

**State of Illinois
Chief Procurement Office**

**FY 2011
Small Business Set-Aside Program
Annual Report**

*“My purpose is to be, in my action, just and constitutional;
and yet practical, in performing the important duty, with
which I am charged...”*

August 7, 1863



CHIEF PROCUREMENT OFFICE MISSION & VALUES

To work with agencies and universities to meet their procurement needs while exercising independent authority, oversight, and approval designed to continuously improve the procurement process and ensure: compliance with law, fair treatment, diversity, integrity, transparency and value.

With the passage of Public Act 96-795, commonly referred to as Senate Bill 51, the Executive Ethics Commission appointed and the Senate confirmed four independent Chief Procurement Officers (CPO). The CPOs have a fiduciary responsibility to the State of Illinois and appoint agency and university-based State Purchasing Officers (SPO) to exercise the CPOs' procurement authority.

The CPOs ensure that procurements made by the State are transparent, accountable, and in the best interest of the State. Where possible, a competitive bid process is used and an award is made to the lowest-cost responsible and responsive bidder. It is the express duty of all CPOs and SPOs to maximize the value of procurements and to act in a manner that maintains the integrity and public's trust of State government.

EXECUTIVE SUMMARY

Each year the State of Illinois spends billions of dollars making it one of the largest purchasers of goods and services in the state. To promote the growth of small and independently owned businesses in Illinois, the General Assembly has created several statutory programs to help small businesses obtain state contracts. The Small Business Set-Aside Program (SBSP), established as part of the Illinois Procurement Code (30 ILCS 500/45-45), is one of those programs and is the subject of this report. Because of the extended lapse period, complete expenditure data is not available as of the December 1, 2011 due date for the report.

In Fiscal Year 2011, 2,163 small businesses won contracts valued at \$46,756,624 through the SBSP.

The \$46,756,624 is .64% of the total \$7,340,958,070 awarded by state agencies under the authority of the CPO-GS and transacted under the requirements of the Illinois Procurement Code.

While enrollment in the SBSP is fluid (existing vendors drop-out while new ones register), the total number of registered vendors remained relatively stable throughout the year at approximately 5,750.

2,163 unique vendors won SBSP contracts accounting for approximately 37% of registered vendors. Of the winning vendors, 1,542 (71.2%) are also certified in the State's Business Enterprise Program (BEP). These BEP vendors won contracts totaling \$31,824,032 which is 68.1% of the total SBSP spend.

State agency participation in Fiscal Year 2011 increased by 32%. 53 State agencies, versus 40 in Fiscal Year 2010, contracted with registered small businesses.

Transparency

Fairness

Integrity

Value

Accountability

2,163 small businesses in Illinois won \$46.7 million in state contracts through the SBSP.

STATISTICS SUMMARY

Total Contract Expenditures	=	\$7,340,958,070
SBSP Expenditures	=	\$46,756,624
% of Total Contract Expenditures to SBSP Vendors	=	.64%
SBSP Expenditures to BEP Vendors	=	\$31,824,033
% of SBSP Expenditures to BEP Vendors	=	68.1%

SBSP OVERVIEW

“Small businesses” are independently owned and operated and are not dominant in their field of operation. 30 ILCS 500/45-45.

Additional criteria to participate in the SBSP.

1. Illinois business
2. Annual gross sales:
 - Wholesale \$10,000,000 or less
 - Retail or Services \$6,000,000 or less
 - Manufacturing \$10,000,000 or less and 250 employees or less
 - Construction \$10,000,000 or less

The Procurement Code requires that the CPOs submit a report by December 1 of each year regarding contracting activity under the small business set-aside provision of the Procurement Code. Historically and currently, only the Chief Procurement Officer for General Services (CPO-GS) has a Small Business Set-Aside Program.

This report, while submitted by the four CPOs, reflects set-aside activity by state agencies under the jurisdiction of the CPO-GS. This report is solely to identify contracting activity under the SBSP and does not reflect small business contracts awarded outside this program. The report required under the Small Business Contracts Act (Public Act 96-307) will provide additional information regarding contracting with small businesses. Currently, there are no small business set-asides for vendors of construction or selling to universities.

The Chief Procurement Officer for the Capital Development Board (CPO-CDB) has never exercised authority to set-aside contracts for small businesses. Nearly all of the Capital Development Board’s (CDB) contracts are awarded to vendors who are required to be prequalified in order to submit bids or offers. CDB and the CPO-CDB has routinely measured its pool of prequalified vendors, as well as those vendors who receive contracts, to

evaluate the possible need for a set-aside program. Those measurements have disclosed that most prequalified vendors are small businesses, and that most contracts are awarded to small businesses. As a result, no formal set-aside program has ever been adopted.

