

# Marshall University Small Business Supplier Certification Assistance Pilot Program

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Center for Business and Economic Research

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## Executive Summary

The Marshall University (Marshall) Office of the President contracted the Marshall's Center for Business and Economic Research (CBER) to conduct this Small Business Supplier Certification Assistance Pilot Program, as outlined by West Virginia H.B. 4418. The program has parallel tasks of increasing use of local vendors and certifying the size of firms that register to be vendors.

Work conducted followed the Pilot Program Master Plan, which included a vendor registration and certification process, collaboration with partners in the business community, a small business participation plan, defined pilot goals, benchmark data analysis, and an outline of expected milestones. The high-level goal of the work is to increase the pool of local businesses that may become suppliers to Marshall, by reducing barriers to participation in the university bidding process.

The project team conducted background research to inform the recommendation of what certification approach to take. Review of other higher education institutions' activities led to the recommendation to allow self-certification of firm status within the vendor registration process. This is consistent with the method of certification used by the State of West Virginia's Division of Purchasing. The pilot program's team believes that alternatives to self-certification are too time-consuming and burdensome.

The Pilot Program Master Plan includes 12 milestones created to track progress. Some milestones could not be completed prior to the formal pilot project end date of 12/31/23. One incomplete milestone is benchmarking, as Marshall's Office of Purchasing needs more time to measure where the university was in FY 2023 with respect to purchasing from local businesses. Benchmarking of purchases made from businesses certified as small per SBA standards, as required by H.B. 4418, will not be possible until all vendors have completed certification.

In total, 152 firms registered and certified their small and/or diverse status during the pilot project allotted period. The link to the registration form was made publicly available in August 2023.

- The 152 firms are slightly more than the 134 registered under Marshall's prior effort.
- Of the 152 firms registered 90, or about 59%, are local firms, which is defined as located in WV or less than a one-hour drive from Huntington. This is slightly less than the 95 registered as small and/or diverse on the prior list.
- 93% of registered firms and 89% of local firms are not on the original diverse vendor list.
- 92% of vendors on the original list did not certify their status during the pilot, despite being invited to do so, and may have seen this pilot as duplicative.
- The high share of certified firms that are different from those that registered prior means the pilot program connected with a separate set of firms and built on Marshall's previous work.
- 78% of all registered firms and 89% of local firms certified that they are small businesses.
- The distribution of pilot program registrants is a good match for the goods and services that Marshall demands. The largest number of firms provide Building and Grounds

Maintenance services, which is the largest category of biddable spending for the university.

### Conclusions

Overall, this project has helped reduce barriers to participation in Marshall's bidding process by developing relationships with more local small businesses. The outreach conducted per the plan resulted in 90 local businesses registering and certifying their status with the university. Exactly 80 of these firms were new registrants, adding to the 95 registered during Marshall's previous small and diverse vendor effort ([See Registration Data](#)).

It will take time to acquire self-certified data from all Marshall vendors. Completion may not be possible until sometime in FY 2025 or even later, which restricts the establishment of near-term benchmarks tied to this pilot program. An alternative local firm benchmark would be a practical alternative measuring the same bottom-line goal of increasing use of local business, but without the size certification requirement.

Future work in 2024 and beyond can build on the momentum enabled by this pilot program. Vendor outreach and education will grow and hopefully snowball as more regional businesses become involved. The timing of this pilot also provides a unique opportunity to integrate the key aspects of vendor self-certification directly into Marshall's new e-procurement system.

### Recommendations

- Coordinate efforts with Marshall's new e-Procurement software, Marshall Marketplace.

All Marshall vendors will be required to use Marshall Marketplace once integration with the current system is complete in 2024, which will require separate outreach to introduce vendors to the new online platform. This could cause the pilot program to be seen as duplicative. The platform does not include a self-certification feature by default, but Marshall is in discussions about options to include the feature and to integrate data collected via the pilot program in Marshall Marketplace.

- Continue use of the new Marshall Vendor Registration and Certification Form only if the information it collects is not provided within Marshall Marketplace.

The new vendor form designed under this pilot program provides previously uncollected information about current and prospective vendors that is useful to Marshall's Office of Purchasing. In addition to certifying the size of the vendor, it also includes a shorter list of aggregated commodities that a vendor can select as supplying. Compared to the form used prior to this pilot, commodity selection is much easier and is built into the registration form.

- Focus on local business spending, to meet and exceed, for short-term benchmarks.

A local purchasing benchmark may be the best one to use for FY 2023 and in the interim before self-certified data on small and diverse vendors is available. A replicable method of tabulation must also be created to ensure future calculations are comparable. Completion of this benchmark by Marshall's Office of Purchasing by the end of FY 2024 will allow adequate time for Marshall leadership and stakeholders to review.

- Provide broad notification of commodity-specific bid opportunities to potential vendors.

Communication with vendors about bid opportunities should be broad as some services may overlap or be classified under multiple commodity groups. For example, Food and Beverage should be grouped with Travel and Entertainment because food purchases may fall under either of these categories. Notifying vendors more broadly will minimize omissions of potential vendors.

- Expand relationships with partners and pursue others.

Maintain relationships with the partners who assisted during this pilot program and seek other potential partners, both internally and externally. A sustained outreach effort should be a part of this activity.

- Target purchases made by Marshall's Office of Purchasing and add P-card purchases later.

As a near-term Phase 1 effort, only Purchase Order spending should be targeted with respect to local spending and benchmarking efforts. P-card purchases can be added later as a Phase 2 effort, once a flagging system for credit card purchases is in place and the database of small and diverse local vendors is fully operational for Marshall staff.

- Study commodity-specific opportunities to expand local purchases to strengthen local supply chains.

Research into which commodities have the most potential for expanded supply by local firms can show where to form stronger local relationships. Building/grounds maintenance is expected to be a significant area. Conversely, services like travel are constrained in terms of what can be bought from local firms. Outreach efforts can focus on certified vendors that provide goods and services best fitted for local supply.

- Clarify and outline when local purchasing options take precedence over campus-wide cost saving measures.

Marshall leadership seeks to eliminate waste and reduce costs and has recently implemented a cost saving initiative titled, Save to Serve. In the future, it is plausible that a local vendor may be more expensive than a larger vendor from outside the region, highlighting the need to develop internal guiding principles outlining when a local vendor gets preference.

## Project Overview

The Marshall University Small Business Supplier Certification Assistance Pilot Program was conducted as mandated by West Virginia H.B. 4418<sup>1</sup>, which passed during the 2022 Regular Session. The legislation was created for the purpose of verifying the status of small business contractors or suppliers seeking to participate in government contracting and procurement, and in response to the finding that there is currently no uniform certification process for small business enterprises in West Virginia.

H.B. 4418 found **“that it is important to develop such a certification program to promote more in-state businesses and to strengthen regional supply chains within the institutions of the state or its political subdivisions.”** H.B. 4418 authorizes the Department of Economic Development to collaborate with Marshall University (Marshall) to establish the pilot program; requires a master plan; and establishes deadline and reporting requirements.

The intent of the bill is synergistic with the goals of Marshall’s Small and Diverse Business Program, created by the Marshall Board of Governors in 2021. The Board determined that it is in the best interests of the university and the regional economy to expand purchases made from small and diverse suppliers and set goals that reflect this. As of 2021, the goal was that five percent of all items purchased university-wide be awarded to small and diverse businesses, increasing to 23 percent in 2023, which matches the federal set-aside of prime government contract dollars for small businesses.<sup>2</sup>

In addition to small businesses, Marshall’s program seeks to increase purchases from Minority-Owned, Veteran-Owned, Women-Owned, and Disability-Owned business enterprises. Due to this broader inclusion, while H.B. 4418 only refers to small businesses, Marshall University focuses on all five categories.

