



2020 Sheltered Markets Annual Report

July 1, 2019 – June 30, 2020

Executive Order 2016-08 requires the Department of Central Management Services (CMS) to apply the findings of the 2015 Disparity and Availability Study to identify industries where a sheltered market may be an appropriate solution to identified disparities.

In Accordance with Executive Order 2016-08, the Illinois Department of Central Management Services submits the following report to the Governor on or before July 1st.

Janel L. Forde
Director

Executive Summary

The Illinois Department of Central Management Services' Business Enterprise Program (BEP) continues to advance the mandate of ensuring equal opportunity is provided to all Illinois businesses under Executive Order 2016-08.

Certification and Accessibility

In partnership with CMS Bureaus of Data Strategy and Rapid Results, the BEP certification unit has addressed backlog and developed an optimized FastTrack Certification workflow which will allow business certified by the City of Chicago, Cook County and other governmental unities to be determined without additional evidence of eligibility. This will significantly expand the program's participation, and reduces participation and reduce duplicative paperwork for qualifying businesses..

Mentor Protégé Program

CMS developed a job description for the Mentor Protege Program Manager and worked to embed the program within BEP for future success. The position will be posted publicly, with interviews to follow.

Outreach Strategy

BEP Outreach Strategy continues to establish strategic partnerships with agencies and organizations which enable BEP to participate more widely in events throughout the State. This also gives BEP the opportunity to refer vendors to State and Federal agencies that could potentially help them with financing, in addition to other needs they have.

The COVID-19 response has significantly expanded the role of virtual meetings, globally. This widespread adoption of that medium has enabled BEP to launch webinars to help vendors with their certification application process and to other prepare them to participate in the State procurement procedures.

Electronic Contracting

BEP has fully automated the B2GNow Certification System, and is working on full automation of the B2GNow Compliance System component in fulfilment of the Executive Order 2016-08. This enables fast processing of certification applications and real time tracking of payment information between primes and subcontractors.

Financial Assistance

BEP played a major role in referring vendors to institutions and programs available to assist them such as; Illinois Small Business Emergency Loan Fund; Downstate Small Business Stabilization Fund; Illinois Criminal Justice Information Authority (ICJIA) which has \$31.5 million in Grants available for Illinois Businesses; Office of the Illinois State Treasury which has \$500 million in Bridge loans for Illinois Businesses; Paycheck Protection Program, and Economic Injury Disaster Loans Advance Grants program. Additionally, CMS' Vendor Payment Program helped expedite payments to vendors to avoid disruption in their companies' operations.

Goal-Setting

BEP goal setting has remained the same. Using the BEP-established goal-setting formula, agencies set goals for BEP review. In response to those solicitations, bidders submit a Utilization Plan (U-Plan) detailing how they plan to meet the established goal. The U-Plan becomes a term and condition for the winning vendor. Once the contract is awarded, BEP compliance staff review and monitor it to ensure that the U-Plan is adhered to and that the BEP goal is met. BEP and participating agencies are currently piloting a new goal-setting formula. BEP is working closely with BOSS to develop training for agencies' use of this process.

Procurement Forecasting

State agencies and universities continue to forecast procurement needs and anticipated spend each year during their budget development exercises. BEP Compliance has no role in this process. Agencies submit Compliance Plans to BEP which are reviewed by BEP staff and presented with budgetary information to the Council for its review and consideration.

These Compliance Plans set out a spending plan for the upcoming year and identify in which areas the agency or institution expects to be able to achieve spending with BEP certified firms.

Increased Information

BEP Compliance participates in pre-bid conferences conducted by the procuring agency when offered. BEP Compliance prompts agencies hold pre-bid conferences for their procurements, as well as to extend the period between the release of a solicitation and the date when the bids are due (current 30-day average).

