



Illinois Commission on Equity and Inclusion

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Honorable Governor J.B. Pritzker and Members of the General Assembly:

On behalf of the Illinois Commission on Equity and Inclusion (CEI), I am pleased to present to you the Annual Report for the Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran Owned Small Businesses (VOSB) outlining the qualified state dollars spent with certified vendors of the Veterans Business Program during fiscal year 2022.

As codified in 30 ILCS 574/40-1, the Commission on Equity and Inclusion (Commission) was formed effective January 1, 2022. By statute, (30ILCS 500/45-57(b), the Commission on Equity and Inclusion submits to the Governor and the General Assembly the FY2022 Annual Report for the Service-Disabled Veteran Owned Small Businesses (SDVOSB) and Veteran Owned Small Businesses (VOSB).

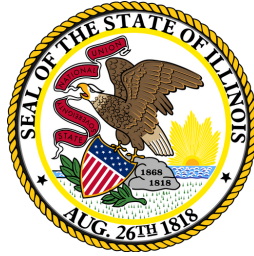
This report provides a diligent review of our mile markers and accomplishments. It is the goal of the State to promote contracting with qualified veteran-owned small businesses and service- disabled veteran owned small businesses. Not less than 3% of the total dollar amount of State contracts is established as a goal to be awarded to VOSBs and SDVOSBs.

We recognize our areas of development and are striving to grow in these areas by strategically disbursing resources and streamlining our certification process. The Commission on Equity and Inclusion remains committed to the growth and improvement of our Veterans Business Program.

Respectfully,

A handwritten signature in blue ink that reads "Kellye A. Keyes".

Kellye A. Keyes
Acting Chairperson and Executive Director



COMMISSION ON EQUITY AND INCLUSION

VETERANS BUSINESS PROGRAM

Fiscal Year 2022

Annual Report

Executive Summary

The Commission on Equity and Inclusion (CEI) hereby submits its annual report for the Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran-Owned Small Businesses (VOSB) outlining the qualified state dollars spent with certified vendors of the Veterans Business Program during the prior fiscal year to the Governor and the General Assembly.

Fiscal Accomplishments

The total number of contracts awarded in FY2022 increased to 266, which represents a 6.4% increase from the previous year. The total value of VOSB contracts also enjoyed a year over year increase during Fiscal Year 2022. In FY2021 the total VOSB contract value was \$45,195,423. This amount grew to \$103,227,868 in FY2022. This increase can be attributed to more contracting opportunities as the restrictions of the pandemic waned. State agencies, public institutions of higher education and community colleges deferred many purchases during the height of the pandemic. As a result, purchases have been trending up since FY2022. There is a breakdown of the agencies and the SDVOSB and VOSB vendor use broken into the four Chief Procurement Officer sections later in this report.

Operational Outlook

Outreach

Staff hosted seven events during FY2022 which provided programing and certification information for interested VOSB and SDVOSB vendors. The Outreach Unit will strive to maximize relationships with our stakeholders, community partners, and sister agencies throughout the State to increase opportunities for Veteran entrepreneurs to gain access to State contracts and become certified in the Veterans Business Program. We anticipate hosting more events for VOSB & SDVOSB in FY2023.

Certification

This year, CEI's BEP Program saw significant increases in the number of certified veteran owned businesses. There was a 28% increase in service-disabled veteran owned small businesses from FY2021 to FY2022. The veteran owned small business category saw an 7% increase in participation during this time period as well. The increase in certification of VOSB and SDVOSB can be attributed to the waning of the COVID-19 and the relaxation of pandemic related restrictions.

Compliance

The Compliance Unit will capitalize every opportunity to provide information to veteran business owners on BEP goal setting and the successful completion of the utilization plan, which is necessary for the State's procurement bidding process. The Compliance Unit also engages Veterans through trainings, pre-bid conferences, and one-on-one assistance for veteran business owners requiring help with the process.

Several program enhancements are underway that will benefit VOSB & SDVOSB. Changes to the agency procurement goal setting process at the onset of the solicitation will increase input

from our vendors through unbundling. Also, new goal setting and goal setting review forms are under design and development to encompass Veteran goal procurements.

BEP urges veterans to capitalize on potential state contracts through certifying all the appropriate NIGP codes related to your business.

