



Procuring from  
Small Businesses is about Smart  
**Investment**  
**Strategy**  
**Advocacy**

Results  
Access  
Success  
ROI  
Local  
Growth

Chief Procurement Office

**FY** ANNUAL REPORT  
SMALL BUSINESS CONTRACTING  
**17** 30 ILCS 500/45-90

## ABOUT THE CHIEF PROCUREMENT OFFICERS

### Mission and Values

State procurement strengthens Illinois' economy when it

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.

- ensures that small businesses have meaningful opportunities to sell their supplies and services to the State
- develops policies and practices that encourage agencies to buy from Illinois' small vendors

### Meet the Chief Procurement Officers (CPO)

**Ellen Daley** has been the CPO for General Services since July 2015. After a few years in private practice as an attorney, she worked as senior legal counsel and Director of Procurement Compliance at Chicago Public Schools. She entered state government as procurement counsel at the Department of Central Management Services. Ellen has more than 17 years of direct public procurement experience and holds the Certified Public Procurement Official and Certified Public Procurement Buyer designations.

**Bill Grunloh** has been the CPO for the Department of Transportation since July 2010. Bill has a unique perspective of construction procurement having been a partner for 30 years in his family's construction business and the Chief of Staff at the Department of Transportation and an Illinois State Representative. Bill holds the Certified Public Procurement Official and Certified Public Procurement Buyer designations.

**Art Moore** was appointed the CPO for the Capital Development Board in June 2017. While new to the position, Art is not new public procurement. Art was recently a Senior State Purchasing Officer in the General Services portfolio and the Agency Purchasing Officer for the Illinois Environmental Protection Agency before that. He is active in the Illinois Association of Public Procurement Officials and is serving a second term as its Treasurer. Art holds the Certified Public Procurement Official and Certified Public Procurement Buyer designations.

## SMALL BUSINESS CONTRACTING 30 ILCS 500/45-90

When the State procures from small businesses, a significant economic benefit occurs: taxpayer dollars remain in our towns and cities longer than when buying from out-of-state vendors.

The General Assembly enacted the Small Business Contracts Act (SBCA) 30 ILCS 503 recognizing that state contracts with Illinois' small business owners facilitates job creation and economic development. One of the most important ways that state government directly supports small business is through purchasing their products and services. The SBCA created the goal that the State award not less than 10% of the value of all contracts to small businesses.

On August 9, 2017, Public Act 100-43 repealed the Small Business Contracts and added it in its entirety as a newly created Section 45-90 of the Illinois Procurement Code. At the request of the chief procurement officers, the legislature added the counting of subcontracts with small businesses that result from state contracts towards the 10% goal. Allowing the counting of these subcontracts was important as it's a **better measure** of how well state procurement is impacting Illinois' small businesses. For example, a very large New York construction firm may win a road construction contract. From this award, the large firm subcontracts flagging, debris hauling, and fence installation services to three Small Business Set-Aside Program vendors. These subcontracts may now be counted towards the 10% goal.

Under Section 45-90 of the Procurement Code, the CPOs are responsible for reviewing and approving agency small business contracting compliance plans, monitoring agency progress, and reporting on their outcomes.

### Results

#### CPO for Capital Development Board

- \$87,733,456 Total Agency Spend
- \$28,969,798 Agency Spend with Small Businesses
- 33.0% Total Agency Spend with Small Businesses
- 81 Awards to Small Businesses

#### CPO for General Services

- \$7,061,300,749 Total Spend by Agencies
- \$199,032,245 Spend by Agencies with Small Business
- 2.8% Total Agency Spend with Small Businesses

## SMALL BUSINESS CONTRACTING 30 ILCS 500/45-90

### Results cont.

**\$235,312,005** was awarded to small businesses representing 2.8% of total spend

CPO for the Department of Transportation (construction)

- \$1,180,040,460 Total Agency Spend
- \$7,309,962 Agency Spend with Small Businesses
- 0.6% Total Agency Spend with Small Businesses
- 71 Awards to Small Businesses

In Fiscal Year 2017, the State started the fiscal year without a budget for the second consecutive year. Road construction projects continued while the Capital Development Board's projects remained at a standstill and procurements for general supplies and services saw fewer bidders and higher prices. Because the Department of Transportation receives primarily federal funding, they were able to continue timely payments to vendors.

### CPO for CDB Small Business Contracting

The Capital Development Board (CDB) has a long history of utilizing small business firms in the design and construction of the State's buildings. When one of the State's 8,400 properties requires repair or renovation, CDB manages the project. Many projects involve modernizing facilities to meet accessibility standards and protecting the lives and safety of Illinois residents by removing such environmental hazards as asbestos and lead.

