



Illinois Commission on Equity and Inclusion

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Governor Pritzker and Members of the General Assembly:

On behalf of the Illinois Commission on Equity and Inclusion (CEI), and per 30 ILCS 500/45-57(b), I am pleased to present the Fiscal Year 2023 Veterans Business Program (VBP) Report.

CEI continues focusing on strategic prioritization to meet its statutory objectives and support its VBP goals and objectives. CEI's mission is to maximize supplier diversity, equity, and inclusion by ensuring access to contracting opportunities by developing procedures and initiatives that make the procurement process inclusive, fair, and equitable while providing support, education, and mentorship. CEI's vision is to be a trailblazing leader in fostering a diverse, equitable, and inclusive procurement environment where supplier diversity, equity, and inclusion are celebrated, and opportunities are accessible to all, driving positive social impact and economic growth.

CEI is dedicated to transformational community progress and fulfilling its statutory responsibilities while fostering collaboration with various internal and external stakeholders. This includes engagements with the four chief procurement officers, all state purchasing officers, and approximately 108 agencies, boards, commissions, and public institutions of higher education to align strategies and initiatives with the broader statewide supplier diversity goals. In FY23, CEI's external stakeholders encompassed 207 VBP-certified vendors, non-certified businesses across the State eligible for VBP certification, various industry organizations, numerous prime vendors, and legislators. This extensive network of stakeholders is a crucial part of CEI's collaborative efforts to promote diversity, equity, and inclusion in Illinois' procurement landscape.

This report highlights progress and identifies the FY23 VBP achievement of State agencies and public institutions of higher education subject to the Illinois Procurement Code. The State of Illinois spent \$46,109,014 in eligible contract dollars with VBP-certified vendors during FY23.

While we value the growth seen in FY23, we are committed to building upon the last fiscal year's successes while addressing areas for improvement. We will continue leveraging data-driven insights and stakeholder feedback to refine VBP strategies and processes, focusing on enhancing supplier diversity, equity, and inclusion across all facets of the procurement process. Through ongoing collaboration and a shared commitment to our mission, we are confident that we can create meaningful and lasting change that benefits all stakeholders involved in Illinois' procurement landscape.

Respectfully,

A handwritten signature in black ink that reads "Alexandria M. Wilson".

Alexandria M. Wilson
Acting Executive Director



COMMISSION ON EQUITY AND INCLUSION
VETERANS BUSINESS PROGRAM

Fiscal Year 2023

Annual Report

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Executive Summary

The Commission on Equity and Inclusion (CEI) submits this annual Veterans Business Program (VBP) Report to Governor Pritzker and the General Assembly. This report identifies the total number of veteran-owned small businesses (VOSBs) and service-disabled veteran-owned small businesses (SDVOSBs) that submitted contract bids in FY23, the total number of VOSBs and SDVOSBs that entered into State contracts and the value of those contracts. This report also outlines year-by-year comparisons of VBP certification and VBP-certified contract award numbers. This report also denotes any obstacles CEI faces when certifying VOSBs and SDVOSBs and reviews CEI's FY23 programmatic accomplishments.

VBP continues to support, promote, and encourage the economic development of VOSBs and SDVOSBs participating in State procurement as prime vendors and subcontractors. Through engagement and collaboration with other partnering organizations and stakeholders, VBP expands its impact by increasing participation in State contracting opportunities.

Fiscal Year 2023 Metric Highlights

The total number of contracts awarded in FY23 increased to 351, representing a 40% surge from the previous fiscal year. Additionally, the total value of VOSB contracts decreased by \$57.12 million during FY23, from \$103.23 million in FY22 to \$46.11 million in FY23. This drop can be attributed to the Illinois Department of Transportation, which awarded an unusually large contract to a VOSB in FY22.

Fiscal Year 2023 Operational Accomplishments

Outreach

CEI's Outreach Unit enhances VBP by proactively engaging with VOSBs and SDVOSBs. The team fosters awareness and participation in VBP through targeted outreach initiatives, ensuring a robust and inclusive supplier base. By cultivating meaningful connections, providing resources, and offering support, the CEI Outreach Unit drives more excellent representation and economic opportunity for VOSBs and SDVOSBs in the State's procurement ecosystem.

CEI's Outreach Unit made several strides in furthering its impact and operations during FY23. The unit standardized its procedures for processing outreach participation requests. In addition, the Outreach Unit increased CEI's social media presence by cross-promotion and collaboration with fellow State agencies and stakeholders.

