

To: State CDBG, CDBG-DR, and RHP Award Recipients and Subrecipients

From: Indiana Office of Community and Rural Affairs – CDBG Division

Effective Date: July 14, 2026

Subject: Interim Policy Guidance on Supplier Diversity in CDBG Procurement

A. Purpose

This notice establishes interim policy guidance for the procurement of professional services funded through Indiana's State Community Development Block Grant (CDBG) Program, CDBG Recovery Housing Program (RHP), and CDBG Disaster Recovery Program (CDBG-DR).

B. Applicability

This guidance applies to all recipients and subrecipients of State CDBG, RHP, and CDBG-DR funds awarded by the Indiana Office of Community and Rural Affairs (OCRA).

C. Background

In accordance with [2 CFR 200.321](#), Indiana's State CDBG Program requires nondiscrimination in the solicitation and award of contracts funded in whole or in part with CDBG resources. These requirements include ensuring small businesses, minority-owned business enterprises (MBEs), women-owned business enterprises (WBEs), and veteran-owned businesses are solicited, when possible, as sources of supplies, equipment, construction, and services.

OCRA's established policy for CDBG-funded procurements has historically required direct solicitation of MBE, WBE, and Indiana Veteran-Owned Small Business (IVOSB) vendors certified through the Indiana Department of Administration (IDOA) Supplier Diversity Program, as follows:

- **Competitive Sealed Bids:** All procurements must include direct solicitation of at least two (2) MBEs, WBEs, or IVOSBs.
- **Competitive Negotiations:** All requests for proposals (RFPs) and requests for qualifications (RFQs) must include direct solicitation of a total of five (5) vendors, at least two (2) of which must be MBEs, WBEs, or IVOSBs.

These requirements have also applied to RHP-funded procurements, and similar provisions are included in the financial certifications for CDBG-DR-funded procurements.

D. Recent Executive Action

On July 14, 2026, Indiana Attorney General Todd Rokita issued a formal advisory opinion ([Official Opinion 2026-3](#)) in which he determined that the MBE and WBE components of the Supplier Diversity Program (referenced in the opinion as the Diversity Business Enterprises Program) are unconstitutional under the Equal Protection Clause of the Fourteenth Amendment.

In response, Governor Mike Braun issued an executive order ([EO 26-17](#)), immediately suspending the Supplier Diversity Program and all pending and active MBE and WBE certifications. The order did not affect IVOSB certifications or procurement preferences.

The order also created the Indiana Small Business Program within IDOA to promote and facilitate the use of qualified small businesses in state procurement, directing that program policies and procedures be developed by October 1, 2026.

Following EO 26-16, IDOA removed the Supplier Diversity Division webpage, including all listings of MBEs, WBEs, and IVOSBs previously maintained there.

E. Updated Policy Guidance

Effective July 14, 2026, the following interim updates apply to procurements conducted by award recipients or subrecipients for contracts funded with State CDBG, RHP, and CDBG-DR resources:

- All procurement by competitive negotiation (RFP and RFQ) must include direct solicitation of a minimum of **three (3) total quotes**.
- Neither competitive negotiation nor competitive sealed bid procurements will specifically require direct solicitation of vendors from IDOA's now-suspended Supplier Diversity Program.
- When possible, award recipients and subrecipients should make **good-faith efforts** to follow federal procurement guidance under [2 CFR 200.321](#). Any issues that constrain or impede such efforts, such as lack of available resources, must be documented in the procurement file.

Procurements in process for which invitations were published and quotes were already solicited prior to July 14, 2026, must comply with the previously applicable procurement outreach requirements in effect at the time the solicitation was completed. Monitoring will be conducted in accordance with these guidelines.

If professional services are procured using **local funds rather than federal funds**, the award recipient or subrecipient should continue following local procurement policies.

The procedures outlined in this interim notice will be updated as the Indiana Small Business Program is implemented or as additional guidance or resources become available.

F. Effective Date

This policy is effective as of **July 14, 2026**, and will remain in effect until amended, superseded, or rescinded.