The Chief Procurement Officer for the Capital Development Board (CPO-CDB) has never exercised authority to set-aside contracts for small businesses since CDB's percentage of contracting with small businesses continually exceeds the 10% statewide goal.

CDB and the CPO-CDB routinely measure the overall pool of prequalified vendors, as well as those who receive contracts, to evaluate the need for a set-aside program. Nearly all of the CDB's contracts are awarded to vendors that are prequalified to bid by the CDB. In FY17, 64.5% of all CDB prequalified firms are small businesses. In FY17, **81** contracts representing 70% of CDB contracts awarded were awarded to small businesses.

## SMALL BUSINESS CONTRACTING 30 ILCS 500/45-90

### CPO for CDB Small Business Contracting cont.

Fiscal Year 2017 participation data indicates that:

- Most prequalified vendors are small businesses
- CDB awards most contracts to small businesses
- CDB exceeds small business participation goals

The CPO-CDB continues to monitor the value of contracts awarded to small business to evaluate the need for a set-aside program. The FY17 performance of 33.0% of total spend to small business is another strong performance for small business participation. These numbers include contracts, change orders, and modifications that were obligated within the fiscal year.

This participation level does not include the participation by subcontractors, most of which are small businesses. As a result, actual participation of small businesses is much larger than just the participation by prime contractors identified in this report.

The CPO-CDB and CDB recognize the vital role small businesses play in CDB projects at the subcontractor level and are excited to count them in future achievement numbers. The CPO-CDB is thankful for the legislative changes by the 100<sup>th</sup> General Assembly to allow subcontractor participation to be counted in overall small business participation measurement. Regardless of the method for delivering a project, vertical construction is largely performed through tiers of subcontractors and material suppliers, the majority of whom are likely to be small businesses.

The CPO-CDB has encouraged CDB to track and calculate the role small businesses play in CDB projects at the subcontractor level and we are happy to be able to include their efforts in future small business reports.

Total Spend with small businesses by CDB:

<u>Fiscal Year</u>	<u>Total Spend \$</u>	<u>Total Spend \$ to Small Business</u>	<u>Percentage of Contracts</u>
FY 2014	\$213,116,530	\$60,347,095	28.3%
FY 2015	\$300,833,450	\$56,187,474	18.7%
FY 2016	\$63,387,195	\$26,543,823	42%
<b>FY 2017</b>	<b>\$87,733,456</b>	<b>\$28,969,798</b>	<u><b>33%</b></u>

## SMALL BUSINESS CONTRACTING 30 ILCS 500/45-90

### CPO for the Department of Transportation (construction)

DOT is committed to small business contracting

In terms of dollar amount awarded, the Department of Transportation's (DOT) small business contracting is the highest in the State. In FY17, DOT awarded \$93.5 million in construction and non-construction contracts to small businesses.

DOT has a dedicated bureau to assist small and disadvantaged businesses learn about the agency's procurements

IDOT's Small Business Set-Aside Program started several years ago. The designated Small Business Set-Aside projects are identified in several places in the Transportation Procurement Bulletin. In accordance with Section 500/45-45 of the Illinois Procurement Code and the rules of the Department, only bids from qualified small businesses will be considered for award. The nature of road and bridge construction does not lend itself well to small contracts that would fit into the Small Business Set-Aside Program, so projects are **unbundled** to the greatest extent possible to increase available projects for these Lettings.

DOT leads all agencies in small business contracting

DOT's spend with small businesses in both construction and non-construction procurements was **\$93,481,032**

To encourage maximum competition, these Small Business Set-Asides are open bidding items. In accordance with the rules of the Department, prequalification is waived for these items. All bidders, including those correctly prequalified by the Department, are required to submit with the bids a Qualification and Equipment Inventory Certification Form. The form is included with the proposal and bidding documents.

Typically, the Department administers an average of seven (7) scheduled lettings per year with approximately seven (7) Small Business Set-Aside projects per each letting.

Fiscal Year	Total Awards for Construction	SBCA Awards (\$)	SBCA % of Total	# of SBCA Awards	Average SBCA Award (\$)
FY15	\$2,238,601,687	\$5,780,992	.26%	41	\$141,000
FY16	\$1,454,016,432	\$5,539,541	.38%	43	\$128,827
FY17	\$1,180,040,460	\$7,309,962	.62%	71	\$102,957

## SMALL BUSINESS CONTRACTING 30 ILCS 500/45-90

### CPO for General Services

Only small businesses **based in Illinois** may participate in the Small Business Set-Aside Program (SBSP)

A set-aside simply limits the pool of vendors eligible to compete for contracts, but still **promotes competition**

1 in 2 SBSP vendors did business with a state agency

The CPO's Small Business Specialist assists each agency with an annual compliance plan demonstrating how the agency will progress towards obtaining the 10% small business contracting goal. The Small Business Specialist provides guidance and assistance in the development of the plans and monitors progress during the year.

