



Chief Procurement Office General Services

Matt Brown, Chief Procurement Officer

Notice 2012.05
General Services

TO: State Purchasing Officers
Agency Procurement Staff
CMS Bureau of Strategic Sourcing

FROM: Matt Brown *MB*
Chief Procurement Officer General Services

CC: Procurement Compliance Monitors
Procurement Policy Board

DATE: October 3, 2011

SUBJECT: Small Business Contracts Act (P.A. 97-307)
FY 2011 Small Business Annual Report

This CPO Notice is effective October 3, 2011. Agencies must complete and return the attached form to the agency State Purchasing Officer by no later than **October 17, 2011**.

10% Goal

Small businesses are a vital part of the State's economy. Utilization of small businesses helps encourage economic growth and prosperity throughout the State. On August 11, 2011, the Small Business Contracts Act (P.A. 97-0307) was signed into law. The Act requires that not less than 10% of the total dollar amount of State contracts shall be established as a goal to be awarded to small businesses.

Compliance Plan

The Small Business Contracts Act requires each State official or agency to file with the Chief Procurement Officer ("CPO") an annual compliance plan:

- 1) outlining the goals of the State official or agency for the current fiscal year,
- 2) the manner in which the official or agency intends to reach these goals, and
- 3) a timetable for reaching these goals.

The CPO must review and approve the plan of the State official or agency. Upon CPO approval of the submitted plan, State Purchasing Officers will work with agency procurement staff on each procurement in order to ensure that the terms of the plan are being implemented in the

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solicitation and contracting process. The CPO may reject any plan that does not comply with the Act or rules promulgated pursuant to the Act.

Attached to this CPO notice is a form to be completed by each state agency outlining its initial FY 2012 compliance plan. The agency's assigned State Purchasing Officer will notify the agency whether the initial FY 2012 compliance plan has been approved or rejected. After the initial FY 2012 compliance plan, State officials and agencies will be required to file an annual report of its utilization of small businesses during the preceding fiscal year, including lapse period spending. Pursuant to the terms of the Act, a mid-fiscal year report will also be required. The reports shall include a self-evaluation of the efforts of the State official or agency to meet its goals under the Act.

FY 2011 Small Business Annual Report

In addition to the requirements of the Small Business Contracts Act, the Procurement Code requires the CPO to report to the General Assembly information on contracts awarded to small businesses. The report includes the total value of awards made in the preceding fiscal year under the designation of small business set-aside.

The attached form also requests information to identify the amount spent by agencies on small businesses for FY 2011. State Purchasing Officers have been provided with a worksheet containing information from the Comptroller's Office that should assist in identifying agency small business purchases. The data contained on the small business worksheets for each agency contains a total of payments subject to the Procurement Code, and individual listing of payments and obligations to registered small businesses. The financial data has been extracted from the Comptroller's Statewide Accounting Management System (SAMS) based on certain assumptions.¹ This data does not include payments from locally-held funds or other transactions not recorded in SAMS, although such payments may be subject to the Procurement Code and small business requirements. As such, agencies should review this information and the assumptions listed below and supplement as appropriate.

If there are any questions regarding this notice, contact the Chief Procurement Office at (217) 558-2157.

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¹ For obligations, the worksheet includes all payments against obligations that were initially filed in FY 2011 with "Award Code" A-M or 1-4. Award Codes N-Z indicate exempt from Procurement Code, so these obligations were excluded. Payments to government entities (Legal Status 08) were also excluded as they are exempt from the Code. The data does not include payments without a vendor TIN (payments primarily to revolving funds and other internal transactions). For unobligated payments, the data does not include the following detail object codes:

1. 1100-1199 (personal services),
2. 1201-1202 (reimbursements to employees)
3. 1290-1299 (travel)
4. 1900-1999 (primarily prompt payment interest)
5. 4400-4499 (grants)
6. 8800-8899 (debt service)
7. 9900-9999 (refunds)

All other payments not referencing an obligation should be included.