**Exclusively for Small Business Competition:
64 designated categories
One-time purchase of \$50,000 or less**

The CPO-GS mandates two conditions when State agencies must initially procure from small businesses.

1. The State is purchasing a good or service from one of 64 designated procurement categories that are solely reserved for small business competition.
2. The State is making a one-time equipment, commodity or service purchase of \$50,000 or less regardless of procurement category.

The SBSP’s website is www.Sell2.illinois.gov. This site serves as the primary communication and outreach tool for the program.

ANNUAL SBSP SPEND BY AGENCY FOR FISCAL YEARS 2010 and 2011

State Agency	FY10	FY11
AGING	\$27,584	\$0
AGRICULTURE	\$1,776,208	\$2,243,431
ARTS COUNCIL	\$68,410	\$12,425
BOARD OF HIGHER EDUCATION	\$0	\$0
CENTRAL MANAGEMENT SERVICES	\$10,344,305	\$7,962,400
CHILDREN AND FAMILY SERVICES	\$3,248,445	\$236,578
CIVIL SERVICE COMMISSION	\$0	\$0
COMMERCE AND ECONOMIC OPPORTUN	\$103,507	\$0
COMMERCE COMMISSION	\$0	\$0
COMMUNITY COLLEGE SYSTEM	\$0	\$22,644
CORRECTIONS	\$9,130,495	\$10,609,105
COUNCIL ON DEVELOPMENTAL DISAB	\$3,144	\$2,489
CRIMINAL JUSTICE INFO. AUTHORITY	\$0	\$4,288
DEAF & HARD OF HEARING COMM	\$939	\$617
EMERGENCY MANAGEMENT AGENCY	\$240,828	\$117,034
EMPLOYMENT SECURITY	\$806,878	\$487,348
ENVIRONMENTAL PROTECT AGENCY	\$2,360,788	\$1,032,458
FINANCE AUTHORITY	\$0	\$92,070
FINANCIAL AND PROFESSIONAL REG	\$988,470	\$48,949
GAMING BOARD	\$42,257	\$12,562
GUARDIAN & ADVOCACY COMM	\$14,048	\$8,567
HEALTHCARE & FAMILY SERVICES	\$275,709	\$217,642
HISTORIC PRESERVATION AGENCY	\$363,370	\$201,740
HUMAN RIGHTS	\$196,875	\$0
HUMAN RIGHTS COMMISSION	\$0	\$0

The number of state agencies contracting with small businesses increased 32% over the previous fiscal year.

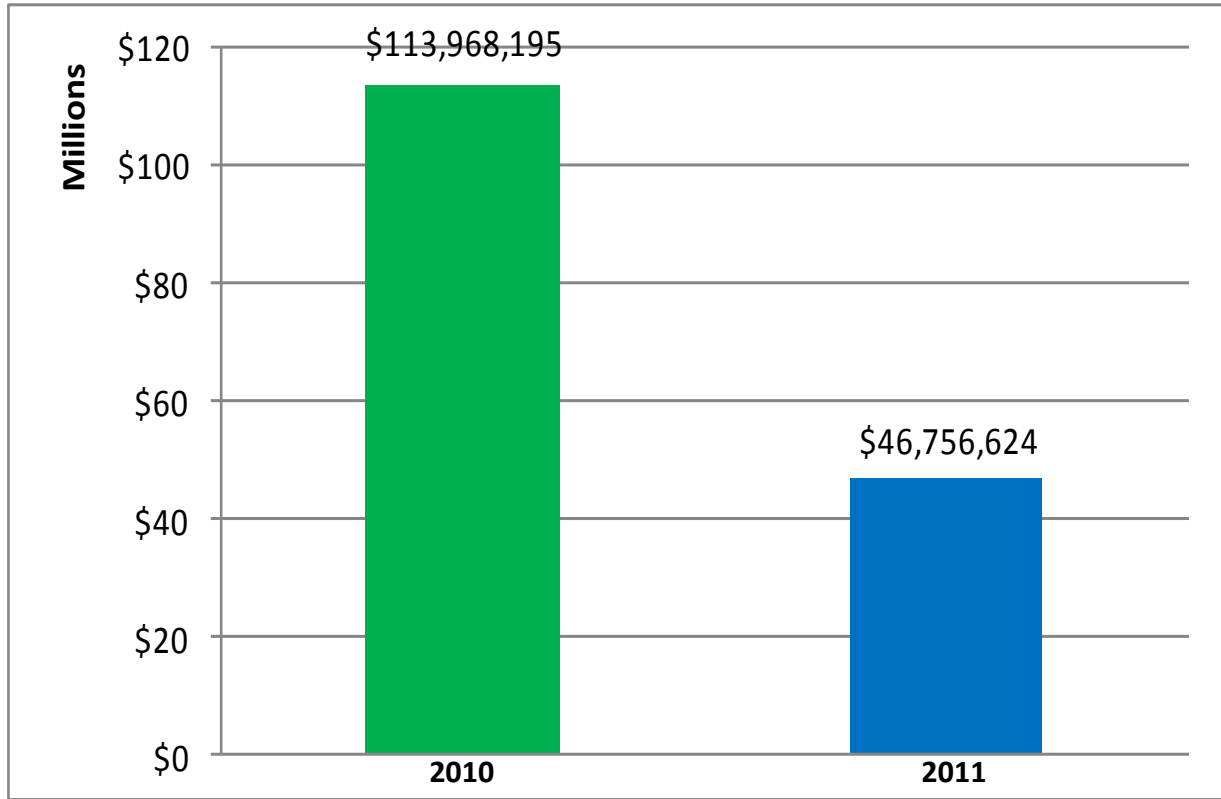
ANNUAL SBSP SPEND BY AGENCY FOR FISCAL YEARS 2010 and 2011