In the General Services portfolio, the most important tool to assist state agencies increase their small business contracting is the CPO-GS' requirement to use small business **set-asides**. When a contract is set-aside, only qualified Illinois small businesses may compete for it. The CPO-GS has designated more than 600 commodity codes as set-aside for small business.

Individual, yet centrally coordinated, procurement planning is essential to increasing contracting with small business. The CPO-GS and her SBSP team focuses on strengthening and expanding their unique procurement services offered to Illinois' small business owners. In FY17, the CPO-GS supported the Toll Highway Authority's piloting of the state's first procurement with a small business goal, studied agency spend to identify new small business set-aside categories, and co-sponsored an event for veteran-owned small businesses in the construction trades to meet prime contractors so they may develop business relationships.



Dave Littrell, Small Business Specialist, provides procurement tips to potential contractors at a small business outreach event in Rockford, Illinois.



## SMALL BUSINESS CONTRACTING (30 ILCS 500/45-90)

### SMALL BUSINESS CONTRACTING BY AGENCY

Agency	Fiscal Year	Total Spend	SBCA Spend	SBCA % of Total
AGING	FY17	\$1,591,704	\$80,994	5.09%
AGING	FY16	\$306,265	\$11,331	3.70%
AGRICULTURE	FY17	\$8,401,496	\$950,042	11.31%
AGRICULTURE	FY16	\$7,532,547	\$973,315	12.92%
ARTS COUNCIL	FY17	\$103,189	\$18,950	18.36%
ARTS COUNCIL	FY16	\$16,197	\$741	4.57%
BOARD OF HIGHER EDUCATION	FY17	\$1,069,693	\$199,304	18.63%
BOARD OF HIGHER EDUCATION	FY16	\$142,968	\$1,593	1.11%
CENTRAL MANAGEMENT SERVICES	FY17	\$2,418,751,568	\$15,189,930	0.63%
CENTRAL MANAGEMENT SERVICES	FY16	\$1,369,733,234	\$10,737,289	0.78%
CHILDREN AND FAMILY SERVICES	FY17	\$16,567,595	\$3,765,126	22.73%
CHILDREN AND FAMILY SERVICES	FY16	\$18,320,098	\$2,998,476	16.37%
CIVIL SERVICE COMMISSION	FY17	\$2,791	\$59	2.11%
CIVIL SERVICE COMMISSION	FY16	\$0	\$0	0.00%
COMMERCE AND ECONOMIC OPPORTUNITY	FY17	\$42,580,453	\$470,915	1.11%
COMMERCE AND ECONOMIC OPPORTUNITY	FY16	\$14,851,826	\$177,684	1.20%
COMMERCE COMMISSION	FY17	\$939,457	\$233,891	24.90%
COMMERCE COMMISSION	FY16	\$664,850	\$168,766	25.38%
COMMUNITY COLLEGE BOARD	FY17	\$874,519	\$24,399	2.79%
COMMUNITY COLLEGE BOARD	FY16	\$103,361	\$569	0.55%
CORRECTIONS	FY17	\$232,118,235	\$6,452,472	2.78%
CORRECTIONS	FY16	\$32,022,044	\$4,020,189	12.55%
COUNCIL ON DEVELOPMENTAL DISABILITIES	FY17	\$94,297	\$13,456	14.27%
COUNCIL ON DEVELOPMENTAL DISABILITIES	FY16	\$91,049	\$2,389	2.62%
CRIMINAL JUSTICE INFORMATION AUTHORITY	FY17	\$1,035,755	\$467,337	45.12%
CRIMINAL JUSTICE INFORMATION AUTHORITY	FY16	\$538,000	\$252,000	46.84%
DEAF & HARD OF HEARING COMMISSION	FY17	\$70,402	\$8,238	11.70%
DEAF & HARD OF HEARING COMMISSION	FY16	\$52,611	\$3,705	7.04%
EDUCATIONAL LABOR RELATIONS BOARD	FY17	\$74,411	\$798	1.07%
EDUCATIONAL LABOR RELATIONS BOARD	FY16	\$70,713	\$1,458	2.06%
EMERGENCY MANAGEMENT AGENCY	FY17	\$3,232,994	\$411,394	12.72%
EMERGENCY MANAGEMENT AGENCY	FY16	\$3,801,694	\$717,089	18.86%
EMPLOYMENT SECURITY	FY17	\$16,065,907	\$2,560,682	15.94%
EMPLOYMENT SECURITY	FY16	\$9,482,175	\$2,500,877	26.37%
ENVIRONMENTAL PROTECT AGENCY	FY17	\$25,474,833	\$2,141,132	8.40%
ENVIRONMENTAL PROTECT AGENCY	FY16	\$24,514,473	\$4,428,044	18.06%