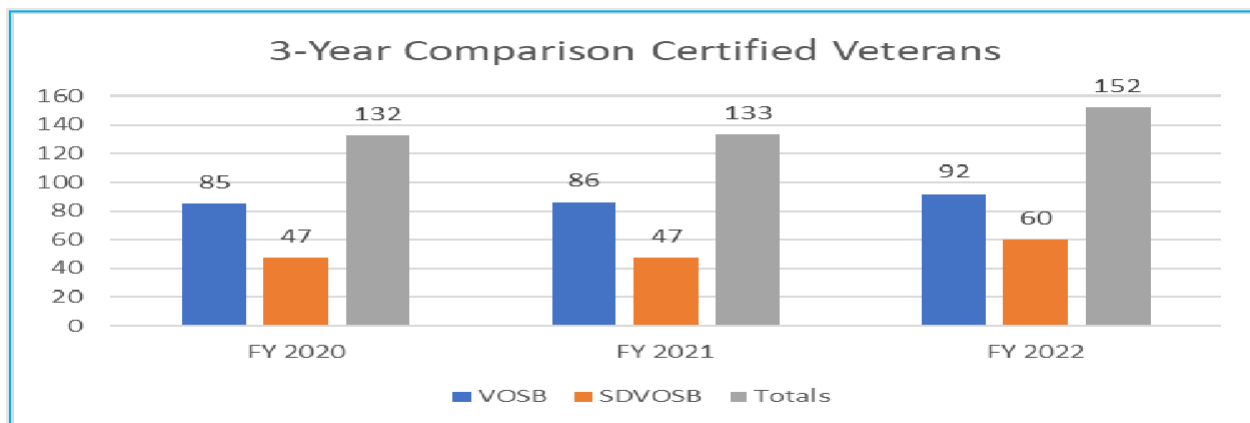
Mentor Protégé Program

The Mentor Protégé Program (MPP) continued to collaborate with the Outreach Unit and stakeholders in FY2022 to identify interested participants for the program. The Mentor Protégé Program will remain focused on creating partnerships, capacity, growth opportunities, and scaling emerging VOSB/SDVOSB businesses. The Mentor Protégé Program will also help to expand BEP's reach in providing equitable access for economic growth for its VOSB/SDVOSB.

The Commission on Equity and Inclusion remains committed to the development and improvement of its Veterans Business Program. By increasing outreach efforts, maximizing partnership opportunities, strategically disbursing resources, streamlining the certification process, we will continue enhance the Veterans Business Program.

**Annual Commission on Equity and Inclusion Report regarding
Service-Disabled Veteran Owned Small Business & Veteran Owned Small Business
Programs**

Pursuant to 30 ILCS 500/45-57(b) the Commission on Equity and Inclusion is required to review and report on the progress of each Chief Procurement Officer in reaching the State's aspirational 3% goal of contracting with Veteran Owned (VOSB) and Service-Disabled Veteran Owned (SDVOSB) businesses. The Commission on Equity and Inclusion is also required to make recommendations to improve the number and value of contracts awarded to Veteran and Service-Disabled Veteran Owned businesses as well as identify barriers. The Commission on Equity and Inclusion strives to increase the number of certified vendors pursuant to 30 ILCS 500/45-57(b) for Service-Disabled Veteran-Owned Small Business (SDVOSB) and Veteran-Owned Small Business (VOSB) vendors in State procurement. The graph below provides a year-by-year comparison of the number of certifications the State has issued to VOSB and SDVOSB.



The three-year comparison shows an increase in the number of VOSB and SDVOSB for FY2022. In contrast, FY20 and FY21 remained flat due to the impact caused by the world-wide pandemic. Many state agencies put purchases on hold during the uncertainty.

Recommendations of the Commission on Equity and Inclusion to increase certification and contracting with Service-Disabled Veteran and Veteran Owned Businesses:

- Host matchmaking opportunities for Veterans and Service-Disabled Veterans at several State agencies, universities, and community colleges.
- Encourage agencies to award contracts to SDVOSB and VOSBs even when there is no goal.
- Encourage the CPOs to conduct a Request for Information to investigate one

bulletin that can be specifically tailored for each of their respective portfolios.