Remove Barriers

In fulfillment of Executive Order 2016-08, CMS continues to review existing processes and procedures to facilitate the removal of barriers which prevent equal access to contracting opportunities. Proposed changes that will enhance participation include the following:

- Instituting a new Version 20.0 of the Utilization Plan;
- Conducting Pre-bid conferences;
- Establishing a new goal setting methodology;
- Hosting a webinar development of procurement forms & functions;

Sheltered Market Initiative

BEP continues to work with interested parties and Council members seeking the establishment of a Sheltered Market in fulfillment of Executive Order 2016-08. The BEP Council continues to look at different areas in State procurement where dollars are being spent in order to analyze whether there is any disparity observed in its spend. Sheltered Market is now featured permanently on the agenda for discussion of all Council meetings held.

Case law holds some clear prohibitions applying to goal-setting methodologies and Sheltered Markets. BEP maintains where the establishment of Sheltered Markets is contemplated, it will be on the basis of evidence and informed by the requirements of law.

Accordingly and in compliance with SB177 (PA101-601), CMS/BEP is conducting a social scientific disparity study in calendar year 2020. Consistent with statutory provisions, its findings will be reported by CMS in 2022.

Lastly, in order to address the disparate treatment of groups of individuals in State contracting, the Business Enterprise Program (BEP) has issued guidance to agencies contemplating utilization of existing Sheltered Markets.

Conclusion

In recognition of the importance of Executive Order 2016-08, CMS/BEP continues to work toward total fulfillment of its recommendations. Some FY20 highlights of BEP's commitment to fulfilling these recommendations are:

- BEP establishment of the Sheltered Market Implementation Memorandum
- Major progress in the establishment of the Mentor Protégé Program
- BEP Outreach increase collaboration with DCEO in outreach efforts throughout the State
- Continued improvement in Electronic Contracting

The BEP Council continues to examine all areas of State spend to assess the need for Sheltered Market. BEP is looking forward to FY21 with renewed vision and optimism for the promotion of the economic development of minority, women, and persons with disabilities – owned businesses, and their participation in the State's overall procurement process". BEP will continue to further strengthen its resolve to fully accomplish all recommendations as ascribed in Executive Order 2016-08.

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FY20 BEP Sheltered Market Annual Report

Introduction

Since the foundation of the Business Enterprise Program (BEP) in 1984, the goal of the program has been to promote the economic development of businesses owned by minorities, women, and persons with disabilities through their participation in the State's overall procurement process.

With the signing of Executive Order 2016-08, BEP renewed its commitment and intensified its efforts to increase the participation of businesses owned by Minorities (MBE), Women (WBE), and Persons with Disabilities (PBEs) in the State economy. There are currently over 2,100 certified vendors and BEP continues to work toward increasing participation through expanded outreach to under resourced business communities throughout Illinois. With the commitment and support of Central Management Services (CMS) leadership, BEP anticipates continued growth in the number of participating firms and their procurement opportunities. BEP is dedicated to fulfilling Executive Order 2016-8 and creating parity within Illinois procurement. This report details and provides an update on BEP's progress thus far in the implementation of these goals.

Certification

BEP online certification was implemented in 2016, and BEP Certification is now fully paperless. From the initial submission of applications to the final certification decision, all processes are web-based and real-time. Vendors can upload all documentation and track the status of their applications throughout the review process, as well as communicate with BEP Certification Staff. Automation has greatly reduced the vendor's application processing time from the mandatory 60 days to about two weeks. With the support and assistance of the CMS Bureaus of Data Strategy and Office of Rapid Results, ancillary process improvements have been operationalized enabling Certification to eliminate its historic certification backlog.

Since 1984 the Business Enterprise Program (BEP) has been setting affirmative action goals on contracts to elevate the utilization of diverse firms in the State's contracting. The legal principals by which the program must abide evolve over time in response to changes in applicable law and the risks associated with an ever-changing federal judicial climate. This creates risk, unmanaged, may imperil the program's mission. To manage that risk, it has maintained a high standard for alignment with those legal principals, which in turn has required applicant-vendors to provide documentary evidence of their qualification that exhaustively proves their eligibility, ownership, control and capacity. Programs similar to BEP, such as the City of Chicago and Cook County procurement diversity programs, are held to the same legal requirements and consider the same elements of qualifications: a vendor seeking to participate in all programs for which they are eligible must complete multiple applications and provide duplicative sets of document to achieve those credentials. Administratively, each governmental program to which a vendor applies must then duplicative examine that evidence.

