

FOR IMMEDIATE RELEASE

January 2, 2024

MEDIA CONTACT: Eric Veronikis, DGS, everonikis@pa.gov

Following Governor Shapiro’s Executive Order, DGS Updates the Commonwealth’s Small Business Definition By Raising Revenue Limit Threshold to Open More Doors of Opportunity for Small and Small Diverse Businesses

With the implementation of Executive Order 2023-18, the Department of General Services has raised the revenue limit threshold from \$38.5 million to \$47 million so more small businesses can qualify and seek state contracting opportunities.

By raising the revenue cap, the Commonwealth is aligning with the Small Business Administration’s revenue threshold for small businesses – and Governor Shapiro has supported legislation that increases the number of employees a business can have to qualify as a small business.

Harrisburg, PA – Following [Executive Order 2023-18](#) signed by Governor Shapiro in September 2023, today, **Department of General Services (DGS) Secretary Reggie McNeil** announced that DGS has updated the Commonwealth’s definition of a small business by raising the revenue limit from \$38.5 million to \$47 million effective January 1, 2024, ensuring more small businesses can qualify and increasing opportunities for small businesses (SBs), small diverse businesses (SDBs), and veteran business enterprises (VBEs) to compete for state business contracts.

The changes in revenue limit thresholds will further align the Department of General Service's definition of small business with [the U.S. Small Business Administration's \(SBA\)](#), which accounts for inflation. The revenue limit threshold was last increased by DGS in 2018. By raising the revenue cap, more small businesses who have been priced out of qualifying for Commonwealth small business programs because of inflation will now be able to qualify for these programs.

“With Executive Order 2023-18 taking effect, the Commonwealth can continue building on the steps that the Shapiro-Davis Administration has already taken to open new doors of opportunity for small, small diverse, and veteran-owned businesses,” said **Secretary McNeil**. “Being able to accept more small businesses is instrumental to increasing their participation in state contracts, and providing assistance to them is key to retaining their business. We have been taking the steps to fully implement the Executive Order and now we can move at full speed to put it to work.”

Additionally, the Executive Order directs DGS to [lead and coordinate efforts](#) with other Commonwealth agencies to grow their total operational spend and participation in the Commonwealth’s Small Business Reserve (SBR) program; increases opportunities for SBS, SDBs, and VBEs to secure prime contracts; and instructs DGS, the Pennsylvania Department of Transportation (PennDOT), and other state agencies to provide key technical and capital access

support to small and small diverse businesses. To track and ensure spending growth with SBs, SDBs, and VBEs, DGS will post semiannual data for each agency's total operational spend for SBR procurements.

It also established the Pennsylvania Advisory Council for Inclusive Procurement (PACIP) to advise Commonwealth agencies on ways to make state contracting opportunities more inclusive. The PACIP is chaired by Lieutenant Governor Austin Davis, with Secretary McNeil and PennDOT Secretary Mike Carrol serving as co-vice chairs. Lieutenant Governor Davis [convened](#) the first meeting of the PACIP last month.

In December 2023, DGS [released](#) its [Small Business Opportunities Annual Report](#), highlighting that for the first time in Pennsylvania history, the Commonwealth spent more than \$1 billion with SBs, SDBs, and VBEs during the 2022-2023 fiscal year and other program improvements that increased small business participation in state contracting opportunities. [View the full report here.](#)

Governor Shapiro has also advocated for Pennsylvania to update the definition of who is considered a small business to match the federal SBA's guidelines, as businesses in Pennsylvania currently cannot have more than 100 employees and be considered a small business, while the cut-off for the federal government is over 500 employees. The Governor looks forward to working with the General Assembly to pass legislation that further aligns the Commonwealth with established federal standards.

To learn more about how the Shapiro-Davis Administration is promoting inclusive procurement, visit the [DGS website](#).

#