- Fund an outreach campaign for the veterans IDVA has registered in its database and provide literature on how to become certified and the benefits of certification.
- Encourage Illinois Department of Veterans Affairs (IDVA), Small Business Set-A-Side Program (SBSP) and CEI to collaborate to actively conduct targeted outreach across the State of Illinois to increase the number of certified veterans.
- Encourage Illinois Department of Veterans Affairs (IDVA), Small Business Set-A-Side Program (SBSP) to develop and distribute a survey to all the veterans in Illinois to determine the interest and obstacles facing the veterans and business ownership.
- Investigate the possibility of an intergovernmental agreement with the Small Business Administration (SBA), as they are the agency at the Federal level processing all applications for VOSB and SDVOSB, to identify certified veteran-owned vendors in Illinois.
- Increase awards to Veteran and Service-Disabled veterans by enforcing the law and issuing non-conforming penalties on primes and voluntary compliance agreements as well as barring prime vendors when there are violations of the law.
- Expand CEI's Mentor Protégé Program and include Veteran Owned and Service-Disabled.
- Require all agencies and community colleges subject to the procurement code to report participation and recommendations to CEI.
- Identify the NIGP codes have the most VOSB & SDVOSBs. Offer a preference or set aside with competitive purchases using these codes.
- Reassess the requirement that VOSB's and SDVOSB's must be residents or have 51% of their stock owned by Illinois residents. There is no analogous requirement for prime vendors.
- Increase the length of VOSB & SDVOSB certification period from 5 to 7 years.
- Streamline the State's procurement process.

Barriers to Contracting with Veteran and Service-Disabled Veteran Owned Businesses:

- Limited contracting opportunities.
- Requirement to register and monitor all four Chief Procurement Officers' Bulletins to get information about all competitive State contracts governed by the CPOs.
- Requirement that VOSB & SDVOSBs become certified with the State of Illinois Small Business Set-A-Side Program (SBSP).
- Agencies, universities, and community colleges not conducting outreach to market

upcoming opportunities to contract with the State.

- Small number of certified SDVOSB and VOSB vendors so that there are few goals set on contracts.
- Confusing and protracted State procurement process.

The Commission on Equity and Inclusion has compiled the following data and recommendations provided by each of the four Chief Procurement Officers

All Four Chief Procurement Officers' Totals	FY21	FY22
Total VOSB contracts	250	266
Total VOSB contract value	\$45,195,423	\$103,227,868
Average VOSB contract amount	\$220,465	\$388,075

The Chief Procurement Officer for the Capital Development Board has one client, the Capital Development Board

The Chief Procurement Officer for the Capital Development Board (CPO-CDB) provided CEI with his Fiscal Year 2022 report of Service-Disabled Veteran-Owned Small Business (SBVOSB) and Veteran- Owned Small Business (VOSB), collectively known as the Veteran Business Enterprise (VBE) for the Capital Development Board (CDB). The scope, location of work, and the number of certified VBE firms in the region impact the ability of CDB to place goals on all projects. There were veteran goals set on 137 (26%) of 529 contracts that were solicited for construction and construction- related professional services during FY2022. CDB achieved 2.6% of the aspirational 3.0% contracting goal.

CEI Certified VOSB & SDVOSB Firms Pre-qualified as Primes and Registered as Subcontractors to do business with CDB in FY2022				CEI Certified VOSB & SDVOSB Firms Pre-qualified as Primes and Registered as Subcontractors to do business with CDB in FY2021		
	Total	Prequalified by CDB as Prime	Registered w/CDB as subcontractor	Total	Prequalified by CDB as Prime	Registered w/CDB as subcontractor
Contractors	32	7	13	49	18	31
Architects and/or Engineers	55	7	7	16	12	4
Totals	87	14	20	65	30	35

Contracts Awarded by the Capital Development Board to VOSB & SDVOSB Vendors*	FY21	FY22
Total Amount Awarded to Veteran and Service- Disabled Veterans	4,868,147	13,503,258
Total Contract Awards by CDB in	168,835,88	525,175,613
Percentage Awarded to VOSB & SDVOSB	2.80%	2.60%

*Please note these numbers represent only “construction” and “construction-related” contracts and do not include “supplies and services.

Recommendations of CPO-CDB to increase certification and contracting with Service-Disabled Veteran and Veteran Owned Businesses:

Recommendations

- CDB will continue to attend outreach events hosted by other agencies, governmental entities, and industry groups to promote both minority and veteran certification, prequalification, and participation on CDB projects.
- Promote CDB projects that contain VBE goals to increase visibility regarding these projects.
- Make contract awards on a timely basis.
- Continue outreach efforts to increase the number of certified VBE firms who are also pre-qualified or registered with CDB.

Prior Recommendations:

- Identify projects in Chicagoland area that would allow for the establishment of goals that exceed the traditional 3%. There is a high concentration of CEI certified VBE firms located in Chicagoland.

