



[townhall.virginia.gov](http://townhall.virginia.gov)

## Fast-Track Regulation Agency Background Document

|   |   |
|---|---|
| <b>Agency name</b>  | Department of Small Business and Supplier Diversity |
| <b>Virginia Administrative Code (VAC) Chapter citation(s)</b> | 7 VAC 13-10   |
| <b>VAC Chapter title(s)</b>                                   | Public Participation Guidelines                     |
| <b>Action title</b>   | Promulgation of Public Participation Guidelines     |
| <b>Date this document prepared</b>                            | 10/28/25  |

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19, the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

### Brief Summary

*Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.*

This action would promulgate a Public Participation Guidelines regulation (7VAC13-10) for the Department of Small Business and Supplier Diversity. Section 2.2-4007.02 of the Administrative Process Act requires agencies to adopt public participation guidelines, which are procedures for obtaining public input from interested parties in the formation and development of an agency's regulations

### Acronyms and Definitions

*Define all acronyms used in this form, and any technical terms that are not also defined in the "Definitions" section of the regulation.*

DSBSD = Department of Small Business and Supplier Diversity

DMBE = Department of Minority Business Enterprise

PPG = Public Participation Guidelines

### Statement of Final Agency Action

*Provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) that the agency has “adopted final amendments” to the regulation; 3) the name of the agency taking the action; and 4) the title of the regulation. A suggested statement is, “On [insert date] the Board/Department of [insert name] adopted final amendments to the [title of regulation(s)].”*

---

On October 28, 2025, the Director of the Department of Small Business and Supplier Diversity adopted this new Public Participation Guidelines regulation and is seeking to promulgate it through a fast-track action.

### Mandate and Impetus

*Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, “mandate” has the same meaning as defined in the ORM procedures, “a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part.”*

*Consistent with Virginia Code § 2.2-4012.1, also explain why this rulemaking is expected to be noncontroversial and therefore appropriate for the fast-track rulemaking process.*

---

The proposed regulatory action establishes Public Participation Guidelines for the Department of Small Business of Supplier Diversity. Code of Virginia Section 2.2-4007.02 requires agencies to adopt public participation guidelines which are procedures for obtaining public input from interested parties in the formation and development of an agency’s regulations.

The proposed regulations are model Public Participation Guidelines used by agencies throughout the Commonwealth for obtaining public input from interested parties in the formation and development of an agency’s regulations. Therefore, these are expected to be noncontroversial and appropriate for the fast-track process.

### Legal Basis

*Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia and Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency’s overall regulatory authority.*

---

The promulgating entity is the Director of the Department of the Small Business and Supplier Diversity.

Code of Virginia § 2.2-4007.02 requires state agencies to develop, adopt, and use public participation guidelines in order to ensure the involvement of interested persons in the formation and development of the agency’s regulations.

[Chapter 482, 2013 Virginia Acts of Assembly](#), abolished the Department of Minority Enterprise and consolidated its powers and duties into the newly-created Department of Small Business and Supplier Diversity. The third enactment clause states that “as of January 1, 2014, the [DSBSD] shall be deemed successor in interest to the Department of Business Assistance and the [DMBE] to the extent that this act transfer power and duties. Additionally, the sixth enactment clause of this legislation states that, “all rules and regulations adopted by the Department of Business Assistance or the Director of the [DMBE] that are in effect as of July 1, 2013, and that pertain to the subject of this act shall remain in full force and effect until altered, amended, or rescinded by the Director of the Department of Small Business and Supplier Diversity.” At this time, the Director of the DSBSD is using their authority to rescind the PPG of the DMBE which it has been using since 1/1/14 to adopt a PPG under DSBSD in this action.

## Purpose

*Explain the need for the regulatory change, including a description of: (1) the rationale or justification, (2) the specific reasons the regulatory change is essential to protect the health, safety or welfare of citizens, and (3) the goals of the regulatory change and the problems it is intended to solve.*

---

This regulatory action is necessary to comply with Code of Virginia § 2.2-4007.02, which requires state agencies to develop, adopt, and use public participation guidelines in order to ensure the involvement of interested persons in the formation and development of the agency’s regulations.

## Substance

*Briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the “Detail of Changes” section below.*

---

The proposed regulation is based on the DMBE PPG which DSBSD has been using which follow model Public Participation Guidelines used by agencies throughout the Commonwealth for obtaining public input from interested parties in the formation and development of an agency’s regulations.

