



GOVERNOR JOSH SHAPIRO

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Governor Shapiro Signs Executive Order to Open Up New Opportunities for Small Businesses and Small Diverse Businesses, Improve State Procurement Practices

The Executive Order increases opportunities for small and small diverse businesses to secure prime contracts, raises the revenue limit so more small businesses can qualify, instructs Commonwealth agencies to provide key technical and capital access support to small and small diverse businesses, and creates a new advisory council.

Governor Shapiro and Lieutenant Governor Davis promised to reform procurement practices on the campaign trail and now their Administration is taking concrete steps to fulfill that promise and grow the Commonwealth's economy.

Philadelphia, PA – Today, **Governor Josh Shapiro** signed [Executive Order 2023-18](#) to increase opportunities for small and small diverse businesses to compete for state contracts, make the Commonwealth procurement process more accessible, and take actionable steps to help small businesses and small diverse businesses grow, succeed, and create good-paying jobs.

During their campaign, Governor Shapiro and Lieutenant Governor Davis spoke often about empowering small businesses and small diverse businesses to expand economic opportunity and help build generational wealth, and the Executive Order signed by the Governor today is the latest step to make good on that promise.

“We need to do more to help our small and small diverse businesses compete for state dollars,” said **Governor Shapiro**. “That will require policies like those I’m announcing

today, but most importantly, it will require a Governor who gives a damn and makes sure these businesses are part of our collective progress. It's not just the right thing to do – it's the smart thing to do. By supporting our small diverse businesses, we'll not only grow our economy and strengthen our communities – we'll also create more competition for Commonwealth business and secure higher quality products and better results for all Pennsylvanians.”

"I've seen firsthand that small businesses owned by women and Black and brown Pennsylvanians are vital to our communities. They are gathering places – centers for connection and conversation, and they are job creators and innovators," said **Lieutenant Governor Davis**. "We must support small-business owners by cutting red tape and putting resources into economic development and innovation. That's why today's Executive Order is so important. We're going to go out and actively encourage small businesses and small diverse business owners to compete for government contracts and become Commonwealth vendors. Small and small diverse businesses deserve a better shot at competing for state contracts – and the Shapiro-Davis Administration is going to make sure they get it."

Since [Executive Order 2015-11](#) was signed under the Wolf Administration in 2015, the Commonwealth has made progress to increase total Commonwealth spend on contracts with small diverse businesses – increasing the total amount spent by small diverse businesses from 4.9 percent in 2015 to 11.3 percent in 2022. Governor Shapiro is doubling down on that progress and instructing Commonwealth agencies to make this a priority. Under the Shapiro Administration, the Department of General Services (DGS) has already [made significant strides](#) to support small diverse businesses by [reducing the time](#) it takes BDISBO to certify a small business by 33 percent and implementing a [prompt pay policy](#) so payments are received faster on state contracts.

This Executive Order directs DGS, under the leadership of **Secretary Reggie McNeil**, to lead and coordinate efforts with agencies to increase their total operational spend and participation in the Commonwealth's Small Business Reserve (SBR) program, foster more competitive procurement, and increase the amount of money that goes into the hands of small and small diverse businesses. As part of the Shapiro Administration's commitment to transparency and accountability, DGS will post semiannual data for each agency's total operational spend for SBR procurements.

Effective upon the Governor's signing, DGS will develop a new methodology for determining the revenue limit for small businesses that will result in an increase in the number of businesses that qualify as small businesses. As a first step, Secretary McNeil will update the Commonwealth's definition of a small business by raising the revenue limit from \$38.5 million to \$47 million, ensuring more small businesses can qualify.

Furthermore, the Executive Order also establishes the Pennsylvania Advisory Council for Inclusive Procurement (PACIP) to advise Commonwealth agencies on ways to make state contracting opportunities more inclusive. The PACIP will be chaired by **Lieutenant**

Governor Austin Davis, with **DGS Secretary Reggie McNeil** and the Department of Transportation (PennDOT) **Secretary Mike Carroll** serving as co-vice chairs.

"Since day one of this Administration, Governor Shapiro has prioritized the need to improve the experience for Pennsylvania's small business community and widen the gate of opportunity to state contracts," said **DGS Secretary Reggie McNeil**. "With that mandate, DGS has held 18 stakeholder events to engage close to 800 small businesses Commonwealth-wide, and I have personally met with countless potential vendors and partners. Based on the feedback that we have received from these interactions, I am certain that this new Executive Order is going to fill many gaps for our small business community. Actions like this will continue changing the narrative around doing business with the Commonwealth and build up Pennsylvania's small business community – and we are moving at the speed of business."

DGS and PennDOT will also work in partnership to further improve the Commonwealth's open, inclusive, and accessible contracting environment to increase its small business and small diverse business spending as a percentage of all dollars paid for goods and services by the agencies for their respective programs. Under the Executive Order, both agencies will also conduct significant outreach to the small diverse business community and provide key technical support to qualifying small businesses interested in competing for state contracts. DGS and PennDOT will also designate employees to serve on an interagency working group that will assist the PACIP as set forth in the Executive Order.

"The Shapiro-Davis Administration is committed to growing Pennsylvania's economy and creating opportunity for everyone in the Commonwealth – and I'm honored to serve on the PACIP with the Lieutenant Governor, Secretary McNeil, Secretary Siger, Acting Secretary Spicher, and Secretary Walker," said **PennDOT Secretary Mike Carroll**. "I look forward to working with Secretary McNeil to engage small businesses and ensure partnerships are in place to provide technical assistance so they can compete for state contracts, including financial assistance programs, and make it easier for them to do business with the Commonwealth and its contracting partners."

DGS and PennDOT's work to create an inclusive and accessible contracting environment to increase small and small diverse business spending by Commonwealth agencies will include partnering with the Department of Community and Economic Development (DCED) to connect businesses with resources and promote financing and capital access options, regularly reporting on agencies' procurement spending levels, more efficient matching of prime contractors with available small and small diverse subcontractors, increased participation in mentor-protegee programs across the Commonwealth, and partnering with the Commonwealth Office of Digital Experience (CODE PA) to improve small businesses' online interactions with the Commonwealth.

"Opening the doors wider to lift up small and diverse businesses requires institutional buy-in at all levels," said **Della Clark, President and CEO of The Enterprise Center**. "We view this Executive Order as the first step to combining contracts, capital, and

expertise to intentionally grow small and diverse led businesses across the Commonwealth. Thank you to the Shapiro-Davis Administration for their leadership in driving change.”

Pennsylvania small businesses and small diverse businesses can find details on BDISBO, contracting opportunities, and other resources at pa.gov/smalldiversebusiness.

Read Executive Order 2023-18, Improving State Government Contracting Opportunities for Pennsylvania’s Small Business and Small Diverse Businesses, [here](#).

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