The term SWaM (small, women-owned, and minority-owned) is a commonly used term by Marshall’s Office of Purchasing and the State of West Virginia’s Division of Purchasing to track diversity in business registration.<sup>3</sup> SWaM is used interchangeably with “small and diverse” or “diverse business enterprises.” Neither Marshall nor the State of West Virginia have specific purchasing carve-outs for any of the five categories, and the SWaM database is maintained largely for federal sub-contracting. Increasing use of local small businesses, thereby expanding the regional economic impact of the university, is the common purpose of these efforts.

The Marshall University Center for Business and Economic Research (CBER) was contracted by Marshall’s Office of the President to conduct the work outlined by the bill. The Small Business Supplier Certification Assistance Pilot Program has parallel tasks of finding ways to increase use of local vendors and certifying the size of firms that register to be vendors.

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<sup>1</sup> H.B. 4418 became effective June 6, 2022, ninety days from passage.

<sup>2</sup> <https://www.sba.gov/federal-contracting/contracting-guide>

<sup>3</sup> For more information see <https://www.state.wv.us/admin/purchase/minority.html>.

## Project Outline

### Master Plan

The project Master Plan was finalized in August 2023 after a series of meetings with stakeholders. The rationale for the Marshall University Small and Diverse Business Program (BOG Policy No. FA-13), which became effective in 2021, is considered the mission statement for this effort.

*“Marshall University is committed to facilitating the maximum, practical opportunity for small and diverse businesses to participate in providing goods and services to maintain and strengthen the regional economy.”*

The plan includes a vendor registration and certification process, opportunities to collaborate with partners in the business community, a small business participation plan, defined pilot program goals, creation of benchmark data to assess success, and an outline of expected plan milestones.

The full plan is shown as [Appendix A](#).

### Small Business Participation Plan

A key impetus for the project is to reduce barriers to participation in the university bidding process. A common challenge for small businesses in public procurement is lack of awareness of bidding opportunities. This plan seeks to help overcome this inequity by starting a process that actively identifies and invites small businesses to participate in Marshall's procurement process and **increases the pool of potential suppliers**.

Finding potential vendors is a challenge, as until recently Marshall has not maintained a list of firms for this purpose. This plan focuses on establishing relationships with firms and inviting those firms to register with the Marshall's Office of Purchasing. The overall participation goal is to “Increase small business awareness of bid opportunities with Marshall University and further the university's small and diverse business purchasing goals.”

The plan is a series of activities within the following high-level tasks:

- Identification of small businesses with the assistance of partner organizations
- Outreach to small businesses
- Initial vendor education opportunities
- Continuing vendor education opportunities
- Vendor notification process
- Benchmark data for regional small and diverse vendors

The Participation Plan is part of the Pilot Program Master Plan and is shown as [Appendix B](#).

The project has helped reduce barriers to participation in Marshall's bidding process by developing relationships with more local small businesses. The outreach conducted per the plan resulted in 90 local businesses registering and certifying their status with the university. Exactly 80 of these firms were new registrants, adding to the 95 registered during Marshall's previous small and diverse vendor effort (See [Registration Data](#)). Vendor outreach and education will grow and hopefully begin a “snowball” effect as more regional businesses become involved.

## Activities Undertaken

Marshall’s CBER and the Marshall Office of Purchasing engaged in several weeks of planning with partners to distribute information about the institution’s new vendor registration form and give businesses opportunities to register. Each partner agreed to provide outreach to their contacts in a manner consistent with their available resources. Due to the substantial contacts at each organization, pilot program information was distributed to several thousand firms. This included all of Marshall’s 1,500+ current vendors.

Partners in this pilot program were:

- Huntington Chamber of Commerce
- Charleston Area Alliance
- West Virginia Small Business Development Center (WVSBDC) within the WV Department of Economic Development
- West Virginia Purchasing Division within the WV Department of Administration

The West Virginia office of the U.S. Small Business Administration (SBA) was also a partner in this pilot but was not able to distribute the form to its business contacts, due to restrictions on marketing. The office provided valuable advice regarding size certification and use of the SBA guidelines.

### Outreach

The pilot program conducted outreach to current and potential Marshall vendors between August and December 2023. The firms on these lists inevitably overlap, so the total number of firms contacted is less than the sum of the contacts made by each partner. The degree of overlap is unknown. For the WVSBDC and the WV Purchasing Division it is unknown exactly how many unique firms were contacted as some firms may have more than one recipient.

Table 1 - Pilot Program Outreach Actions

Outreach Entity Partner	# Firms Contacted	Action
Huntington Chamber of Commerce	600 member firms	newsletter blurb
Charleston Area Alliance	421 active members	newsletter blurb
West Virginia Small Business Development Center	3,323 “recipients” – may be firm duplicates	newsletter blurb
Marshall Office of Purchasing	1,500 existing vendors	direct letter and follow up email
West Virginia Purchasing Division	3,426 SWAM list “recipients” – may be firm duplicates	direct letter
Marshall Office of Purchasing	152 registered firms as of 12/31	thank you email

Social media channels were also utilized. Links to the form, including a QR code, were posted on Marshall’s LinkedIn page which has more than 66,000 followers.

This outreach is an important first step in reducing barriers that prevent more small businesses participating in Marshall’s bidding process. Going forward, certified firms can be informed of bid opportunities either through broad or targeted, commodity-specific notifications.

### Development of a New Vendor Registration and Certification Form

Background research was conducted to inform the team's recommendation on what certification approach to take. Review of other universities' activities led to the **recommendation to allow self-certification of firm status as part of the vendor registration process**. This is consistent with the method of certification used by the State of West Virginia's Division of Purchasing.

Alternative certification options were found to be too time-consuming for this pilot program and may be seen as intrusive to small businesses, factors that would conflict with the high-level goal to increase the supply of local vendors. In addition, the research team found no examples of use of anything other than self-certification at Marshall peer universities or in West Virginia peer states. Self-certification was identified as an appropriate first step as it is considered less time consuming to both the firms registering and to the university being required to conduct independent certification.

A report titled "Regional States and Peer University Vendor Certification Practices – Results" is shown as [Appendix C](#). This report is an in-depth description of the research undertaken by Marshall's CBER to reach the self-certification recommendation. It includes matrices of guidelines for:

- higher education small and diverse business purchasing in states that are home to several of Marshall's peer universities, and
- state-level purchasing in West Virginia peer states.

Marshall's redesigned vendor form includes the following statement that firms must check when signing and completing certification - "I certify that all information provided is true and accurate."

Rejected certification optional steps/actions include:

- Require suppliers to upload tax forms that prove the size of their firm and ownership info.
- Assign university staff to review the content of the tax forms that have been uploaded.
- Assign university staff or contract with an external/ 3rd-party entity to conduct site visits to suppliers to verify size or ownership information.

The new form is now the primary registration form used by Marshall vendors and is available on the Marshall Office of Purchasing website [Marshall University Vendor Registration Form Link](#).

In addition to size certification, the new form includes more contact information fields that will make it easier for Marshall to communicate with vendors and potential vendors. It also has a simplified structure for selecting the commodities that a vendor provides. Like the prior commodity list available for Marshall's registered vendors, the new list utilizes the United Nations Standard Products and Services Code (UNSPSC) system, which is common within public procurement organizations. The previous list was a very disaggregated set of commodities that was more difficult for vendors to use. Marshall's CBER worked with the Marshall Office of Purchasing and IT staff to create 17 aggregated commodities representing the institution's primary expenditures.

An important administrative development that occurred after the start of this project is Marshall's decision to adopt new e-procurement software called UniMarket. **This application will be able to provide at least some of the features of the new form designed for this pilot program and could**

**eliminate the need for the form.** The ability to collect this data will be better understood once the new system is fully implemented by the Marshall Office of Purchasing. Implementation will begin in January 2024.