## SMALL BUSINESS CONTRACTING (30 ILCS 500/45-90)

### SMALL BUSINESS CONTRACTING BY AGENCY cont.

Agency	Fiscal Year	Total Spend	SBCA Spend	SBCA % of Total
EXECUTIVE ETHICS COMMISSION	FY17	\$109,919	\$1,452	1.32%
EXECUTIVE ETHICS COMMISSION	FY16	\$0	\$0	0.00%
FINANCE AUTHORITY	FY17	N/A	N/A	N/A
FINANCE AUTHORITY	FY16	\$0	\$0	0.00%
FINANCIAL AND PROFESSIONAL REGULATION	FY17	\$5,932,130	\$409,953	6.91%
FINANCIAL AND PROFESSIONAL REGULATION	FY16	\$4,581,954	\$161,991	3.54%
GAMING BOARD	FY17	\$546,544	\$148,958	27.25%
GAMING BOARD	FY16	\$493,199	\$136,716	27.72%
GUARDIAN & ADVOCACY COMMISSION	FY17	\$254,935	\$7,154	2.81%
GUARDIAN & ADVOCACY COMMISSION	FY16	\$189,706	\$22,598	11.91%
HEALTHCARE & FAMILY SERVICES	FY17	\$201,610,737	\$1,346,352	0.67%
HEALTHCARE & FAMILY SERVICES	FY16	\$1,645,104,399	\$1,790,985	0.11%
HISTORIC PRESERVATION AGENCY	FY17	\$3,483,314	\$349,310	10.03%
HISTORIC PRESERVATION AGENCY	FY16	\$1,871,060	\$155,082	8.29%
HUMAN RIGHTS	FY17	\$156,774	\$300	0.19%
HUMAN RIGHTS	FY16	\$104,772	\$6,947	6.63%
HUMAN RIGHTS COMMISSION	FY17	\$68,677	\$31,875	46.41%
HUMAN RIGHTS COMMISSION	FY16	\$0	\$0	0.00%
HOUSING DEVELOPMENT AUTHORITY	FY17	\$0	\$0	0.00%
HOUSING DEVELOPMENT AUTHORITY	FY16	\$4,256,037	\$50,649	1.19%
HUMAN SERVICES	FY17	\$158,756,622	\$14,233,810	8.97%
HUMAN SERVICES	FY16	\$78,829,762	\$7,478,954	9.49%
INSURANCE	FY17	\$6,582,987	\$469,354	7.13%
INSURANCE	FY16	\$12,690,177	\$120,274	0.95%
JUVENILE JUSTICE	FY17	\$13,475,784	\$551,974	4.10%
JUVENILE JUSTICE	FY16	\$17,727,262	\$699,422	3.95%
LABOR	FY17	\$261,387	\$8,515	3.26%
LABOR	FY16	\$363,245	\$15,064	4.15%
LABOR RELATIONS BOARD	FY17	\$39,722	\$13,524	34.05%
LABOR RELATIONS BOARD	FY16	\$0	\$0	0.00%
LAW ENFORCEMENT TRAINING STANDARDS BD	FY17	\$172,378	\$15,606	9.05%
LAW ENFORCEMENT TRAINING STANDARDS BD	FY16	\$160,499	\$16,986	10.58%
LOTTERY	FY17	\$2,010,540	\$194,021	9.65%
LOTTERY	FY16	\$2,611,303	\$221,681	8.49%
MATH AND SCIENCE ACADEMY	FY17	N/A	N/A	N/A
MATH AND SCIENCE ACADEMY	FY16	\$5,479,303	\$976,087	17.81%

