; assistance with business development; certification of small, women-owned, and minority-owned (SWaM) businesses for the purposes of public procurement; and assistance with policy decisions to the members of the General Assembly.

The third meeting covered a report by the Joint Legislative Audit and Review Commission (JLARC) on the operations and performance of the Department (JLARC Report #537). Lauren Axselle, a Principal Legislative Analyst at JLARC, described the operations of the Department and the improvements it has made within the past few years. She identified one of the Department's main functions as certifying businesses as small, women-owned, or minority-owned (SWaM) for the purpose of making them eligible for procurement set-asides.

She described possible changes to the statutory definition of "small" (currently 250 or fewer employees or \$10 million or fewer in gross receipts). JLARC's report offered several policy options: changing "or" to "and," lowering current numerical thresholds for employees or gross receipts so as to exclude larger employers, or setting thresholds by industry. She discussed the ease of administering each option, impacts on businesses, and the effects on current procurement goals.

Ms. Axselle presented JLARC's evaluation of the Small Business Financing Authority (SBFA), which is administered under the Department. SBFA is the agency responsible for administering the Rebuild Virginia Grant Fund, a program that is larger than all of SBFA's other programs combined in terms of loans distributed. Ms. Axselle described JLARC's recommendations to SBFA for improving its operations. JLARC viewed SBFA's lending policies as overly

conservative, resulting in a large portion of available loan funds going unloaned in recent years. JLARC recommended that SBFA adopt a policy of a higher risk threshold than private banks are willing to accept, thereby helping them fulfill their mission of providing financing to small businesses when the private sector will not.

Referred Legislation and Policy Proposals

The Commission did not vote to recommend any changes to current law. No legislation was referred to the Commission for study during the 2020 interim.

For more information, see the [Commission's website](#) or contact the Division of Legislative Services staff:

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