### Benchmarking Analysis

Marshall's previous small and diverse vendor registration effort began in 2018. Prior to this pilot program, the university had 134<sup>4</sup> vendors with a marked status, including "small" without a size definition. Size and diversity status (Woman-Owned, Minority-Owned, Disabled-Owned, or Veteran-Owned) was self-certified. This firm count is not an accurate benchmark value because additional vendors with one or more of these statuses are not included in the 134.

Marshall's CBER, with the help of the Marshall Office of Purchasing, reviewed the list of vendors used by the university since July of 2021 to estimate the number that are local (defined as firms in West Virginia or less than a one-hour drive from Huntington in Kentucky and Ohio). This review resulted in a count of at least 250 local, for-profit firms, with at least 115 used in FY 2023. Most of these firms are small businesses.

Simply adding the value of purchases made from these 115 firms is not an appropriate FY 2023 benchmark because of the nature of some of the purchases. Some of these purchases are capital purchases (e.g., real estate and construction), and should be excluded from benchmarks made to track ongoing expenditures. The Marshall Office of Purchasing has developed a list of the types of purchases that should be included.

Accurate accounting of where Marshall was in FY 2023 is important to measure progress against purchasing goals not just for small and diverse businesses but for local businesses in general.

**Spending on local firms is likely the best benchmark for FY 2023 vs. future years, as the status of local can be assigned.** Comparison for other vendor statuses, small (especially by SBA standards) and diversity status, is difficult to assign consistently without self-certification.

These issues illustrate the complex issues behind benchmark creation and reveal why **benchmarking is an ongoing effort that could not be completed during this pilot program.**

Important data needed to create good benchmarks:

- The number of small and diverse vendors used, using a consistent methodology to assign those statuses.
- The \$ value of purchases made from small and diverse vendors.
- A list of appropriate "SWaM-eligible" types of purchases that are comparable on an ongoing basis, a predetermined subset of total university purchases.

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<sup>4</sup> The Master Plan incorrectly states this value as 146 due to double-counting of some firms with multiple statuses.

## Results of Pilot Program

### Milestones

The Pilot Program Master Plan includes 12 milestones created to track progress on this effort. The status of those milestones is shown below. Some milestones were not able to be completed prior to the formal pilot project end date of 12/31/23.

Table 2 – Status of Pilot Program Milestones

#	Milestone	Status	Notes
1	Complete redesign and testing of modified vendor registration and certification form.	Complete	
2	Creation of benchmark data as of 6 30 23.	Not complete	Will complete in 2024
3	Complete documentation of FY 2023 benchmark data for comparison with pilot results.	Not complete	Will complete in 2024
4	Complete small business identification task series.	Complete	
5	Complete small business outreach task series from the Small Business Participation Plan.	Complete	
6	Complete initial vendor education opportunities task series.	Not complete	Will continue in 2024
7	Assign a purchasing staff to work part-time as a Small Business Liaison.	Not complete	Position not yet filled
8	Transfer management of the vendor registration database to the Office of Purchasing.	Ongoing	Expected in 2024
9	Complete design and test vendor notification process.	Not complete	Will complete in 2024
10	Completion of pilot program.	Complete	Complete by mandate
11	Compile data on pilot program registrations and compare with benchmark data.	Ongoing	Will continue benchmarking in 2024
12	Report on results of pilot program and provide recommendations for future work.	Complete	

Marshall’s Office of Purchasing will continue to work on the milestones that are not yet complete. Some of these are best practices for programs with purchasing goals like this one, Ex: purchasing benchmarks.

### Registration Data

The following table shows the number of vendors that registered and certified their firm status during the pilot program. Registration began in August 2023 following finalization of the new vendor form and ended on 12/31/23.

Table 3 - Pilot Registration Data (# of firms by location and size)

Location	Total Registered	Small by SBA Standards	Large
West Virginia	82	73	9
Ohio (in region)	5	4	1
Kentucky (in region)	3	3	0
Out of Region	62	38	24
Total	152	118	34
Total in Region	90	80	10

Table 4 - Pilot Registration Data (# of firms in pilot vs. existing effort)

Pilot Registrants	In Region	Out of Region	Total
On Original Small and Diverse List	10	1	11
Only on Current List	80	61	141
Total	90	62	152

Table 5 - Pilot Registration Data (# of firms by location and diversity status)

Registrants SWaM Status	In Region	Out of Region	Total
Small (by SBA standards)	80	38	118
Woman-Owned	28	6	34
Minority-Owned	5	5	10
Veteran-Owned	2	0	2
Disabled-Owned	7	1	8

Table 6 - Pilot Registration Data (# of firms by location and commodity provide)

Commodity	In Region	Out of Region	Total
Building and Grounds Maintenance Services	36	4	40
Business, Marketing, and HR Services	20	8	28
Civic Affairs, Organizations, and Clubs	3	0	3
Education and Training Services	13	19	32
Facility Tools and Equipment	9	4	13
Food and Beverage Services	4	0	4
Furniture and Office Products	7	5	12
Healthcare/ Medical Services and Supplies	8	6	14
Personal and Domestic Services	2	2	4
Printing, Design, and Fine Art Services	16	6	22
Real Estate Leasing and Services	7	0	7
Research/ Laboratory Materials and Services	2	7	9
Security Equipment & Services	8	6	14
Software/ IT/ AV/ Telecom Equipment	7	12	19
Sports Equipment and Apparel	4	1	5
Transportation and Delivery Services	7	0	7
Travel and Entertainment	4	4	8

Conclusions from analysis of the pilot program registration data:

- The total number of firms registered and certified during the pilot program is slightly more than the number registered under Marshall's prior efforts to classify small and diverse status (152 vs. 134 prior).
- The number of local firms (in West Virginia or less than a one-hour drive from Huntington) registered and certified is slightly less than the number registered under Marshall's previous effort (90 vs. 95 prior).
- 78% of all registered firms, and 89% of local firms, certified that they are small businesses.
- 93% of registered firms, and 89% of local firms, are not on the original SWaM vendor list.
- The high share of certified firms that are different from those that registered before, or that had not marked their diversity status, means the pilot was able to connect with a separate set of firms and build on that previous work. The outreach conducted during this pilot could be a model for future efforts.
- 92% of vendors previously identified as SWaM did not certify their status via the new form, despite being invited to do so. These firms may have seen this pilot as duplicative to prior efforts or were uncertain of the intent of the request.
- The distribution of pilot registrants is a good match for the goods and services that Marshall demands. The largest number of firms provide Building and Grounds Maintenance, which is the largest category of biddable spending for the university and represents the most significant opportunity for local small businesses. Some categories of purchases are limited in ability to use local for-profit firms e.g. healthcare, software, and transportation.

Pilot Program Metrics

The creation of suitable metrics is necessary to assess the results of the pilot program and to compare future data to Marshall's current supplier data. Of the four goals set in the Master Plan for the pilot program only one was achieved. More could be met with a longer timeframe.

1. Invite at least 2,000 firms to register and become certified to be Marshall vendors.
2. 20% of firms contacted register and certify by 12/31/23 (at least 400 firms if #1 is met).
3. Triple the number of regional businesses on the diverse vendor list (from 95 to 285 firms).
4. 50% of existing registered SWaM vendors become certified vendors (67 of the original 134).

Table 7 – Pilot Program Goals

Goal Area	# firms – goal	# firms - actual	Achieved Goal?
Outreach to vendors	2,000	At least 1,500 existing Marshall Vendors	Unknown. Is likely via the WWSBDC, WV Purchasing
Vendors registered	400	152 as of 12/31	No
Existing SWaM vendors registered	67 of 134	11 as of 12/31	No
Regional vendors registered	285 <sup>5</sup>	90 as of 12/31	No

<sup>5</sup> The Master Plan incorrectly stated this goal at 450 (triple the total vs. triple the regional number).