## SMALL BUSINESS CONTRACTING (30 ILCS 500/45-90)

### SMALL BUSINESS CONTRACTING BY AGENCY cont.

Agency	Fiscal Year	Total Spend	SBCA Spend	SBCA % of Total
MILITARY AFFAIRS	FY16	\$8,025,008	\$1,051,584	13.10%
NATURAL RESOURCES	FY17	\$34,777,511	\$4,971,280	14.29%
NATURAL RESOURCES	FY16	\$17,494,469	\$1,205,324	6.89%
OEIG	FY17	\$85,671	\$1,200	1.40%
OEIG	FY16	\$6,933	\$412	5.94%
OFFICE OF THE STATE FIRE MARSHAL	FY17	\$1,643,036	\$775,258	47.18%
OFFICE OF THE STATE FIRE MARSHAL	FY16	\$1,420,480	\$682,853	48.07%
PRISONER REVIEW BOARD	FY17	\$166,878	\$56,749	34.01%
PRISONER REVIEW BOARD	FY16	\$137,633	\$2,118	1.54%
PROPERTY TAX APPEAL BOARD	FY17	\$125,046	\$1,253	1.00%
PROPERTY TAX APPEAL BOARD	FY16	\$26,136	\$3,214	12.30%
ILLINOIS POWER AUTHORITY	FY17	\$996,837	\$0	0.00%
ILLINOIS POWER AUTHORITY	FY16	\$81,880	\$0	0.00%
PUBLIC HEALTH	FY17	\$73,656,167	\$760,081	1.03%
PUBLIC HEALTH	FY16	\$67,914,001	\$568,561	0.84%
RACING BOARD	FY17	\$76,157	\$9,609	12.62%
RACING BOARD	FY16	\$69,244	\$8,365	12.08%
REVENUE	FY17	\$12,605,630	\$797,720	6.33%
REVENUE	FY16	\$6,246,654	\$415,876	6.66%
STATE BOARD OF EDUCATION	FY17	\$88,824,440	\$7,681,987	8.65%
STATE BOARD OF EDUCATION	FY16	\$43,749,441	\$4,404,121	10.07%
STATE BOARD OF ELECTIONS	FY17	N/A	N/A	N/A
STATE BOARD OF ELECTIONS	FY16	\$1,593,180	\$338,795	21.27%
STATE POLICE	FY17	\$53,796,265	\$3,579,825	6.65%
STATE POLICE	FY16	\$21,198,321	\$604,884	2.85%
STATE POLICE MERIT BOARD	FY17	\$412,815	\$102,059	24.72%
STATE POLICE MERIT BOARD	FY16	\$80,113	\$12,981	16.20%
STATE UNIVERSITIES CIVIL SERVICE	FY17	\$357,853	\$20,772	5.80%
STATE UNIVERSITIES CIVIL SERVICE	FY16	\$0	\$0	0.00%
ILLINOIS STUDENT ASSISTANCE COMMISSION	FY17	\$13,728,476	\$1,001,348	
ILLINOIS STUDENT ASSISTANCE COMMISSION	FY16	\$13,313,404	\$958,726	7.20%
TOLL HIGHWAY AUTHORITY	FY17	\$1,088,356,970	\$18,811,543	1.73%
TOLL HIGHWAY AUTHORITY	FY16	\$1,569,215,786	\$34,712,287	2.21%
TRANSPORTATION (non-construction)	FY17	\$2,305,003,942	\$86,171,070	3.74%
TRANSPORTATION (non-construction)	FY16	\$2,478,067,464	\$50,999,233	2.06%

## SMALL BUSINESS CONTRACTING (30 ILCS 500/45-90)

### SMALL BUSINESS CONTRACTING BY AGENCY cont.

Agency	Fiscal Year	Total Spend	SBCA Spend	SBCA % of Total
VETERANS' AFFAIRS	FY17	\$17,397,991	\$6,268,762	36.03%
VETERANS' AFFAIRS	FY16	\$16,918,416	\$6,107,536	36.10%
WORKERS' COMPENSATION COMMISSION	FY17	\$912,760	\$1,982	0.22%
WORKERS' COMPENSATION COMMISSION	FY16	\$316,146	\$19,662	6.22%
INNOVATION AND TECHNOLOGY	FY17	\$193,043,349	\$14,691,534	7.61%
TAX TRIBUNAL	FY17	\$1,113	\$0	0.00%
STATE CHARTER SCHOOL COMMISSION	FY17	\$0	\$0	0.00%



The Chief Procurement Office co-sponsored an outreach event for small and large businesses in the construction trades, especially veteran and minority owned firms, at Moraine Valley Community College. The event was sponsored by the CPOs, the Illinois Department of Veterans Affairs, the Toll Highway Authority, the Department of Central Management Services' Business Enterprise Program, and the Illinois Department of Commerce and Economic Opportunity.

## CONTACT US

**We're not only here, we want to hear from you!**

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