State Agency	FY10	FY11
HUMAN SERVICES	\$8,091,025	\$6,371,415
INSURANCE	\$268,838	\$120,251
JUVENILE JUSTICE	\$868,357	\$993,401
LABOR	\$26,444	\$20,014
LABOR RELATIONS BOARD	\$8,595	\$19,127
LAW ENFORCEMENT TRNG & STNDRS BOARD	\$0	\$0
MATH AND SCIENCE ACADEMY	\$269,676	\$77,971
MEDICAL DISTRICT	\$0	\$0
MILITARY AFFAIRS	\$2,241,198	\$1,471,953
NATURAL RESOURCES	\$4,746,760	\$1,896,880
OEIG	\$0	\$0
OFFICE OF THE STATE FIRE MARSH	\$418,394	\$75,152
PRISONER REVIEW BOARD	\$8,075	\$0
PROPERTY TAX APPEAL BOARD	\$9,554	\$10,615
PUBLIC HEALTH	\$540,603	\$599,638
RACING BOARD	\$2,706	\$0
REVENUE	\$396,939	\$421,366
STATE POLICE	\$676,089	\$697,784
STATE POLICE MERIT BOARD	\$0	\$0
STATE UNIV. CIVIL SERVICE SYSTEM	\$0	\$0
STUDENT ASSISTANCE COMMISSION	\$0	\$112,667
TOLL HIGHWAY	\$0	\$1,216,378
TRANSPORTATION	\$64,720,801*	\$8,702,681**
VETERANS' AFFAIRS	\$643,059	\$619,124
WORKERS' COMPENSATION COMMISSION	\$38,822	\$17,860

* expenditures to small businesses including contracts awarded as a set-aside and contracts outside of the set-aside program

** expenditures to small businesses pursued ONLY as set-aside awards

TOTAL SBSP SPEND FOR FISCAL YEARS 2010 and 2011



BUSINESS ENTERPRISE PROGRAM (BEP)

1,542 vendors that won SBSP contracts were certified BEP businesses. BEP vendors are at least 51% owned and controlled by persons who are minority, women, or have a disability. Additional information about contracting with vendors can be found in the report issued by the Department of Central Management Services on behalf of the Business Enterprise Council. In Fiscal Year 2011, BEP vendors had a 69.7% increase in total awards and was 68.1% of the total SBSP awards.