[AGENCY LETTERHEAD]

FY 2011
SMALL BUSINESS ANNUAL REPORT
and
SMALL BUSINESS CONTRACTS ACT
FY 2012 COMPLIANCE PLAN

Agency Representative Completing this Plan: [Click here to enter text.](#)

Contact Information for Agency Representative: [Click here to enter text.](#)

State Purchasing Officer: [Click here to enter text.](#)

Date Plan Submitted to SPO: [Click here to enter text.](#)

Fiscal Year 2011 Small Business Annual Report

1. For Fiscal Year 2011, provide the Agency's total dollar spend on State Contracts: [Click here to enter text.](#)

2. For Fiscal Year 2011, provide the dollar amount spent on State Contracts with Small Businesses in the following three categories:
 - a. Spend with qualified small businesses pursued as a set-aside = [Click here to enter text.](#)

Note: In order to qualify as spend under the Small Business Set-Aside Program, the decision to set-aside the bid needed to be made, and documented, prior to the solicitation being released or the bid being conducted.
 - b. Spend with qualified small business **not** pursued as a set-aside = [Click here to enter text.](#)
 - c. Total spend with Small Businesses = [Click here to enter text.](#)

3. For Fiscal year 2011, provide the Agency's total spend with Small Businesses as a percent of total dollar spend on State Contracts = [Click here to enter text.](#)

Fiscal Year 2012 Initial Compliance Plan

I. GOALS

- A. For Fiscal Year 2012, provide the Agency's projected total dollar spend on State Contracts: [Click here to enter text.](#)

- B. For Fiscal Year 2012, provide the dollar amount projected to be spent on State Contracts with Small Businesses in the following three categories:
1. Projected spend with qualified small businesses pursued as a set-aside = [Click here to enter text.](#)

Note: In order to qualify as spend under the Small Business Set-Aside Program, the decision to set-aside the bid needed to be made, and documented, prior to the solicitation being released or the bid being conducted.
 2. Projected spend with qualified small business **not** pursued as a set-aside = [Click here to enter text.](#)
 3. Total projected spend with Small Businesses = [Click here to enter text.](#)
- C. For Fiscal year 2012, provide the Agency's total projected spend with Small Businesses as a percent of total projected spend on State Contracts = [Click here to enter text.](#)

II. **METHOD**

- A. For Fiscal Year 2012, identify with specificity the **manner** in which the agency intends to achieve the spend projections above in I.B.1. and I.B.2. [Click here to enter text.](#)

III. **TIMELINE**

- B. For Fiscal Year 2012, identify a **timetable** for reaching the spend goals outlined above in I.B.1. and I.B.2. [Click here to enter text.](#)

AN ACT concerning State government.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 1. Short title. This Act may be cited as the Small Business Contracts Act.

Section 5. Definitions. For the purposes of this Act, the following terms shall have the following definitions:

"Small business" means a small business as defined in the Illinois Procurement Code.

"State contract" means a State contract, as defined in the Illinois Procurement Code, funded with State or federal funds, whether competitively bid or negotiated.

"State official or agency" means a department, officer, board, commission, institution, or body politic or corporate of the State.

Section 10. Award of State contracts.

(a) Not less than 10% of the total dollar amount of State contracts shall be established as a goal to be awarded to small businesses.

(b) The percentage in subsection (a) relates to the total dollar amount of State contracts during each State fiscal year, calculated by examining independently each type of contract for

each State official or agency which lets such contracts.

Section 15. Compliance plans.

(a) Each State official or agency shall file with its respective chief procurement officer an annual compliance plan which shall outline the goals of the State official or agency for contracting with small businesses for the then current fiscal year, the manner in which the official or agency intends to reach these goals, and a timetable for reaching these goals. The chief procurement officer shall review and approve the plan of the State official or agency and may reject any plan that does not comply with this Act or any rules promulgated pursuant to this Act.

(b) Each State official or agency shall file with its respective chief procurement officer an annual report of its utilization of small businesses during the preceding fiscal year including lapse period spending and a mid-fiscal year report of its utilization to date for the then current fiscal year. The reports shall include a self-evaluation of the efforts of the State official or agency to meet its goals under the Act.

Section 20. Annual report. Each chief procurement officer shall file no later than March 1 of each year, an annual report that shall detail the level of achievement toward the goals specified in this Act over the 3 most recent fiscal years. The

annual report shall include, but need not be limited to, the following:

(1) a summary detailing State appropriations subject to the goals, the actual goals specified, and the goals attained by each State official or agency;

(2) a summary of the number of contracts awarded and the average contract amount by each State official or agency; and

(3) an analysis of the level of overall goal achievement concerning purchases from small businesses.

Section 99. Effective date. This Act takes effect upon becoming law.