Recent legislation, SB177 (PA101-601), authorized CMS to establish a registration procedure to recognize without additional evidence of BEP eligibility, the certification of eligible business certified by Cook County, the City of Chicago and any other jurisdictional programs with requirements and procedures equal to or exceed those of the BEP Act. Using this authority, in 2020 the program created the new **FastTrack Certification**, which allows a business holding such a certification to apply to the BEP using it as the singular article of evidence, thereby eliminating the burdensome duplicative documentary requirement. With supporting technology, FastTrack Certification will process applications within seven business days.

Outreach

CMS BEP Outreach is geared towards increasing the participation of businesses owned by minorities, women, persons with disabilities, and veterans in the procurement of goods and services by the State of Illinois. This outreach plan was developed in preparation of the FY2020 procurement cycle and was designed to serve as a guide for CMS-hosted events and reflects only a sampling of all the outreach activities that CMS has been participating in during the fiscal year.

BEP's objective is to create a platform from which business owners can gain insight into the process for accessing State procurement opportunities and connect with key decision-makers in an educational and network-friendly environment. BEP hopes to promote diversity inclusion in the State's supplier base by connecting prime contractors with businesses owned by minorities, women, persons with disabilities and veterans. BEP encourages businesses to partner on State projects in order to increase participation by small vendors as subcontractors, as well as increase the number of firms certified with the State of Illinois Business Enterprise Program.

Initially, the BEP outreach strategy for FY20 was to cover remote areas of the State partnering with DCEO. From July 2019 to March 2020, BEP traveled to different locations and attended several outreach events that were hosted by our partners and various organizations to exhibit and provide workshops throughout the State. As the emergence of COVID-19 required citizens to shelter in place, the roadshow was replaced with a "virtual road show" through the use of webinars. BEP will continue its virtual road show until the physical road show can take place.

Between July 2019 and May 2020, BEP Outreach participated in 122 events ranging from hosting, co-hosting, participating in panel discussions and workshop presentations and co-hosting events. By the end of FY20, BEP Outreach expects to participate in a total of 141 events.

Below is a breakdown of the FY'20 Outreach Plan. This plan includes 141 events BEP has and is scheduled to participate in by the end of the fiscal year.

- TV/Cable Program Guest – 1
- Panel Discussions – 5
- Workshops – 64
- Hosted Events – 11
- Exhibits – 59
- Virtual Events (Procurement Chats, Application Workshops and attended Call-ins) – 47

Targets

BEP Outreach has a focused annual plan that targets six (6) expenditure categories within State government:

- Information Technology and Telecommunication
- Construction (vertical and horizontal)
- Equipment and Commodities
- General Services and Professional Services
- Health Services
- Food Services

Throughout FY20, BEP will be hosting industry-specific events. Target dates were established to allow adequate time for planning and promotion in order to ensure a high level of participation from our partners, stakeholders, and the business community. These events are being held in convenient locations, within the State of Illinois to accommodate businesses in the northern and southern regions. CMS is the host agency in collaboration with various state agencies. Each event focuses on different expenditure categories where decision makers from within State government, prime contractors, and small business owners will have an opportunity to participate.

Goals

- Bridging primes and vendors to develop business relationships
- Promoting supplier diversity and diversity inclusion
- Highlight/promote current, ongoing and future projects and agency programs
- Increase the number of certified vendors
- Encourage small vendors to participate in sub-contracting

Agenda

Each event has a standard agenda that includes the Director of CMS or their designee, other Agency Heads, and key decision-makers from State agencies for the event's relevant expenditure categories. Information about the process for doing business with the State of Illinois, procurement forecasts, current solicitations, ongoing and future projects, as well as other programs and resources for businesses are made available.

