Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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Bill Number:	HB61 ER	**Patron:**	Ward
Bill Title:	Small SWaM Business Procurement Enhancement Program; established, report.		

Bill Summary: Establishes the Small SWaM Business Procurement Enhancement Program with a statewide goal of 42 percent of certified small SWaM business, as such term is defined in the bill, utilization in all discretionary spending by executive branch agencies and covered institutions in procurement orders, prime contracts, and subcontracts, as well as a target goal of 50 percent subcontracting to small SWaM businesses in instances where the prime contractor is not a small SWaM business for all new capital outlay construction solicitations that are issued. The bill provides that executive branch agencies and covered institutions are required to increase their small SWaM business utilization rates by three percent per year until reaching the 42-percent target or, if unable to do so, to implement achievable goals to increase their utilization rates. In addition, the bill provides for a small SWaM business set-aside for executive branch agency and covered institution purchases of goods, services, and construction, requiring that purchases between $10,000 and $200,000 be set aside for award to certified small SWaM businesses. The bill also includes a microbusiness set-aside for executive branch agency and covered institution purchases of goods, services, and construction, requiring that purchases up to $10,000 be set aside for award to microbusinesses.

The bill creates the Division of Procurement Enhancement within the Department of Small Business and Supplier Diversity for purposes of collaborating with the Department of General Services, the Virginia Information Technologies Agency, the Department of Transportation, the State Council of Higher Education for Virginia, and covered institutions to further the Commonwealth's efforts to meet the goals established under the Small SWaM Business Procurement Enhancement Program, as well as implementing initiatives to enhance the development of small businesses, microbusinesses, women-owned businesses, minority-owned businesses, and service disabled veteran-owned businesses in the Commonwealth.

Finally, the bill requires the Director of the Department of Small Business and Supplier Diversity to conduct, or contract with an independent entity to conduct, a disparity study every five years, with the 2025 Commonwealth of Virginia Disparity Study published in 2026 being the most recent study and the next due on or before January 1, 2031. The bill specifies that such study shall evaluate the need for enhancement and remedial measures to address the disparity between the availability and the utilization of women-owned and minority-owned businesses.

Budget Amendment Necessary:	Yes, see "Fiscal Summary"	**Items Impacted:**	70 (DGS); 81 (VITA); 111 (DSBSD); 338 (DSS) HB30

Explanation: The proposed legislation will require expenditures for which multiple state agencies are not currently appropriated. See table and analysis below.

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Fiscal Summary: This bill is anticipated to result in general fund and nongeneral fund impact starting in FY 2027. The estimated general fund impact totals approximately $325,000 in FY 2027 with slightly lower amounts in future fiscal years. Funding is to support positions at DSBSD and DSS. The estimated nongeneral fund impact includes a one-time contract work expenditure of $275,000 by DGS, two positions and equipment and systems costs at VITA, and half a position at DSS. Starting FY2031, DSBSD anticipates a $1.0 million dollar cost tied to the required disparity studies.

General Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DSS	$0	$75,315	$72,734	$72,734	$72,734	$72,734
DSBSD	$0	$249,360	$249,360	$249,360	$249,360	$1,249,360
TOTAL	**$0**	**$324,675**	**$322,094**	**$322,094**	**$322,094**	**$1,322,094**

Nongeneral Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
VITA	$0	$650,000	$475,000	$475,000	$475,000	$475,000
DSS	$0	$75,317	$72,734	$72,734	$72,734	$72,734
DGS	$0	$275,000	$0	$0	$0	$0
TOTAL	**$0**	**$1,000,317**	**$547,734**	**$547,734**	**$547,734**	**$547,734**

Position Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
VITA (NGF)	0	2	2	2	2	2
DSS (GF)	0	0.5	0.5	0.5	0.5	0.5
DSS (NGF)	0	0.5	0.5	0.5	0.5	0.5
DSBSD (GF)	0	2	2	2	2	2
TOTAL	**0**	**5**	**5**	**5**	**5**	**5**

Fiscal Analysis: This fiscal impact statement is final.

Department of General Services

The Department of General Services (DGS) estimates that implementing the requirements of this bill will require a one-time cost of approximately $275,000 for required updates to the Commonwealth's statewide electronic procurement system, known as eVA. The system will require an update to the data share algorithm, by which it receives data from DSBSD and creates new reporting functionality. This expenditure would come from the eVA Enterprise Fund, which is an internal service fund. Based on current cash balances, adjustments would not be needed to rates as a result of this one-time systems charge, and the $275,000 would be spent from existing balances.

Budget amendments to HB30 adopted by the House provide $275,000 in nongeneral fund appropriation in FY 2027 for DGS to update eVA.