As provided for in model Public Participation Guidelines, the proposed regulation includes the following parts and sections:

- Part I: Purpose and Definitions; sections: Purpose; Definitions
- Part II: Notification of Interested Persons; sections: Notification list; Information to be sent to persons on the notification list
- Part III: Public Participation Procedures; sections: Public comment; Petition for rulemaking; Appointment of regulatory advisory panel; Appointment of negotiated rulemaking panel; Meetings; Public hearings on regulations; Periodic review of regulations

## Issues

*Identify the issues associated with the regulatory change, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

*If there are no disadvantages to the public or the Commonwealth, include a specific statement to that effect.*

---

There are no disadvantages associated with the regulatory proposal for the public or Commonwealth. The primary advantage of the regulatory proposal is to provide guidance for obtaining public input from interested parties in the formation and development of an agency's regulations. The regulation will benefit the general public and the department by ensuring that a standardized process for obtaining public input from interested parties is used in the formation and development of an agency's regulations.

**Requirements More Restrictive than Federal**

*Identify and describe any requirement of the regulatory change which is more restrictive than applicable federal requirements. Include a specific citation for each applicable federal requirement, and a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements, or no requirements that exceed applicable federal requirements, include a specific statement to that effect.*

---

There are no related federal requirements associated with this regulatory action.

**Agencies, Localities, and Other Entities Particularly Affected**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify any other state agencies, localities, or other entities particularly affected by the regulatory change. Other entities could include local partners such as tribal governments, school boards, community services boards, and similar regional organizations. "Particularly affected" are those that are likely to bear any identified disproportionate material impact which would not be experienced by other agencies, localities, or entities. "Locality" can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulation or regulatory change are most likely to occur. If no agency, locality, or entity is particularly affected, include a specific statement to that effect.*

---

Other State Agencies Particularly Affected

None

Localities Particularly Affected

None

Other Entities Particularly Affected

None

**Economic Impact**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify all specific economic impacts (costs and/or benefits), anticipated to result from the regulatory change. When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo.*

---

**Impact on State Agencies**

|  |   |
|--|---|
| <p><i>For your agency:</i> projected costs, savings, fees or revenues resulting from the regulatory change, including:</p> <ul style="list-style-type: none"> <li>a) fund source / fund detail;</li> <li>b) delineation of one-time versus on-going expenditures; and</li> <li>c) whether any costs or revenue loss can be absorbed within existing resources</li> </ul> | <p>The proposed regulation is not expected to have an economic impact on the department.</p>                          |
| <p><i>For other state agencies:</i> projected costs, savings, fees or revenues resulting from the regulatory change, including a delineation of one-time versus on-going expenditures.</p>   | <p>The department does not anticipate the proposed regulation to have an economic impact on other state agencies.</p> |
| <p><i>For all agencies:</i> Benefits the regulatory change is designed to produce.</p>   | <p>The department does not anticipate the proposed regulation to result in any economic benefits for agencies.</p>    |

**Impact on Localities**

|   |  |
|---|--|
| <p>Projected costs, savings, fees or revenues resulting from the regulatory change.</p> | <p>The department does not anticipate the proposed regulation to have an economic impact on localities.</p>          |
| <p>Benefits the regulatory change is designed to produce.</p>                           | <p>The department does not anticipate the proposed regulation to result in any economic benefits for localities.</p> |

**Impact on Other Entities**

|  |  |
|--|--|
| <p>Description of the individuals, businesses, or other entities likely to be affected by the regulatory change. If no other entities will be affected, include a specific statement to that effect.</p>   | <p>The proposed regulation will provide interested parties an opportunity to participate in the development of regulations through a standardized process.</p> |
| <p>Agency's best estimate of the number of such entities that will be affected. Include an estimate of the number of small businesses affected. Small business means a business entity, including its affiliates, that:</p> <ul style="list-style-type: none"> <li>a) is independently owned and operated and;</li> <li>b) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.</li> </ul>   | <p>The number of interested parties potentially impacted by this proposal cannot be determined. However, there is no anticipated economic impact.</p>          |
| <p>All projected costs for affected individuals, businesses, or other entities resulting from the regulatory change. Be specific and include all costs including, but not limited to:</p> <ul style="list-style-type: none"> <li>a) projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses;</li> <li>b) specify any costs related to the development of real estate for commercial or residential purposes that are a consequence of the regulatory change;</li> <li>c) fees;</li> <li>d) purchases of equipment or services; and</li> </ul> | <p>The proposal is not expected to impose costs on affected individuals, businesses, or other entities.</p>  |

|   |  |
|---|--|
| e) time required to comply with the requirements. |  |
|---|--|