The Chief Procurement Officer of General Services has approximately 60 client agencies

The CPO-GS provided CEI with her Fiscal Year 2022 report of Service-Disabled Veteran-Owned Small Business (SBVOSB) and Veteran-Owned Small Business (VOSB) participation. The review of Fiscal Year 2022 encompasses 30,042 Purchase Orders (POs) transacted in BidBuy. These POs are valued at \$6.5 billion. BidBuy POs include contracts and release orders from master contracts. Five of the six awarded firms are registered in the Small Business Set-Aside Program (SBSP) and their POs totaled \$2,954,418. This high correlation between awarded firms and participation in the SBSP offers insight into how to immediately increase contracting with VBP firms that may also qualify for the SBSP. Of the six awarded businesses, four firms are certified in the Business Enterprise Program.

Chief Procurement Officer-General Services VOSB & SDVOSB Vendors with contracts FY22					
Vendor Name	SBSP Registered	BEP Certified	Contracting Agency	BidBuy Reference #	Total FY22
American Veteran Industries, LLC	Yes	No	Veterans Affairs	22-497DVA-MANTE-P-37479	\$8,076
BioMetric Impressions, Corp.	Yes	Yes	Children and Family Services	19-416CMS-BOSS4-P-4770	\$2,800,000
			Commerce Commission	19-416CMS-BOSS4-P-4770	\$20,664
			Revenue	19-416CMS-BOSS4-P-4770	\$16,400
			Commerce Commission	19-416CMS-BOSS4-P-4770	\$11,480
			Veterans Affairs	23-497DVA-MANTE-P-38650	\$9,600
Calhoun Construction Inc.	Yes	No	Natural Resources	22-422DNR-MINES-P-36243	\$18,297
CW Financial & Management Group	Yes	Yes	Human Services	22-444DHS-MENTH-P-35271	\$69,700
Pro Alliance Corp.	Yes	Yes	Innovation and Technology	22-448DOIT-ADMIN-P-36880	\$201
The Ross Agency, Inc.	No	Yes	Human Services	22-444DHS-FAMCO-P-38356	\$1,370,550

Chief Procurement Officer-General Services			
Number of VOSB & SDVOSB Vendors with contracts FY22			
	FY20	FY21	FY22
# of Vendors who won Purchase Orders	13	17	6
# Purchase Orders	25	62	10
Total Value of all Purchase Orders	\$2,507,882	\$11,944,230	\$4,324,968

Recommendations of CPO-General Services to increase certification and contracting with Service-Disabled Veteran and Veteran Owned Businesses:

Recommendations

- The CPO-GS suggests that the use of set-asides is the most important mechanism for increasing the total dollar value of awards to veteran-owned businesses. Contracts set-aside for veterans will provide a strong incentive for qualified veteran-owned businesses to enroll in VBP and remove the ongoing assertion by State agencies that if there were more businesses in VBP then there would be more contract opportunities.
- To create set-aside contracts for SDVOSB and VOSB, the Procurement Code must be amended giving the chief procurement officers this authority. Veteran-owned small business set-aside contracts would limit competition for State contracts to only firms certified in VBP. Additionally, when only one vendor in VBP offers a supply or service not offered by another VBP vendor, any State agency may contract with that unique VBP business if the terms of a contract can be negotiated to the mutual benefit of the State and vendor. This removes the requirement that at least two VBP vendors exist before establishing a veteran subcontracting goal.
- House Bill 2770 amends Section 45-57 of the Procurement Code and provides for chief procurement officers to create set-asides for veteran-owned small businesses. In April 2021, it unanimously passed the House with a vote of 113-0-0.
- The CPO-GS also recommended that the Governor and the Commission on Equity and Inclusion support this legislative measure. The CPO-Office of General Services has analyzed the use of price preferences for veterans in Alaska, Nevada, and Ohio and are available to discuss their findings.

Prior Recommendations:

- Identify the foundational number of potential vendors who could apply for VOSB and SDVOSB certification. The Department of Veterans' Affairs (DVA) select one official source to represent the potential number of veteran-owned businesses in Illinois.

There is no consensus across and within State officials or veteran representatives, yet. Having one true source of data, an official database, will allow the State to meaningfully measure the progress of vendor participation in VBP.