### Spending Benchmarks

As noted, Marshall's Office of Purchasing already tracks vendors by status as small and diverse, but that information is not available for all university vendors. In FY 2023 Marshall had 134 registered vendors that had indicated they met one or more of the target categories. Purchases made from these firms in FY 2023 was \$1.8 million. However, this is not an accurate benchmark because most small firms used by Marshall are not registered as such.

### *Local Vendors as an Alternative Short-Term Benchmark*

Classification of vendors as local vs. non-local and using those relative purchases as a benchmark may be a more accurate short-term benchmark, and thus more appropriate, than classification as small. This is because self-classification is not possible for all firms used in FY 2023 and a benchmark will not be usable without an accurate assignment for every firm. Assignment of status by Marshall staff could be used as a "soft" benchmark if agreed to by management, but the best benchmark would be one created from data supplied by the firms themselves. **A local benchmark may be the best one to use for FY 2023 and in the interim before self-certified data on small and diverse vendors is available.**

Efforts are ongoing to flag all local and small vendors to calculate the value of purchases made with these groups. However, Marshall's Office of Purchasing staff are very busy and need more time to develop and vet a method that is consistent and replicable every year. A target completion by the end of FY 2024 will also allow more time for review by other stakeholders at Marshall.

Marshall's Office of Purchasing is also creating a protocol for what purchases should be included in a benchmark. This benchmark will be based on Marshall's "SWaM-eligible" spending, which only includes spending that firms have an opportunity to bid on i.e., biddable spending.

Marshall University's SWaM-eligible spend, as defined, excludes non-biddable goods and services such as real estate, leases, utilities, accreditation fees, association dues, government fees or assessments, registration and tuition fees, insurance premiums, travel reimbursements, advertising, published books or periodicals for bookstore or library use, artwork or historical artifacts, guest speakers, performing artists, legal services, postage, and departmental p-card spend. One-time capital improvements are also excluded.

It will take time to acquire self-certified data from all Marshall vendors. Completion may not be possible until sometime in FY 2025 or even later, which restricts the establishment of near-term benchmarks tied to this pilot program. An alternative local firm benchmark would be a practical alternative measuring the same bottom-line goal of increasing use of local business, but without the size certification requirement.

### *Purchase Orders vs. Purchase-card Spending*

Purchase order (PO) expenditures and purchase card (P-card) spending are the two primary categories of spending at Marshall. POs are formal purchases made by the Office of Purchasing that include most operational spending as well as construction and other capital expenditures. P-card purchases are credit card purchases made by individual departments in day-to-day operations.

P-card purchases are not biddable and for now must be excluded from benchmarks. While these purchases represent a substantial amount of business activity, and some are made with local small businesses, it would take considerable resources to track. In the future, efforts could include p-card purchases with local vendor goals that include at least a portion of these purchases at all Marshall departments.

- FY 2023 Office of Purchasing PO spending - \$82 million. Includes more than 115 local vendors.
- FY 2023 Office of Purchasing PO spending Biddable Share/SWaM-Eligible Share - To be determined after protocol is designed, vetted, and implemented.
- FY 2023 Departmental P-card spending - \$17 million. Several thousand vendors including Amazon, Walmart, multiple airlines, and grocery stores and hotels throughout the country. Difficult to determine local or SWaM shares.

Because the \$82 million in PO spending includes capital expenditures, that share must be excluded from benchmarking. Capital expenditures are irregular and thus do not represent the university's typical business operations e.g., funds allocated to build the new baseball stadium. Non-biddable expenditures must also be removed.

## Recommendations

### Coordinate continuing efforts with Marshall's new e-Procurement software.

The Marshall Office of Purchasing is preparing to implement a new e-Procurement system called Marshall Marketplace, built by Unimarket. All Marshall vendors will be required to use this platform once integration with the current system is complete in 2024. This will require separate outreach to introduce vendors to the new system.

The new system could cause vendors to view this pilot program as duplicative. Integration should thus be designed to minimize additional vendor requirements. The platform does not include a self-certification feature by default, but Marshall is in discussions with Unimarket about options to include that and to integrate data collected via the pilot in Marketplace.

One of the goals of the Marshall Marketplace is to “expedite the purchasing process through the use of supplier catalogs.” The Marshall Office of Purchasing already has in development an internal database of the registered small and diverse vendors designed for use by various departments at the university. This pilot program has identified even more vendors that can be added to a supplier catalog comprised of firms that have been self-certified as being small and diverse businesses.

Activating this tool before, or in conjunction with, Unimarket integration and marketing its use within the university will promote the program and help it succeed. This will also assist staff with the Marshall Board of Governors requirement that all University purchasers report on their efforts to use small and diverse businesses.

### Continue use of the new Marshall Vendor Registration and Certification Form only if the information it collects is not provided within Marshall Marketplace.

The new vendor form designed under this pilot project provides previously uncollected information about current and prospective vendors that is useful to the Marshall Office of Purchasing. In addition to certifying the size of the vendor, it also includes a shortened list of aggregated commodities that a vendor can select as supplying. Compared to the form used prior to this pilot, commodity selection is much easier and is built into the registration form. The new list can enable targeted notifications to inform vendors about bid opportunities. If Marshall Marketplace can collect this information the form should be discontinued as that effort will be redundant.

### Focus on local business spending, to meet and exceed, for short-term benchmarks.

A local benchmark may be the best one to use for FY 2023 and in the interim before self-certified data on small and diverse vendors is available. It is uncertain when data on vendor status will be available for all vendors. Data on the Marshall's purchases made with local vendors is available but must be tabulated. A replicable method of tabulation must also be created to ensure future calculations are comparable. Completion of this benchmark by Marshall Purchasing by the end of FY24 will allow more time for review by other stakeholders at Marshall.

### Provide broad notification of commodity-specific bid opportunities to potential vendors.

Future commodity-specific communications with vendors should be broad as some services may overlap or be multi-classified in the purchasing databases at Marshall. For example, Food and Beverage should be grouped with Travel and Entertainment because food purchases may fall

under either of these categories. Notifying vendors more broadly of specific bid opportunities will minimize omission of potential vendors who are matches to supply goods and services.

**Expand relationships with partners and pursue others.**

The Marshall Office of Purchasing should maintain relationships with the partners that assisted during this pilot program. Reaching out to other potential partners in federal government, like the U.S. Army Corps of Engineers is also recommended. This will further the bottom-line objective of this pilot, which is to procure more goods and services from local small businesses. A sustained outreach effort should be a part of this activity.

**Target purchases made by the Marshall Office of Purchasing and add P-card purchases later.**

As a near-term Phase 1 effort, only Purchase Order spending should be targeted with respect to local spending and benchmarking efforts. P-card purchases can be added later as a Phase 2 effort, once a flagging system for credit card purchases is in place and the database of small and diverse local vendors is fully operational for use by Marshall staff.

**Study commodity-specific opportunities to expand local purchases to strengthen local supply chains.**

Research into which commodities have the most potential for expanded supply by local firms can show where to form stronger local relationships. For example, building/grounds maintenance has a relatively large share of services supplied by local firms but may have potential to increase. Conversely, services like travel are constrained in terms of what can be bought from local firms. Outreach efforts can focus on certified vendors that provide those goods and services best fitted for local supply.

**Clarify and outline when local purchasing options take precedence over campus-wide cost saving measures.**

Marshall leadership seeks to eliminate waste and reduce costs and has recently implemented a cost saving initiative titled, Save to Serve. In the future, it is plausible that a local vendor may be more expensive than a larger vendor from outside the region, highlighting the need to develop internal guiding principles outlining when a local vendor gets preference.

