

To: Maryland Procurement Staff

From: Linda Dangerfield, Acting Chief Procurement Officer
Maryland Office of State Procurement

Re: Clarification of Current SBR, MBE, and VSBE Policies

Date: June 17, 2026

I. Purpose

This memorandum serves as a clarification of policy on the intersection and implementation of the processes and procedures related to the Small Business Reserve (SBR) designation, Minority Business Enterprise (MBE) goals, and Veteran-Owned Small Business Enterprise (VSBE) goals. As the Office of State Procurement (OSP) is working to update various documents to support this clarification (e.g. PRG Policy v7, November 14, 2024), if the substance of this memo conflicts with an existing document, the interpretation in this memo shall prevail.

We encourage you to share this information broadly within your agency, particularly with staff who are directly engaged in procurement activities, to ensure consistent awareness and implementation across the state's workforce. The resources referenced in this memo, including policies and guidance, are available on OSP's website and linked in this memo.

II. Process and Procedures

SUMMARY:

It is statutorily mandated for procurements of \$1,000,000 or less that procurement officers must apply an Small Business Reserve (SBR) designation (limiting the prime contract to certified small businesses), unless market research shows fewer than two certified small businesses can perform the work. Procurements above \$1,000,000 must be evaluated for SBR to comply with the Executive Order 01.01.2024.38 *Delivering a More Efficient, Equitable, and Competitive Procurement System for Maryland*. Notably, a procurement designated as SBR may still have MBE goals, VSBE goals, or both if the agency's analysis shows feasible subcontracting opportunities and an available certified vendor pool. MBE and VSBE goal assessments are required for procurements exceeding \$100,000. Standard operating procedures are for

procurement officers to review all three programs at the same time through the PRG process. SBR and MBE/VSBE requirements must be applied by dollar threshold, with separate attention to:

- (1) specific SBR parameters,
- (2) whether PRG review is required, and
- (3) when MBE/VSBE market research and goal assessment are required.

The guidance below applies to procurement solicitations, proposals to exercise options or otherwise modify the contract, proposals to award sole-source contracts, task orders, and purchase orders at the specific thresholds below.

1.) Procurements and Purchases of \$50,000 or less

SBR Designation Requirements:

- **Designation:** For this tier, procurement officers and purchasers must apply a SBR designation or otherwise award to a certified small business unless:
 - market research shows fewer than two certified small businesses can perform the work; or
 - it is otherwise not practicable to do so.
- **PRG Review:**
 - PRG review is not required.
- **Exemptions/Waivers:**
 - Exemptions are not required to be submitted to OSBA.
- **Documentation:** Any decision not to use a certified small business must be documented in the procurement or purchase file.
- See [Small Business Reserve \(SBR\) Implementation Guidelines](#) for further details.

MBE/VSBE Goal Requirements:

- Because small procurements are carved out of the MBE and VSBE regulatory framework, formal MBE/VSBE goal-setting is not required at this level.
- The Code of Maryland Regulations (COMAR) still expects agencies to use available directories and continue efforts to support participation where practicable.

2. Procurements over \$50,000 up to \$100,000

SBR Designation Requirements:

- **Designation:** Procurement officers must apply an SBR designation, unless market research shows fewer than two certified small businesses can perform the work.

- **PRG Review:**
 - Under Board of Public Works (BPW) Advisory 2001-1 and current OSP practice, PRG review for SBR designation is required.
 - The procurement officer, with input from the program/project manager or contract monitor/manager, prepares the initial SBR designation on the SBR designation part of the [OSP's PRG Intake Form](#) for the following procurements expected to exceed \$50,000:
 - procurement solicitations,
 - proposals to exercise options or otherwise modify the contract,
 - proposals to award sole-source contracts, and
 - task orders and purchase orders.
- **Exemptions/Waivers:**
 - If a procurement is determined to be exempt from SBR designation, procurement officers must submit an exemption form to OSBA.
 - For procurements that do not meet prescribed exemptions, a formal waiver request from SBR designation can be submitted to OSBA.
- **Documentation:** The final determination must be documented in the procurement file.
- See [Procurement Review Group Guidance and Worksheets \(v4 10/1/25\)](#); [Small Business Reserve \(SBR\) Implementation Guidelines](#); [BPW Advisory 2001-1](#).

MBE/VSBE Goals Requirements:

- Because small procurements are carved out of the MBE and VSBE regulatory framework, formal MBE/VSBE goal-setting is not required at this level.
- COMAR still expected agencies to use available directories and continue efforts to support participation where practicable.