- Increase the Frequency and Coordination of Outreach Efforts: DVA and the Commission on Equity and Inclusion (replaced CMS) develop an annual marketing plan to include a goal of increasing new vendor enrollment and share them both with stakeholders.
- Evaluate Contract Opportunities and Participation: CEI should work with the CPO-GS Office to evaluate the number of certified vendors registered in each commodity code and compare that to State contract opportunities within those codes. This is especially worthwhile if new codes may be added as SBSP set asides to benefit firms dually enrolled in VBP and SBSP.
- Facilitate Matchmaking Opportunities: DVA and CEI (replaced CMS) should collaborate to create opportunities, both online and in-person, for veteran-owned small businesses to meet current and potential prime contractors within their industries. These “matchmaking” events will give the veteran-owned firm immediate contacts with primes, increased exposure for their businesses, and may lead to future subcontracting opportunities.
- Collaborate with the CPO-GS and staff: The 3% contracting goal continues to remain appropriate. The CPO-GS and her staff are ready to discuss all recommendations and assist with the development of strategies that will speed up State contracting with veteran-owned businesses.

The Chief Procurement Officer for Higher Education (CPO-HE) has 9 public institutions of higher education as clients

The CPO-HE provided CEI with his Fiscal Year 2022 report of Service-Disabled Veteran-Owned Small Business (SBVOSB) and Veteran-Owned Small Business (VOSB) for the Public Institutions of Higher Education and the Illinois Math and Science Academy (IMSA).

CPO-HE Report on Veteran and Service-Disabled Veteran Vendor Use by Public Institutions of Higher Education and the Math and Science Academy						
Procuring Institution	# of Contracts in FY21	\$ Value of Contracts in FY21	% of Total Available	# of Contracts in FY22	\$ Value of Contracts in FY22	% of Total Available
Chicago State University	0	0	0.00%	0	\$ -	0.00%
Eastern Illinois University	0	0	0%	0	\$ -	0.00%
Governors State University	29	54,088.25	0.28%	7	\$ 1,153,951.73	4.25%
Illinois Math and Science Academy	5	4,286.00	0.08%	21	\$ 101,443.00	1.83%
Illinois State University	1	4,259.06	0%[SIC]	4	\$ 350,816.41	0.25%
Northeastern Illinois University	1	8,782.69	0.05%	1	\$ 22,000.00	0.07%
Northern Illinois University	4	55,509.00	0.08%	4	\$ 42,911.00	0.04%
Southern Illinois University	37	1,569,967.59	3.21%	3	\$ 250,490.53	0.53%
University of Illinois	27	10,380,026.47	0.62%	66	\$ 5,438,060.11	0.49%
Western Illinois University	0	0	0%	0	\$ -	0.00%
TOTAL:	104	\$12,076,919	0.43%	106	\$7,359,672.78	0.75%

Recommendations of CPO-HE to increase certification and contracting with Service-Disabled Veteran and Veteran Owned Businesses:

Recommendations

- CEI and IDVA should collaborate and evaluate the number of certified vendors in each NIGP Code and compare to available contracting opportunities within those codes to determine if the 3% goal for contracting with veteran-owned businesses should be retained or revised.
- CEI and IDVA should determine why more businesses are not becoming certified. Also compare the number of veteran-owned businesses in the State of Illinois to the number of businesses certified in the Veterans Business Program.

Prior Recommendations:

- CPO-HE should increase outreach to veteran-owned businesses in coordination with IDVA and CEI, including development of a marketing plan to increase the number of certified veteran- owned businesses.

The Chief Procurement Officer of the Illinois Department of Transportation has one client, IDOT

The information below was provided by the CPO-IDOT for informational purposes. He noted that the participation reported was achieved without VOSB or SDVOSB goals in place. The CPO-IDOT noted that IDOT has received guidance from the Federal Highway Administration that Veteran's goals are not permitted to be included alongside, or in-lieu-of, goals established under the United States Department of Transportation Disadvantaged Business Enterprise regulations.

The CPO-IDOT noted that 38 vendors are prequalified and certified with IDOT. Of the 38 vendors, 5 are prequalified prime contractors, 7 are prequalified consultants and 26 are registered subcontractors.

CPO-IDOT	FY21	FY22
FY22 Number of VOSB & SDVOSB that submitted bids for contracts	11	8
Number of VOSBs & SDVOSB that entered in contracts	10	6
Total VOSB & SDVOSB contracts	45	13
Total Amount Awarded	\$14,991,043	\$78,039,969

Recommendations of CPO-IDOT to increase certification and contracting with Service-Disabled Veteran and Veteran Owned Businesses:**Recommendations**

- Conduct vigorous outreach to increase the number of certified firms in the Veterans Business Program so it can become a viable program.