## Appendix A - Master Plan

### Overview

The Marshall University Small Business Supplier Certification Assistance Pilot Program is mandated by West Virginia H.B. 4418, passed by the WV Legislature in 2022. This legislation was created in response to the finding that there is currently no uniform certification process for small business enterprises in West Virginia. While the bill only refers to small businesses, Marshall University's Small and Diverse Business Program, established by Board of Governors in 2021, seeks to also increase purchases from Minority-Owned, Veteran-Owned, Women-Owned, and Disability-Owned business enterprises.

This Master Plan includes a vendor registration and certification process, opportunities to collaborate with partners in the business community, a small business participation plan, defined pilot program goals, and creation of benchmark data to assess success. It also includes assignment of tasks and scheduling to complete the milestones of the plan.

Research conducted to assemble this plan included a review of regional states and Marshall's peer university vendor certification practices. That research concluded that:

- Two high level ideals characterize the need to certify the status of university vendors:
  1. the need to report spending on disadvantaged business enterprises (DBEs) to meet federal requirements, and
  2. an interest in contracting more with local/regional small businesses to strengthen the economy around the university.
- Universities primarily focus on diverse businesses e.g., women-owned, minority-owned, veteran-owned, etc. with less focus on small businesses aside from efforts to use more local businesses.
- Universities do not perform active certification of supplier status, either for size or diversity information. Universities with vendor registration programs only ask firms to self-certify via signature that they: a) meet a given size standard, or b) are certified by a third party for diverse status.
- Large states are more likely to conduct rigorous certification of status e.g., require firms to provide proof of size via tax forms, and only at the State level.
- States that are peers to West Virginia - are of comparable size and socio-economic status - do not conduct active size certification, and instead allow firms to self-certify.
- Both large and small states may maintain a central supplier database that universities utilize to find vendors, although smaller states are less likely to do so.
- Smaller states are more likely to mirror the Small Business Administration's (SBA) size standards when classifying firms by size.

### Mission statement

The rationale for the Marshall Small and Diverse Business Program (BOG Policy No. FA-13), which became effective in 2021, is considered the mission statement for this effort.

*"Marshall University is committed to facilitating the maximum, practical opportunity for small and diverse businesses to participate in providing goods and services to maintain and strengthen the regional economy."*

## Certification Process

The project team recommends that Marshall allow vendors to self-certify for this program, due to the finding that this is standard practice for university purchasing departments. Under this process a business will attest that they are small per the SBA employment and revenue size standards. The new combined registration and certification form guides vendors through the SBA size standards.

Marshall's new form is a registration and certification process, whereas the prior form was essentially a request to register. Finalization of this form is the first milestone in the plan.

A second milestone for the certification process is the transfer of management of the vendor registration database to Marshall's Office of Purchasing. This is needed to allow purchasing staff direct access to vendor information and to integrate vendor data with purchasing needs and announcements. As of July 2023, purchasing staff must receive vendor registration data from Marshall's Office of Finance.

### Milestones:

1. Complete redesign of new vendor registration and certification form (July 2023).
2. Transfer management of the vendor registration database to the Office of Purchasing (Oct/Nov 2023).

## Opportunities to Collaborate

Collaboration is built into this plan and forms several components of the Small Business Participation Plan. Implementation of this plan relies on partners, both external and internal, to achieve goals. Outreach to small businesses is the primary approach to achieving the overall objective to get more local businesses involved as suppliers.

The method of pilot implementation will be a combination of direct contact from Marshall's Office Purchasing and indirect contact from partners who have agreed to introduce their contacts to Marshall's Small and Diverse Business Program. Direct contact will be via both email and a formal letter with a QR code link to the registration and certification form.

### Collaborative partners are:

- The Huntington Chamber of Commerce has agreed to promote the registration form to their members.
- The West Virginia Purchasing Division has agreed to share information related to its database of Small, Women-Owned, and Minority-Owned (SWAM) firms.
- The WV Small Business Development Center (SBDC) has agreed to advertise the program and related training webinars to its audience using the SBDC's social media platform and statewide newsletter.

### Milestones:

1. Complete documentation of FY 2023 benchmark data for comparison with pilot program results (Aug 2023).
2. Complete small business identification task series from the Small Business Participation Plan (Aug 2023).
3. Complete small business outreach task series from the Small Business Participation Plan (Aug/Sept 2023).

4. Complete initial vendor education opportunities task series from the Small Business Participation Plan (Sept/Oct/Nov 2023).
5. Assign a purchasing staff to work part-time as a Small Business Liaison as part of the continuing vendor education tasks in the Small Business Participation Plan (Sept 2023).
6. Complete design and test vendor notification process from the Small Business Participation Plan (Nov/Dec 2023).
7. Compile data on pilot program registrations and compare with benchmark data (Dec 2023).
8. Report on results of pilot program and provide recommendations for future work (Dec 2023).

### Defined Pilot Program Goals

Marshall's ultimate purchasing goals are to increase its use of West Virginia-based and Huntington Tri-State-based businesses. Since July 2021, the university has used about 1,500 different vendors from all over the United States. To obtain the goods and services needed to operate the university, not all purchases can be made locally. But by providing local vendors with knowledge of bid opportunities the share of local businesses utilized can expand.

Because this pilot program only goes until the end of 2023 it will be too soon to evaluate the impact on actual purchases of goods and services. Thus, measurable goals for the pilot will regard the number of firms that complete the registration and certification process, and thus become able to receive notifications of bid opportunities.

Focusing on regional firms, rather than national, increases the accuracy of the benchmark data by which the outcomes of the pilot will be measured. This includes purchases made from regional small and diverse firms, and the tally of these firms on Marshall's vendor list. Registration of non-regional firms will be tracked for the pilot but will not be part of the benchmark data.

Goals through 2023:

1. Outreach conducted by this plan will directly invite at least **2,000** firms to register to be vendors to Marshall. Additional indirect outreach via social media will reach more firms, but that number will not be quantifiable.
2. **20%** of firms directly contacted during the pilot are registered and certified by December 2023 (at least 400 firms if goal #1 is met).
3. **Triple** the number of regional businesses on the diverse vendor list from the benchmark value (from 146 to 450 firms).
4. **50%** of existing registered diverse vendors become certified vendors (75 of the original 146 who registered before this pilot).

Milestone: Completion of pilot and comparison of performance to goals set (Dec 2023).

### Reporting and Benchmarking

Understanding Marshall's current diverse vendor data is essential to establishing a benchmark that accurately represents where the university is in terms of its spending goals. A previous effort by the Office of Purchasing to record vendor status resulted in 146 vendors registering with Marshall and categorizing themselves as small, women-owned, minority-owned, or veteran-owned. However, this list does not represent the entirety of Marshall's diverse purchasing as the university has made purchases from local small businesses that are not on this list.

A key task to be conducted is an analysis of all vendors used by Marshall to create benchmarks for the number of regional diverse firms used and the expenditures made with those firms. This analysis will flag regional small and diverse businesses via basic observation and by referencing the public list of SWAM businesses registered with the State of WV's Purchasing Division, to more accurately reflect the count of small and diverse businesses used as of June 2023.

Milestone: Creation of benchmark data as of 6 30 23 (Aug 2023).

### Project Milestones

Most milestones are completion of tasks in the small business participation plan.