Outline

The outline for each event features a moderator, welcome remarks, and a combination of all or some of the following opportunities: panel discussions, presentations given by prime contractors, workshops and booth exhibitions.

In order for the marketing plan to successfully drive attendance, involvement by the Governor's Office, State agencies, local and statewide elected officials, local chambers of commerce, business associations, other certifying entities, as well as social and public media outlets will continue to be incorporated.

Partnerships

BEP is currently working with the Illinois Secretary of State's office to identify vendors registered as a woman, minority, person with a disability and/or veteran owned business in order to encourage their participation in the BEP and/or Veteran Business Program.

The BEP and the City of Chicago Mayor's Office of People with Disabilities are supporting each other's efforts to increase awareness among PBE owned businesses of the benefits and advantages of PBE certification.

The Chicago Minority Supplier Development Council, in collaboration with the BEP, co-hosts a bi-monthly certification workshop. A procurement officer from the Illinois Department of Human Services (DHS) is also present to speak on efforts to increase BEP spend and share information on current and ongoing contracting opportunities at DHS.

The BEP has created long lasting partnerships with government and non-government entities throughout the State which are also dedicated to economic development. These partnerships have greatly increased our reach across the State of Illinois.

Webinars

BEP utilizes webinars to conduct and participate in outreach throughout the State. This has allowed BEP to help vendors with their applications and facilitate the Procurement Chats with State and agency procurement officers which gives vendors a deeper understanding on how the State procurement works. Each week there is a different agency procurement officer as guest for ½ hours session to explain the processes and procedures of how things operate.

Financial Assistance

FY20 has been a very challenging year for BEP vendors. Due to the economic impact of COVID-19, many BEP-certified vendors are working to reopen after the closure of non-essential businesses. BEP continues to work in partnership with the Department of Commerce and Economic Opportunities (DCEO) as it reaches out to existing, new, and prospective vendors. Because of the many challenges these vendors face financially, BEP is committed to providing information to vendors looking for loans and grants to facilitate their ongoing operations.

In addition to working with DCEO, BEP played a significant role in educating our vendors and directing them to various opportunities that existed including State, non-State and Federal resources by email and webinar. Some financial opportunities BEP referred to vendors included:

Illinois Small Business Emergency Loan Fund

DCEO and the Illinois Department of Financial and Professional Regulation (IDFPR) established the Illinois Small Business Emergency Loan Fund to offer small businesses low interest loans of up to \$50,000. Businesses located outside of the City of Chicago with fewer than 50 workers and less than \$3 million in revenue in 2019 were eligible to apply.

Downstate Small Business Stabilization Fund

To support small businesses in downstate and rural counties across Illinois, DCEO repurposed \$20 million in CDBG funds to stand up the Downstate Small Business Stabilization Program. This Fund offered small businesses of up to 50 employees the opportunity to partner with their local governments to obtain grants of up to \$25,000 in working capital. These grants are offered on a rolling basis.

Vendor Payment Program

The Vendor Payment Program (VPP) remains CMS primary assistance to vendors whose operations are affected by a delay in receiving payment from the State. This program information has become an integral part of BEP Outreach's standard presentation. The VPP is a voluntary enrollment program designed to expedite the timeframe of payments to State vendors and service providers by partnering with Qualified Purchasers that can provide 90% of the value of a vendor's receivables from an overdue payment on a State contract to the vendor upfront. Participation is simple, secure, and vendors receive 100% of the value of their receivables free of cost. The Business Enterprise Council is also exploring options with the Office of the Comptroller to prioritize and expedite payments to BEP vendors in certain situations.

Illinois Criminal Justice Information Authority (ICJIA) 31.5 million in Grants available for Illinois Businesses

The Illinois Criminal Justice Information Authority (ICJIA) is offering two new funding opportunities to support Restore, Reinvest, and Renew (R3) programming in historically underserved communities across Illinois. Grants are available for community assessment and planning initiatives and service delivery.