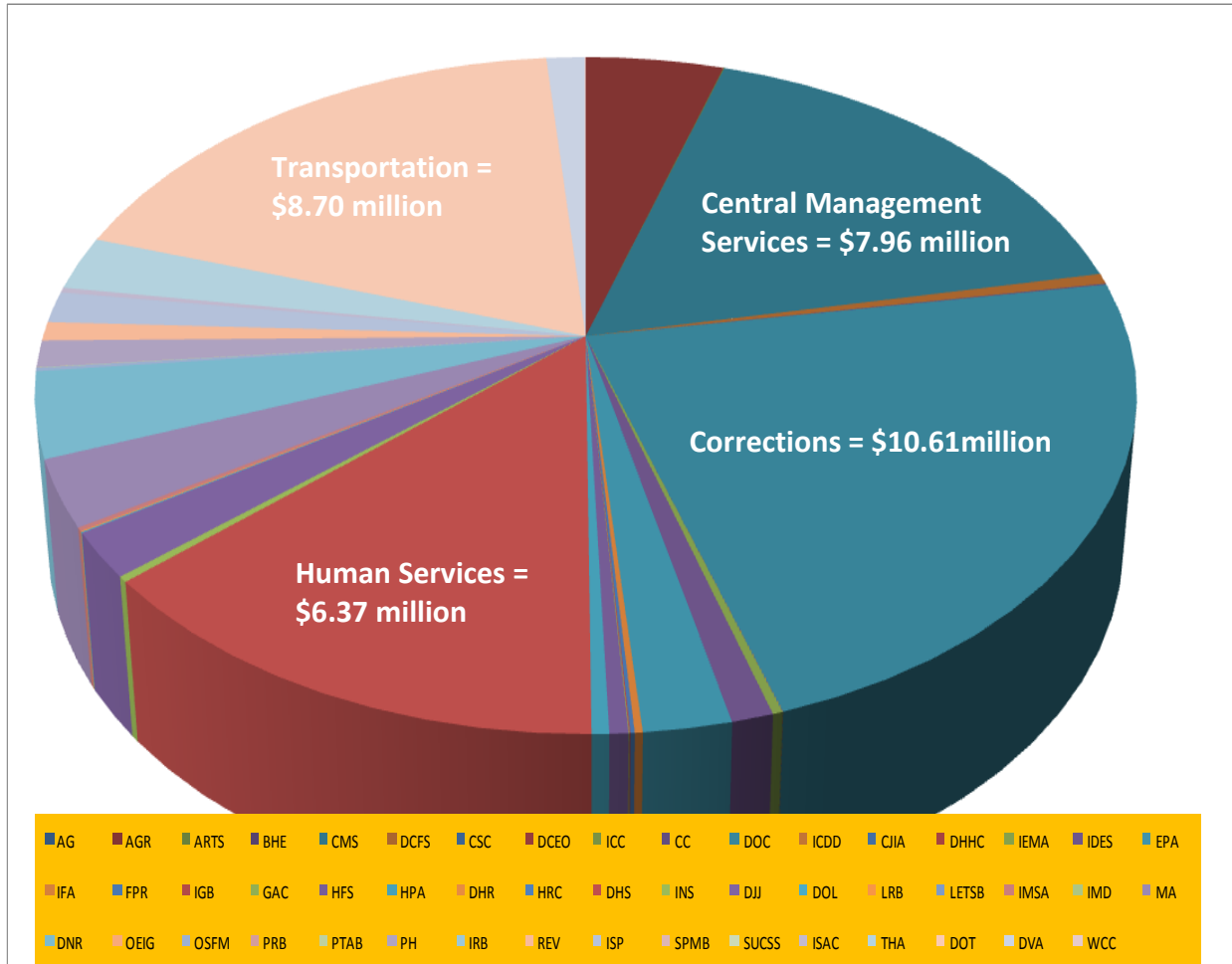
	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>
Minority Business Enterprise	\$10,346,499	\$14,661,486
Female Business Enterprise	\$8,206,263	\$16,934,864
Person with Disability Business Enterprise	\$200,434	\$227,683
Total	\$18,752,678	\$31,824,033

LOOKING FORWARD

Small businesses are expected to be the major creator of new jobs in the coming years. Purchasing from Illinois' small businesses is a good investment as nearly 65% of every dollar spent with a small business is returned back into the local economy. State contracts also allow investment in innovation, purchase of new plant and equipment, and borrowing of money. For some vendors, it means stabilizing cash flow and avoiding layoffs.

The CPOs continue to evaluate the use and expansion of set-asides to increase contracting opportunities. A statewide effort to inform and educate stakeholders of the program will lead to increased enrollment and SBSP contracting.

FISCAL YEAR 2011 SBSP SPEND BY AGENCY



TOP 10 STATE AGENCIES BY SPEND

CORRECTIONS	DOC	\$10,609,105
TRANSPORTATION	DOT	\$8,702,681
CENTRAL MANAGEMENT SERVICES	CMS	\$7,962,400
HUMAN SERVICES	DHS	\$6,371,415
AGRICULTURE	AGR	\$2,243,431
NATURAL RESOURCES	DNR	\$1,896,880
MILITARY AFFAIRS	MA	\$1,471,953
TOLL HIGHWAY	THA	\$1,216,378
ENVIRONMENTAL PROTECT AGENCY	EPA	\$1,032,458
JUVENILE JUSTICE	DJJ	\$993,401