#	Milestone	Responsible Party at Marshall	Expected Completion Date
1	Complete redesign and testing of modified vendor registration and certification form.	Office of Purchasing	July 2023
2	Creation of benchmark data as of 6 30 23.	CBER	Aug 2023
3	Complete documentation of FY 2023 benchmark data for comparison with pilot program results.	CBER/ Office of Purchasing	Sept/Oct 2023
4	Complete small business identification task series from the Small Business Participation Plan.	Project Team and Partners	Aug/ Sept 2023
5	Complete small business outreach task series from the Small Business Participation Plan.	Project Team and Partners	Aug/Sept 2023
6	Complete initial vendor education opportunities task series from the Small Business Participation Plan.	CBER/ Office of Purchasing	Sept/Oct/Nov 2023
7	Assign a purchasing staff to work part-time as a Small Business Liaison as part of the continuing vendor education tasks in the Small Business Participation Plan.	Office of Purchasing	Sept 2023
8	Transfer management of the vendor registration database to the Office of Purchasing.	Office of Finance	Oct/Nov 2023
9	Complete design and test vendor notification process from the Small Business Participation Plan.	Office of Purchasing	Nov/Dec 2023
10	Completion of pilot program.	Project Team	Dec 2023
11	Compile data on pilot program registrations and compare with benchmark data.	CBER/ Office of Purchasing	Dec 2023
12	Report on results of pilot program and provide recommendations for future work.	CBER/ Office of Purchasing	Dec 2023

## Appendix B – Small Business Participation Plan

Task/Step	Partners/POC	Activity	Timeframe
<b>1. Identification of Small Businesses</b>			
Sources of business lists are: <ul style="list-style-type: none"> <li>Existing Marshall Suppliers</li> <li>Regional Chambers of Commerce</li> <li>WV DOT’s Certified DBE list</li> <li>State of WV public SWAM list</li> <li>Alliance for the Economic Development of Southern West Virginia</li> <li>Marshall Advanced Manufacturing Center</li> <li>WV Small Business Development Center</li> <li>WV Secretary of State’s Office</li> </ul>	Marshall Purchasing, Marshall CBER, Marshall President’s Office, Regional Chambers of Commerce, WV SBDC, WV Purchasing Division	Work to obtain lists of potential vendors <u>with email addresses</u> for communication, and partner with business organizations for additional connection.	Aug/ Sept 2023
<b>2. Outreach to Small Businesses</b>			
Finalize Reworked Pilot Registration/Certification Form	Marshall Purchasing/ Marshall CBER/IT	Prepare dynamic form for release, with a hyperlink.	July 2023
Draft and Approve Invitation to Register	Marshall Project Team	For approval before sent out with form link	Aug 2023
Invitation Email to Businesses Identified	Marshall Director of Purchasing	Initial and follow-up emails	Aug 2023
Forwarded Invitations from Partners	Area Chambers of Commerce, WV SBDC, WV Purchasing	Initial and follow-up emails, and printed letters	Aug/ Sept 2023
Create Social Media Notices Advertising Marshall’s Small and Diverse Business Initiative	Marshall Communications, Marshall Purchasing	Utilize social media to reach firms and design a QR code link to embed.	Aug/ Sept 2023
<b>3. Initial Vendor Education Opportunities</b>			
Huntington Chamber of Commerce Annual Trade Show	Marshall Project Team	Participate and advertise the program.	Sept 2023

"Vendor Registration 101"	Marshall Purchasing/ Marshall CBER	Offer to businesses who have not yet registered.	Oct 2023
"What Marshall Buys" webinar	Marshall Purchasing/ Marshall CBER	Offer an overview of commodities purchased to all business contacts.	Sept/Oct 2023
Procurement Portal Training	Marshall Purchasing	Overview of how to use Bonfire and respond to bids.	Oct/Nov 2023
<b>4. Continuing Vendor Education Opportunities</b>			
Small Business Liaison	Marshall Purchasing	Devote a portion of a staffer's time to current and potential vendor communication.	Begin in Sept 2023
Additional registration and procurement webinars and training	Marshall Purchasing	Offer repeats of 2023 training and introduce new Unimarket system once in place.	Begin in Q1 or Q2 2024
<b>5. Vendor Notification Process</b>			
Match vendors to bid opportunities in their fields of business.	Marshall Purchasing	Manage the vendor list to match business offerings to Marshall's needs and tailor notifications by commodity / service.	Test in Oct/Nov 2023
Notify businesses about bid opportunities in their fields of business.	Marshall Purchasing	Test via Bonfire via email until Unimarket is set up.	Begin in Q4 2023
<b>6. Benchmark Data for Regional Small and Diverse Vendors</b>			
<ul style="list-style-type: none"> <li># diverse vendors used</li> <li>\$ value of diverse purchases</li> <li># diverse firms on Marshall vendor list</li> <li># diverse vendors registered during the 2023 pilot program</li> </ul>	Marshall Purchasing/ Marshall CBER	Compare data to track progress. Key metrics will compare data for FY 2023 end, CY23 end, and FY24 end. Benchmarks will be created based on regional vendors.	Compile data every 6 months beginning July 2023
Establish recommendations for future goals and participation.	Marshall Project Team	Report on lessons learned with respect to how best to grow the vendor list.	Dec 2023 / Ongoing

## Appendix C – Regional States and Peer University Vendor Certification Practices – Results

### Acronyms

Disadvantaged Business Enterprise (DBE), Small, Women-Owned, and Minority-Owned (SWaM), Small Business Reserve (SBR), Small Business Enterprise (SBE), Small Business Administration (SBA), Department of Transportation (DOT)

### Main Conclusions:

- Two high level ideals characterize the need to certify the status of university vendors:
  1. the need to report spending on DBEs for federal requirements, and
  2. an interest in contracting more with local/regional small businesses to strengthen the economy around the university.
- Universities primarily focus on diverse businesses e.g., women-owned, minority-owned, veteran-owned, etc. with less focus on small businesses aside from efforts to use more local businesses.
- A university's focus on diverse businesses may be due to state and/or federal reporting requirements and to an institutional interest in the economic benefits of supporting businesses with diverse ownership.
- Universities are not involved in certification of supplier status, either for size or diversity information. Universities with vendor registration programs only ask firms to sign an affidavit that they: a) meet a given size standard or b) are certified by a third party for diverse status.
- Large states are more likely to conduct rigorous certification of size status e.g., require firms to provide proof of size via tax forms.
- States that are peers to West Virginia - are of comparable size and socio-economic status - do not conduct size certification, and instead allow firms to self-certify without providing tax documents.
- Both large and small states may maintain a central supplier database that universities utilize to find vendors, although smaller states appear less likely to do so.
- Smaller states are more likely to mirror the SBA's size standards.
- The primary purposes of centralized supplier databases are to:
  - give listed firms more opportunities to bid on contracts, and
  - serve as a resource for state agencies and universities to find vendors to help meet SWaM and DBE goals, which supply specific goods or services, or are in specific locales.

A matrix of State and Higher Education Guidelines for Small and Diverse Business Purchasing – Peer University States is provided at the end of this document. A matrix for peer states is also provided.

### Nature of Business Status Certification

Most small business certification is self-certification, where a business attests that they are small, per the size indicators provided by a purchasing entity and upload any required documents. Size includes both number of employees and revenue maximums.

Registration via the U.S. Small Business Administration (SBA) is also self-certification. The SBA uses industry-specific sizing,<sup>6</sup> in addition to a complex list of affiliation standards based on entity control.<sup>7</sup>

In addition to size and revenue cut-offs, common statements attested to with self-certification include that the business is:

- A for-profit, United States business.
- Independently owned.
- Not a subsidiary of another business.
- Not dominant in its field of operation<sup>8</sup>.

Self-certification is a simple and commonly used method of creating a supplier list for many universities and smaller states. Firms are usually required to sign an affidavit stating that the information provided is true. In the case of SBA registration, a false statement is federal perjury, and enables a legal option to pursue an entity for fraud due to willful misrepresentation.