3. Procurements over \$100,000 up to \$1,000,000

SBR Designation Requirements:

- **Designation:** Procurement officers must apply an SBR designation, unless market research shows fewer than two certified small businesses can perform the work.
- **PRG Review:**
 - Under BPW Advisory 2001-1 and current OSP practice, PRG review for SBR designation is required. *See Below.*
- **Exemptions/Waivers:**
 - If a procurement is determined to be exempt from SBR designation, procurement officers must submit an exemption form to OSBA.

- For procurements that do not meet prescribed exemptions, a formal waiver request from SBR designation can be submitted to OSBA.
- See Part 2 for Exemption and Waiver Forms: [Procurement Review Group Guidance and Worksheets \(v4 10/1/25\)](#).
- **Documentation:** The final determination must be documented in the procurement file.
- See [Procurement Review Group Guidance and Worksheets \(v4 10/1/25\)](#); [Small Business Reserve \(SBR\) Implementation Guidelines](#); [BPW Advisory 2001-1](#).

MBE/VSBE Goals Requirements: At this level, the procurement must also be evaluated for MBE and VSBE subcontracting participation goals. In other words, a solicitation can be SBR-designated for the prime contract while also carrying MBE and/or VSBE subcontracting goals if subcontracting opportunities exist. See [BPW Advisory 2001-1](#).

- MBE/VSBE Market Research: For procurements over \$100,000, procurement officers shall conduct MBE/VSBE market research to assess subcontracting feasibility, industry norms, and potential participation opportunities, and shall prepare the relevant portions of the PRG worksheet/intake materials with input from the program, project, or contract manager. See [Market Research Policy for MBE/VSBE Goal Assessment and Subcontracting Feasibility](#)

Simultaneous PRG Evaluation: Do not evaluate SBR designation and MBE/VSBE goals in a vacuum. Use the DGS OSP PRG Evaluation Tools to assess market availability for all three requirements concurrently.

- The procurement officer, with input from program/project manager or contract monitor/manager, prepares the initial SBR designation, MBE and VSBE suggested participation goals on [OSP's PRG Intake Form](#) for the following procurements expected to exceed \$100,000:
 - procurement solicitations,
 - proposals to exercise options or otherwise modify the contract,
 - proposals to award sole-source contracts, and
 - task orders and purchase orders.

4. Procurements over \$1,000,000

SBR Designation Requirements:

- **Designation:** For procurements above \$1,000,000, the mandatory SBR designation is not imposed by statute. However, in accordance with [Executive Order 01.01.2024.38](#), procurement officers are directed to apply an SBR designation unless:
 - market research shows fewer than two certified small businesses can perform the work; or
 - It is otherwise not practicable to apply a SBR designation.
- **PRG Review:**
 - PRG review is required.
- **Exemptions/Waivers:** Requests for exemptions or waivers are not required to be submitted to OSBA.
- **Documentation:** Any determination not to apply a SBR designation must be documented in the procurement file.
- See [Procurement Review Group Guidance and Worksheets \(v4 10/1/25\)](#); [Small Business Reserve \(SBR\) Implementation Guidelines](#); [BPW Advisory 2001-1](#).

MBE/VSBE: The procurement must be evaluated for MBE and VSBE participation goals, using the same PRG and market research framework described above in #3 for procurements over \$100,000 up to \$1,000,000.

Summary of Thresholds for SBR Designations and MBE/VSBE Goals

Dollar Threshold	SBR Designation	OSBA Review of SBR Exemptions/Waivers Required?	MBE/VSBE Market Research Required?	MBE/VSBE goals considered?	OSP PRG Review Required?
\$50K or less	Yes, must apply a SBR designation or otherwise award to a certified small business unless Rule of Two fails or is impracticable	No	No	No	No
>\$50K to \$100K	Yes	Yes	No	No	Yes (SBR only)
>\$100K to \$1M	Yes	Yes	Yes	Yes	Yes
Above \$1M	Yes, Directed per Executive Order; DGS OSP and OSBA guidance, unless Rule of Two fails or designation is impracticable	No	Yes	Yes	Yes

III. Questions

Please work with your SBR/MBE/VSBE Liaison to navigate any questions or concerns on these requirements. For specific procurement policy questions directed to the Department of General Services (DGS) Office of State Procurement (OSP) Policy Team, please use: [DGS OSP Policy Requests Form](#).