In FY23, 39 virtual certification office hours were held to support VOSBs and SDVOSBs, providing crucial certification information. CEI's Outreach Unit also carried out eight certification presentations for the veteran community, including in-person events with formal speaking roles, informational tables, and virtual sessions. CEI's Outreach Unit will continue to strengthen relationships with internal and external stakeholders throughout the State and increase outreach efforts to help the veteran business community gain access to State procurement contracts and become VBP-certified.

Certification

The VBP Certification Unit demonstrates the State's continued commitment to including VOSBs and SDVOSBs in the Illinois procurement landscape by offering certification opportunities to qualifying vendors.

In FY23, VBP saw significant increases in certified VOSBs and SDVOSBs. From FY22 to FY23, there was a substantial 36% increase in combined VOSB and SDVOSB certifications, resulting in the successful addition of 55 vendors, bringing the total number of certified vendors to 207. This growth in the vendor base can be attributed to VBP staff's diligent participation in targeted outreach efforts, virtual office hours, and informational webinars directed at prospective vendors throughout Illinois.

To further enhance accessibility for veteran-owned businesses, VBP introduced the Veteran Affairs Recognition Certification, streamlining the recognition process for VOSBs and SDVOSBs. This recognition certification allows these vendors to request that their certification be acknowledged by one of the State's trusted partners, thereby facilitating their access to increased procurement opportunities.

Compliance

In FY23, the VBP Compliance Unit progressed with process enhancements that will benefit VOSBs and SDVOSBs, which include the standardization of the goal-setting and Utilization Plan review processes. Additionally, the VBP Compliance Unit engaged veterans through trainings, pre-bid conferences, and one-on-one assistance, increasing participation in the State procurement process and ensuring compliance with VBP programmatic guidelines.

Mentor Protégé Program

The Mentor Protégé Program (MPP) fosters the development and mentoring of minority, women, and persons with disabilities-owned businesses. It will enable experienced firms to provide various types of support to create more equitable access for economic growth while meeting the State's VBP contracting goals. The MPP's goals are to motivate and encourage established businesses to provide developmental assistance to VBP-certified firms, to maximize access to the State's procurement programs, to foster long-term relationships, to enhance the core capabilities of VOSBs and SDVOSBs, and to increase contracting opportunities for those businesses.

In FY23, the MPP staff continued collaborating with internal and external stakeholders to identify interested participants. MPP staff also worked to strategically align the MPP with the VBP Compliance Unit to formulate a potential approach for the MPP's future involvement in State contract bids. Throughout FY23, the MPP staff continued their programmatic buildout and established essential foundational aspects necessary for the program's operation.

CEI has outlined several strategic actions to advance the MPP and strengthen its impact. First, filling staff vacancies is a priority to ensure the program is adequately resourced and supported. CEI will conduct targeted outreach and awareness campaigns to expand the program's reach and engagement, leveraging channels such as industry events and social media platforms to connect with VBP vendors and promote mentorship opportunities. CEI will develop a structured approach to optimize the mentor-protégé matching process, considering the unique needs and aspirations of protégé businesses. This

personalized matching process will foster productive relationships with experienced mentors who can provide valuable guidance and support. CEI will establish a feedback mechanism to continuously improve the program's effectiveness and gather insights from mentors and protégés. CEI will also conduct regular evaluations to assess the success of mentor-protégé relationships and identify areas for enhancement, ensuring the program remains responsive and impactful.

By pursuing these strategic steps, the MPP will further nurture the growth and development of diverse businesses, fostering mutually beneficial partnerships that promote economic empowerment and increased competitiveness within the State's procurement landscape.