**Alternatives to Regulation**

*Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.*

The DSBSD, as successor in interest to DMBE, could continue to use the PPGs of the DMBE, however, this may cause confusion because the DMBE is an abolished state agency. It has been determined that it would be better for the DSBSD to have its own PPG regulation instead of continuing to use DMBE's PPG (7VAC10-10).

**Regulatory Flexibility Analysis**

*Consistent with § 2.2-4007.1 B of the Code of Virginia, describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) establishing less stringent compliance or reporting requirements; 2) establishing less stringent schedules or deadlines for compliance or reporting requirements; 3) consolidation or simplification of compliance or reporting requirements; 4) establishing performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the regulatory change.*

Other than the promulgating of this PPG regulation, there are no alternative regulatory methods consistent with health, safety, environmental, and economic welfare, that would accomplish the objectives of applicable law while minimizing the adverse impact on small business.

**Public Participation**

*Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below.*

*Consistent with § 2.2-4011 of the Code of Virginia, if an objection to the use of the fast-track process is received within the 30-day public comment period from 10 or more persons, any member of the applicable standing committee of either house of the General Assembly or of the Joint Commission on Administrative Rules, the agency shall: 1) file notice of the objections with the Registrar of Regulations for publication in the Virginia Register and 2) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.*

If you are objecting to the use of the fast-track process as the means of promulgating this regulation, please clearly indicate your objection in your comment. Please also indicate the nature of, and reason for, your objection to using this process.

The DSBSD is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal and any alternative approaches, (ii) the

potential impacts of the regulation, and (iii) the agency's regulatory flexibility analysis stated in this background document.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at: <https://townhall.virginia.gov>. Comments may also be submitted by mail or email to Verniece Love, Department of Small Business & Supplier Diversity, 101 N. 14th Street, 11th Floor, Richmond, VA 23219 or [verniece.love@sbsd.virginia.gov](mailto:verniece.love@sbsd.virginia.gov). To be considered, comments must be received by 11:59 pm on the last day of the public comment period.

## Detail of Changes

*List all regulatory changes and the consequences of the changes. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. For example, describe the intent of the language and the expected impact. Describe the difference between existing requirement(s) and/or agency practice(s) and what is being proposed in this regulatory change. Use all tables that apply, but delete inapplicable tables.*

### Promulgating New VAC Chapter

| New chapter-section number | New requirements   | Other regulations and law that apply   | Intent and likely impact of new requirements                                 |
|----------------------------|--|--|--|
| 10-10                      | Purpose  | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies the purpose of the regulation.                                |
| 10-20                      | Definitions  | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This lists the definitions as necessary for the regulation.                  |
| 10-30                      | Notification list  | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | The specifies that a notification list shall be maintained.                  |
| 10-40                      | Information to be sent to persons on the notification list | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies the information sent to individuals on the notification list. |

|        |  |  |  |
|--------|--|--|--|
| 10-50  | Public comment                             | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies the regulations for public comment.   |
| 10-60  | Petition for rulemaking                    | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies that a person may petition the agency to consider a regulatory action and how.  |
| 10-70  | Appointment of regulatory advisory panel   | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies that the agency may appoint a regulatory advisory panel.  |
| 10-80  | Appointment of negotiated rulemaking panel | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies that the agency may appoint a negotiated rulemaking panel if a regulatory action is expected to be controversial.                                 |
| 10-90  | Meetings                                   | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies that open meetings shall be posted on the Virginia Regulatory Town Hall and Commonwealth Calendar at least 7 working days in advance.             |
| 10-100 | Public hearings on regulations             | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies when public hearings are to be conducted on proposed regulatory actions and how notice is made.   |
| 10-110 | Periodic review of regulations             | The proposed regulations are in accordance with §2.2-4007 et seq. Code of Virginia and consistent with 7VAC10-10 of the Virginia Administrative Code | This specifies that the agency shall conduct periodic reviews of regulations consistent with executive orders and §2.2-4007.1 of the Administrative Process Act. |