Gov. JB Pritzker's proposed fiscal year 2021 budget includes a \$35 million R3 appropriation from the General Revenue Fund to ICJIA for grants, awards, and administrative costs. A total of \$31.5 million is available for grants, including approximately \$28.3 million to support service delivery and \$3.1 million for assessment and planning.

Office of Illinois State Treasury \$500 million in Bridge loans for Illinois Businesses

A \$500 million increase in the amount of money available to small businesses in Illinois was announced by the Office of the Treasury on April 27, 2020.

Additional Non-State Resources

Paycheck Protection Program

The SBA will provide up to \$349 billion in loans to eligible entities to help small businesses and not-for-profits maintain their existing workforce and pay for expenses like rent, payroll, mortgage interest and utilities. Importantly, loans are subject to forgiveness for businesses that retain or rehire laid off employees and maintain salary levels. The SBA will forgive the portion of the loan proceeds that are used to cover the 8 weeks following the date of loan origination of payroll costs, rent, utilities and mortgage interest. No more than 25% of the forgiven amount may be for non-payroll costs. The loans are 100% federally guaranteed under a new subsection of Section 7(a) of the Small Business Act.

Economic Injury Disaster Loans Advance Grants

In addition to existing loans available under the SBA for Economic Injury Disaster Loans (EIDL), advance grants up to \$10,000 can be made to provide immediate relief for small business operating costs for entities that apply for an Economic Injury Disaster Loan. Funds will be made within three days of a successful application.

Compliance

Goal-Setting

BEP is examining the feasibility of a new goal setting function on contacts through its new Diversity Contract Monitoring System (DCMS). BEP is now considering the State's procurement system, BidBuy, as the new denominator in the goal setting methodology calculation rather than the Hoovers' database. For solicitations on which a BEP goal is set, bidders must submit Utilization Plans (U-Plans) detailing how they plan to meet the goal. The U-Plan becomes a part of the contract with the winning vendor. Once the contract is awarded, BEP compliance staff will monitor the contract to ensure that the U-Plan is adhered to and that the BEP goal is met.

Additionally, agencies, prime contractors, and subcontractors are required to report work and payments directly into the system, allowing Compliance Coordinators a quick view of where each contract stands without having to manually request updates from vendors. The migration to B2GNow has made it possible for more accurate and timely reporting on all contract compliance associated with the payment of BEP subcontractors by prime vendors.

BEP is working closely with BOSS to coordinate agency training throughout this process.

Procurement Forecasting

Forecasting is a function of the agencies and institutions of higher education during their budget development exercises – usually a year in advance of the spend year. This is what is termed as the agency Compliance Plan. Once the compliance plans are received, BEP Compliance sends the BEP Council the budgetary information supplied on the Compliance Plans.

These Compliance Plans set out a spending plan for the upcoming year and identify in which areas the agency or institution expects to be able to achieve spending with BEP certified firms.

Electronic Contracting

The Diversity Compliance Monitoring System (DCMS), currently used by BEP Compliance, was partially implemented over one year ago. The DCMS is awaiting the full and final automated functions of the System, such as an automatic contract download function from BidBuy that will populate the DCMS with diversity contract data. The final automation is expected to be installed by October 30, 2020.

Increased Information

BEP Compliance participates in pre-bid conferences conducted by the procuring agency when offered. BEP Compliance prompts agencies hold pre-bid conferences for their procurements, as well as to extend the period between the release of a solicitation and the date when the bids are due (current 30-day average).

Remove Barriers

In fulfillment of Executive Order 2016-08, CMS continues to review existing processes and procedures to facilitate the removal of barriers which prevent equal access to contracting opportunities. Proposed changes that will enhance participation include the following:

- Institute a new Version 20.0 of the Utilization Plan;
- Conduct Pre-bid conferences;
- Establish a new goal setting methodology;

- Webinar development of procurement forms & functions;
- Certification cleanup of incorrect NIGP Codes.