Active or formal certification is uniformly conducted by a state, rather than by a university. States that do conduct size certification require firms to submit tax forms and sometimes other documents that prove they meet specific size guidelines per number of employees, revenue, and ownership shares. Sometimes only the first page of a tax form is required, and often more than one year must be provided. Common federal tax forms required include:

- Form 941 (Employer's Quarterly Federal Tax Return)
- 1120 (U.S. Corporation Income Tax Return)
- 1120S (U.S. Income Tax Return for an S Corporation)
- 1065 (U.S. Return of Partnership Income)
- Schedule C filed with Form 1040 (Profit or Loss From Business – Sole Proprietorship).

None of West Virginia's peer states researched - Kentucky, Maine, New Mexico, Mississippi, Montana, Idaho, and Wyoming - conduct active certification or require provision of tax forms (aside from W-9s) to be listed in a university or state vendor database. Pennsylvania, North Carolina, Tennessee, and Virginia do require this submission as verification to be listed in their central vendor databases.

Ownership statuses including disadvantaged, minority, women, and veteran-owned are not allowed to self-certify if they participate in a set-aside program like the USDOT manages. A network of third-party organizations provides these certifications, as do State Departments of

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<sup>6</sup> [Table of size standards \(sba.gov\)](#)

<sup>7</sup> [Small Business Compliance Guide: A Guide To The Sba's Size Program And Affiliation Rules](#)

<sup>8</sup> This definition varies by institution. Some base this on the employee/revenue limit, while others base it on the region in which a firm exerts influence.

Transportation as part of federal reporting requirements. Third-party certifications are accepted widely by universities and states.

### Regional States and Peer Universities

Marshall's peer universities<sup>9</sup>, other regional states, and peer states, have different approaches to governing university purchasing, certification of institutional vendors, and maintaining a database of those vendors. CBER found no example of a university peer (or non-peer) or peer state that conducts certification of a supplier's small or diverse business status. Instead, universities allow firms to self-certify when registering in their purchasing system.

In many states, much of the supplier diversity effort is conducted at the state-level, although universities have leeway to find their own suppliers outside of the pre-certified lists. Like West Virginia, most universities set their own SWaM purchasing goals separate from any State-level goals or have some level of autonomy.

In some cases, universities utilize lists of firms within a State's Unified Certification program for diverse businesses that qualify for DOT purchasing. Unified certification is "one-stop shopping" for DBE certification for all state agencies that receive DOT funds.

With respect to small businesses, the States of Maryland, North Carolina, and Pennsylvania have Small Business Reserve (SBR) programs that allow small businesses to compete against each other for bid opportunities, as opposed to competing with large businesses. Generally, SBR programs also apply to universities and do not consider minority or disadvantaged status.

- Kentucky

In Kentucky, the State's central vendor database is focused solely on minority-owned businesses and universities are not required to have related purchasing goals. Marshall's peer, Murray State, does not have any SWaM purchasing goals although the university is ramping up its ability to track purchases made from SWaM businesses.

Larger universities do have purchasing goals that include both small and diverse businesses. The University of Kentucky's procurement diversity goals do not include non-diverse small businesses while the University of Louisville's program does.

- Maryland

The State of Maryland maintains a central vendor database that universities use to find suppliers and further their diverse purchasing goals. The State allows firms to self-certify size declarations without providing proof via tax forms. The State's SBR program applies to the entire University System of Maryland, but universities set their own goals.

Marshall peer, Towson University, is an example of a university that maintains its own SWaM business liaison for its Minority Business Enterprise (MBE) Program. The role of the liaison is to interact with and encourage regional businesses to register to become certified suppliers. Towson has established a goal of a "minimum of 29 percent of the total dollar value be made either directly or indirectly from Maryland-certified MBEs." This goal applies to prime contracts,

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<sup>9</sup> [Peers - Institutional Research and Planning \(marshall.edu\)](https://www.marshall.edu/research/peers)

subcontracts, and purchases through procurement cards. Towson explicitly notes its ability to leverage lists of DBE businesses certified by the Maryland Department of Transportation for their diversity efforts.

- North Carolina

In North Carolina, universities are required to follow the State Procurement rules and regulations. Universities are allowed to set their own goals for purchasing from diverse businesses – labeled as historically underutilized businesses (HUB). Goals typically range from eight to ten percent for peer universities. The State provides no guidance for non-HUB small businesses or local businesses but does manage the NC Small Business Enterprise (NCSBE) program, which appears to function like an SBR.<sup>10</sup>

One of Marshall's peers, the University of North Carolina at Greensboro, has their own HUB business liaison who works with the city's Diversity Council to identify local firms and encourage them to register with the State's central database. Submission of tax forms is required for firms to be certified.

Another of Marshall's peers, Western Carolina University, has a 10 percent HUB purchasing goal which matches Executive Order #25 for State Agencies. However, Western Carolina states that they have trouble finding small businesses to contract with because of their rural location.

Several of Marshall's peers, including Appalachian State, North Carolina Agricultural and Technical State University, North Carolina Central University, and UNC at Wilmington, make no mention of any small business or DBE purchasing efforts on their websites.

- Pennsylvania

The Commonwealth of Pennsylvania governs purchasing at its member institutions via its Procurement Code. This includes Marshall's peer, West Chester University, which is part of the Pennsylvania State System of Higher Education (PASSHE). West Chester University utilizes PASSHE's eProcurement Exchange for bids, request for quotes, and request for proposals. The system is presented as beneficial to registered suppliers due to the ability to receive bid opportunities posted by any PASSHE school.

PASSHE's Small Diverse Business (SDB) Program seeks to increase procurement participation by minority, women owned, small and under-utilized businesses. SDBs must be in the Pennsylvania Department of General Services SDB database. The state-level process is considered "self-certification" even though firms are required to upload tax returns as part of the process.<sup>11</sup>

The PASSHE SDB program has been most focused on construction contracts with minority-owned firms. West Chester's SDB Participation Report from 2020-2021 showed that the university had one of the highest rates of SDB participation for construction projects in the PASSHE system, at 45 percent.<sup>12</sup> West Chester is in the Philadelphia metro area and has its own Supplier Diversity Coordinator within its Purchasing Department.

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<sup>10</sup> [NCSBE Certification | NC DOA](#)

<sup>11</sup> [Small Business, Small Diverse Business & Veteran Business Enterprise \(pa.gov\)](#)

<sup>12</sup> [SDB Participation Report Tables 2020-2021.pdf \(passhe.edu\)](#)

Pennsylvania also manages an SBR program that enables businesses of similar sizes and resources to compete among each other for specific government contracts as prime contractors. Commonwealth agencies are directed to target 15 percent of their total operational spend for SBR procurements.

- Ohio

Ohio is the only state researched that was not found to have its own size standards or specific targeting of small businesses for purchasing efforts. Instead, the state has the Buy Ohio program which gives a five percent dollar preference to vendors located in Ohio as well as bidders from border states where the input of Ohio products, labor, skill, or other services is no less than 25 percent of the manufactured cost.

Universities participate in Ohio's minority set-aside program as well as in the Buy Ohio and Buy American programs. Marshall's peer, Wright State University, is bound by the State's set-aside goals that 15 percent of its eligible goods and services to be purchased from minority owned businesses that have been certified by the State. Construction contracting set-aside bidding is not required under this program.

- Tennessee

The State of Tennessee includes small businesses in its business diversity efforts and provides central verification and certification services to university purchasing groups. A business must have fewer than 100 employees or \$10 million in annual sales to be considered small. Certification requires both provision of tax forms and involves in-person site visits by procurement staff. Universities set their own goals and focus on minority and DBE-owned businesses.