Department of Social Services

The Department of Social Services (DSS) reports that they will require additional staff and resources to achieve the required SWaM utilization rate as set forth in the bill. In FY 2024 and FY 2025, DSS' SWaM utilization rates were 20 percent and 25 percent, respectively. In order to direct sustained focus to raising the utilization rate, as well as comply with the additional requirements for executive branch agencies outlined in the legislation, DSS estimates that they will need one additional staff member in the agency's procurement unit. The Procurement Officer III position shall be responsible for monitoring and tracking SWaM contract spending, tracking and validating SWaM subcontractor utilization, and collecting data to be included in the agency's SWaM business procurement plan. The position is estimated to cost a total of $145,469 ($72,734 GF/$72,735 NGF) beginning in FY 2027. The outlined position cost includes salary, benefits, and nonpersonal services costs for supplies and materials. The first-year cost estimate is adjusted to include $5,163 ($2,581 GF/$2,582 NGF) in one-time onboarding costs.

Budget amendments to HB30 adopted by the House provide $72,734 in general fund support, $72,734 in nongeneral fund appropriation, and one position in FY 2027 and FY 2028 to effectuate the provisions of this bill.

Virginia Information Technologies Agency

It is anticipated that the provisions of this bill will impact Virginia Information Technologies Agency (VITA) expenditures. According to VITA, the level of detail required (obtaining and maintaining written explanations, establishing a panel to review failures, additional reporting in eVA, etc.) will require additional funding. Appropriation is required from VITA's Acquisition Services Special fund to cover these costs.

VITA states that two positions would be required at a combined ongoing cost of $350,000 due to anticipated impacts of this bill on contract management. One position would be required to administer the roughly 200 internal contracts currently managed by the agency in accordance with the outlined program requirements. According to VITA, a second position is required to further meet the requirements under § 2.2-1618 and § 2.2-1620, Code of Virginia. Per these sections, VITA, in conjunction with DGS, the Department of Transportation, the State Council of Higher Education for Virginia, and covered institutions, would be responsible for assisting DSBSD with implementation of program initiatives, establishing a uniform methodology for evaluating SWaM business subcontracting plans, establishing panels to review the failure of prime contractors to comply, and implementation of processes for reliable data. VITA states that a second position is necessary to meet these responsibilities.

VITA also foresees equipment and systems costs of $300,000 in FY 2027 and $125,000 in future fiscal years. Paragraph B of § 2.2-1620, Code of Virginia, requires VITA to assist DSBSD with establishing a uniform methodology for evaluating and monitoring SWaM business subcontracting plans, as well as implementing processes for producing reliable data on SWaM subcontractor utilization and amounts paid. VITA anticipates that the agency may need to align data definitions and update its collection processes to match the uniform methodology, including adjusting VITA fields and reports and producing a standardized export. VITA estimates one-time costs of $300,000 in FY 2027 to set up the system and processes associated with these provisions, and $125,000 in ongoing costs for future fiscal years. VITA states that there is a potential for the agency to incur additional expenses if further integration and interface is required, but that any additional costs associated with this are currently unknown.

VITA states that it can currently meet the reporting requirements resulting from this bill through its existing Supplier Reporting System (SRS). VITA currently provides data relating to subcontractor spending to DSBSD on a monthly basis on behalf of all agencies and institutions utilizing VITA contracts. VITA can provide this information to DGS, as would be required in Paragraph B of § 2.2-1620 of the Code of Virginia, using the same format used for DSBSD with minimal additional cost, which the agency can absorb.

Budget amendments to HB30 adopted by the House provide $650,000 in nongeneral fund appropriation in FY 2027 and $475,000 in FY 2028, and 2 positions, for VITA to manage SWaM related contracts and support the Division of Procurement Enhancement at DSBSD.

Department of Small Business and Supplier Diversity

To implement the requirements of the bill, the Department of Small Business and Supplier Diversity (DSBSD) plans to create a new division within its Compliance program. To establish the division and fulfill the bill's requirements, DSBSD estimates that two additional SWaM Contract Compliance Officer positions will be necessary at an ongoing general fund cost of $249,360. The agency plans to absorb most additional staffing costs using existing resources currently dedicated to the SWaM contracting initiative, with the two new positions ensuring DSBSD can meet the bill's additional requirements. The new Compliance Officers will help agencies meet goals, review subcontract plans, assist small SWaM subcontractors with grievances, and monitor performance using data from DGS's eVA system.

DSBSD estimates the cost of a disparity study to be $1.0 million, from the general fund. This expense would be incurred every five years. The second enactment clause of this bill states that for the purposes of the five-year deadline for disparity studies pursuant to § 2.2-1610, Code of Virginia, as amended by this act, the 2025 Commonwealth of Virginia Disparity Study published in 2026 shall be deemed the most recent study and the next study shall be due on or before January 1, 2031. DSBSD anticipates requiring $1.0 million in FY 2031 to complete the next disparity study.

Budget amendments to HB30 adopted by the House provide $249,360 in general fund support in FY 2027 and FY 2028, and two positions, to effectuate the provisions of this bill.

Other State Agencies

Changes to the definition of small business may require minor reconfigurations in the Cardinal Financial System. An estimate of any cost associated with such changes is unavailable, but it is expected to be absorbable.

The potential impact of this bill on covered institutions is indeterminate.

Other: None.