Sheltered Markets Initiative

BEP continues to work with interested parties and Council members that are interested in the establishment of a Sheltered Market in fulfillment of Executive Order 2016-08. In FY2018, the Council approved the establishment of a Sheltered Market based on advertisement. Sheltered Market is now featured permanently on the agenda for discussion of all Council meetings held. The Council is constantly evaluating where State dollars are going and whether any disparity is observable in its spend.

Project Resource Sheltered Market (PRSM)

On February 24, 2020, DOIT announced at the BEP Council Meeting it would implement a sheltered market, and informed the Council on that upcoming solicitation. The solicitation was introduced as Project Resource Sheltered Market or PRSM.

PRSM is an IT solicitation where vendors have the ability to show them their expertise in 10 categories and become pre-qualified to enter into terms and conditions contracts with the State of Illinois. The solicitation is being conducted as a multi-step procurement, where the first step involves becoming pre-qualified and the second step is an Invitation for Bids issued by Governmental Units when they have a need for an IT vendor to provide short-term resources or work on specific projects.

The solicitation is only available to minority, women, and persons with disabilities-owned companies certified by the Business Enterprise for Minorities, Women and Persons with Disabilities Act (BEP Act) (30 ILCS 575). **Vendors must be BEP certified by Central Management Services prior to offers being due.**

These are the ten categories of services included in the Project Resource Sheltered Market solicitation:

- Category 1: IT Planning Services
- Category 2: Information Security Services
- Category 3: Software/Application Development Services
- Category 4: Teaching and Learning Services
- Category 5: Mobile Technology Services
- Category 6: Web Content and Development Services
- Category 7: Desktop Services
- Category 8: Networking Services
- Category 9: Infrastructure Services
- Category 10: Customer Support Services

State agencies will have the option to solicit for these skill categories and vendors will go through a multi-step bidding process allowing them to be evaluated on these skill sets to become part of that pool of vendors. When qualified, anytime a state agency goes out on any one of these categories, they will do a short IFB and the low bidder will win that particular contract.

A notice was published to the BidBuy bulletin about 3 weeks before their presentation to the BEP Council to allow the vendor community know this is coming and also for those who are not yet certified to give them ample time to get their other state of Illinois registrations together with the Secretary of State, Department of Human Rights, and State Board of Elections so they will have that opportunity. DoIT has also been working with CMS/BEP for those who are first time applicants to expedite those certifications. The solicitation will be on the street for approximately six weeks.

Vendors selected for this contract will be primes and not subcontractors. They will have the opportunity to do business directly with the state of Illinois and build their portfolio with the skill sets that they have. This will allow state agencies overall to increase their BEP goals, which is good for the vendor community and also assist minority vendors to have the opportunity to become prime vendors on contracts with the State of Illinois.

Disparity Study

Additionally, CMS/BEP is currently executing SB 0177 which mandates that by December 1, 2022, a model for social scientific disparity study is being worked on. The RFP has been reviewed and currently discussions are underway with Illinois Tollway to conduct a joint study. The findings of this disparity study will indicate future Sheltered Market policy. The Disparity Study is being conducted by a joint CMS BOSS & BEP team.

Mentor Protégé Program (MPP)

CMS is in the final stages of implementing the Mentor Protégé Program. CMS has identified the elements of and created the structure for the program and is currently working with Human Resources to facilitate the hiring of the MPP Manager. The position is slated to be posted publicly, with interviews to follow.

Conclusion

In recognition of the importance of Executive Order 2016-08, CMS/BEP continues to work toward total fulfillment of its recommendations. Some FY20 highlights of BEP's commitment to fulfilling these recommendations are:

- BEP establishment of the Sheltered Market Implementation Memorandum
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The BEP Council continues to examine all areas of State spend to assess the need for Sheltered Market. BEP is looking forward to FY21 with renewed vision and optimism for the promotion of the economic development of minority, women, and persons with disabilities – owned businesses, and their participation in the State's overall procurement process. BEP will continue to further strengthen its resolve to fully accomplish all recommendations as ascribed in Executive Order 2016-08.