Tennessee is an example of a state with liaisons that serve as links between SWaM enterprises and a state-level regulatory agency and its institutions. Such liaisons assist with certification. One such agency is the Tennessee Board of Regents, which governs the Community and Technical Colleges and has goals for shares of purchases made from businesses owned by Small, Minority, Women, and Service-Disabled Veterans, and Disabled Veterans Enterprises. Another is the Tennessee Governor's Office of Diversity Business Enterprise (Go-DBE), which has a Diversity Business Liaison for Higher Education.<sup>13</sup>

- Virginia

The Commonwealth of Virginia governs purchasing at public universities in Virginia in part under an executive order that Executive Branch Agencies have a target goal of 42 percent of discretionary spending with small businesses certified by Virginia Department of Small Business and Supplier Diversity. Virginia conducts active certification that requires provision of tax forms and other documents to be included in Electronic Virginia (eVA), its searchable vendor directory.

Virginia is notable in its attention to both small and "micro" businesses, defined as no more than 25 employees AND no more than \$3 million in average annual revenue over three years.

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<sup>13</sup> <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/go-dbe.html>

Institutions are encouraged to use micro businesses when “the best value is offered in accordance with each Institution’s small purchasing program”.<sup>14</sup>

Virginia universities are required to produce an “Annual SWaM Procurement Plan” outlining goals and suggestions. Plans are available for Marshall peers James Madison University (FY 2023)<sup>15</sup>, Longwood University (FY 2015)<sup>16</sup>, and Radford University (FY 2023)<sup>17</sup>. Finding SWaM firms that are interested in certification is consistently identified as a major barrier in these plans. Historically black colleges and universities (HBCUs) are excluded from higher ed procurement policies, including two Marshall peers - Norfolk State University and Virginia State University.

The Virginia SWaM program uses a size definition of small business that for most industries is larger than the SBA standards. A study found that if the Commonwealth were to fully adopt the SBA definition there would be a modest positive impact on the participation of DBEs and a considerable increase in the participation of out-of-state businesses.

### Peer States

There are differences between the mostly large states in the region that West Virginia is a part of and its smaller peer states which include Kentucky, Maine, New Mexico, Mississippi, Montana, Idaho, and Wyoming. West Virginia’s small business vendor registration process is in line with processes used by its peer states. None of the peer states researched conduct size certification or require suppliers to present tax forms to prove their small status before being listed in a central vendor database. New Mexico, Maine, and Wyoming do not maintain central vendor databases that universities can access, so universities in those states must create these systems. See **Peer States Guidelines for Small and Diverse Business Purchasing** summary table on p 8.

The degree of effort directed toward identifying diverse businesses varies considerably at universities within these peer states. For example, the University of New Mexico has a Small Business Liaison Officer who actively conducts outreach to find small local and diverse suppliers and help those businesses navigate the university. The university has no specific SWaM purchasing goal aside from increasing use of local businesses. By contrast, the University of Wyoming states that they only track DBE purchases due to federal reporting requirements and have no focus on small business.

West Virginia has a central list of SWaM firms that Marshall uses to find vendors, but the list is not interactive and is not searchable. There is also no information about the goods and services a firm provides so the listings are of limited use. Only name, address, and SWaM category are listed.

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<sup>14</sup> [Commonwealth of Virginia Procurement Manual for Institutions of Higher Education and their Vendors](#)

<sup>15</sup> [James Madison University SwaM Plan \(FY 2023\)](#)

<sup>16</sup> [FY 2015 Annual SWaM Procurement Plan](#)

<sup>17</sup> [Radford University SWaM Plan \(FY 2023\)](#)

### **The Role of Business Certification in Meeting Institutional Goals**

It is assumed that the overall goal of business certification is to establish an ample list of qualified area firms to provide goods and services that match the needs of the university. If size is the main qualifier, formal certification is uncommon by states and unheard of by universities. For diverse firms, formal certification is almost standard, and universal for firms claiming disadvantaged status.

Expending the resources to create a database of formally certified firms is not standard practice for small states like West Virginia. However, West Virginia is close to three states that do undertake formal certification – Pennsylvania, Virginia, and North Carolina.

This research did not focus on other important aspects of achieving the goals of certification, like:

- methods used to inform potential suppliers of bid opportunities,
- choice of software,
- the institutional decision to also apply SWaM goals to subcontracts and p-card purchases, and
- the process of listing firms with their appropriate goods and services codes.

Size standard selection is another decision. Smaller states are more likely to mirror the SBA size standards, viewing that as a good practice, or to not have size standards at all. Larger states are more likely to have smaller thresholds for small size status and include programs like SBRs, where small firms have opportunities to compete against other small firms.

## Matrices of State and University Purchasing Guidelines

## State and Higher Ed Guidelines for Small and Diverse Business Purchasing – Peer University States

	Kentucky	Maryland	North Carolina	Ohio	Pennsylvania	Tennessee	Virginia	West Virginia
<b>Small Definition</b>	49 or fewer F-T, P-T, or seasonal	Industry dependent	100 or less employees	NA	100 or less employees	99 or less FTEs	250 or fewer employees	250 or less employees
<b>Small \$ Definition</b>	\$2 million max gross revenue	Industry dependent	\$1.5 million max revenue net of COGS	NA	\$38.5 million max gross revenue	\$10 million max sales (3- year average)	\$10 million max gross receipts	\$10 million max gross receipts
<b>Central State Vendor Db</b>	Yes (Minority Owned DB)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Type of Purchasing Goal</b>	25% U of L, 10% Minority for UK, other colleges set own goals	Minority – yes; Small – yes, via an SBR	DBE – yes; Small – yes via an SBR-like program. Soft goals.	DBE/minority – 15% non-construction ; Small – no, but have Buy Ohio	State – small via a SBR (15% goal); Higher Ed – DBE + SBR	University have own goal w/ focus on minority/ DBE-owned	State SWAM goal of 42%; higher- eds combine to reach	Universities – set combined SWAM goals, State – soft SWAM goals
<b>Basis for Size Certification</b>	Accepts certs from other agencies	Attestation during registration	Tax forms	NA	Tax forms	Tax forms and docs plus site visits	Tax forms, proof of contribution , licenses, +	Signed Affidavit
<b>Standard Applies to Higher Ed</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes, but not HBCUs	No
<b>Separate Higher Ed goals</b>	Yes	Yes	Yes, but just for diverse, not small	No	No	Yes	No, but some have autonomy	Yes
<b>Universities conduct certification</b>	No	No	No	No	No	No	No	No

## Peer States Guidelines for Small and Diverse Business Purchasing

	Kentucky	New Mexico	Maine	Wyoming	Idaho	Mississippi	Montana	West Virginia
<b>Small Definition</b>	49 or fewer F-T, P-T, or seasonal	SBA standards	SBA standards	SBA standards	NA	NA	NA	250 or less employees
<b>Small \$ Definition</b>	\$2 million or less gross revenue	SBA standards	SBA standards	SBA standards	NA	NA	NA	\$10 million or less gross receipts
<b>Universities Use Central Vendor Db</b>	Yes (Minority Owned DB)	No.	No.	No	Yes	Yes, for minority-owned	Yes	Yes
<b>State Purchasing Goal</b>	25% U of L, 10% minority for UK, other colleges set own standard	Combined small and DBE, but only a soft goal	None.	None.	Soft goal to use more small, local businesses	Soft goals	None.	Universities – set combined SWAM goals, State – soft SWAM goals
<b>Basis for Size Certification</b>	Accepts certs from other agencies	Signed Statement	NA	Signed Statement	NA	NA	NA	Signed Affidavit
<b>Standard Applies to Higher Ed</b>	Yes	No	NA	Yes	Yes, but can use local non-contracted vendors	Yes	NA	No
<b>Higher Ed goals separate</b>	Yes	Yes	No	No?	Yes?	No	No	Yes
<b>Universities conduct certification</b>	No	No	No	No	No	No	No	No