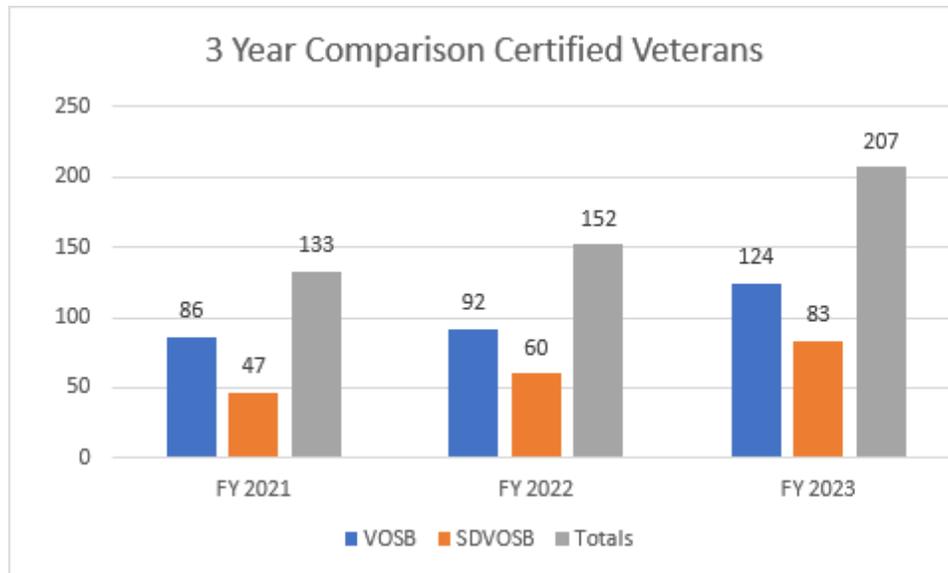
Fiscal Year 2024 Target Growth Initiatives

This list of target growth initiatives outlines the specific objectives and initiatives to drive growth and progress within CEI. CEI carefully designed these initiatives to expand the reach and impact of CEI's mission, focusing on increasing supplier diversity and fostering economic development among diverse businesses. By setting clear growth targets and strategic priorities, CEI aims to create a more inclusive and equitable procurement landscape, thereby contributing to advancing diversity and economic opportunities across Illinois. Through the following initiatives, CEI endeavors to strengthen its role as a catalyst for positive change and a driver of meaningful progress in supplier diversity:

- Continued monitoring of contract VBP goal commitments.
- Increased awareness of CEI's supplier and workplace diversity functions with purchasing agencies, public institutions of higher education ("PIHEs"), vendors, and other external stakeholders.
- Increased accuracy and efficiency of CEI's supplier diversity tracking and reporting processes.
- Standardized supplier diversity processes and procedures.
- Increased purchasing entity direct and indirect spending with VBP-certified vendors seeking procurement and contract opportunities.
- Diverse business outreach initiatives that connect, inform, and increase engagement.

VBP Analytics Assessment

According to 30 ILCS 500/45-57(b), CEI must review and report on each chief procurement office's (CPO) progress in reaching the State's aspirational 3% goal of contracting with VOSBs and SDVOSBs. CEI must also make recommendations to improve the number and value of contracts awarded to VOSBs and SDVOSBs and identify potential barriers. CEI strives to increase the number of VBP-certified vendors engaging in State procurement. The graph below provides a year-by-year comparison of the number of certifications the State has issued to VOSBs and SDVOSBs.



*Source CEI BEP Diversity Management System: End of each fiscal year.

The three-year comparison shows a gradual increase in the number of VOSBs and SDVOSBs.

CEI Recommendations

- Advocate for agencies to award contracts to SDVOSBs and VOSBs even when no goal was calculated in goal setting.
- Engage the Illinois Department of Veterans Affairs (DVA) and the Chief Procurement Office for General Services Small Business Set-Aside Program (SBSP) to actively collaborate on targeted outreach across the State of Illinois to increase the number of VBP-certified vendors.
- Develop and distribute a survey for Illinois veterans to determine potential VBP interests and business obstacles.
- Identify the NIGP codes that have the most VOSBs and SDVOSBs. Explore a VOSB/SDVOSB set-aside with competitive purchases using these codes.
- Change the 5-year VBP certification term to a perpetual certification term with annual no-change affidavit submissions.

Contracting Barriers

- VOSBs and SDVOSBs do not have a fast-track certification option like Business Enterprise Program (BEP) vendors.
- In comparison to BEP, there is a smaller number of certified VOSB and SDVOSB vendors. This means fewer goals are set on contracts, resulting in limited procurement opportunities.
- Confusing State procurement processes.

Chief Procurement Office Data and Recommendations

All Four Chief Procurement Officers' Totals	FY22	FY23
Total VOSB and SDVOSB Contracts	266	351
Total VOSB and SDVOSB Contract Values	\$103,227,868	\$46,109,014
Average VOSB and SDVOSB Contract Amounts	\$388,075	\$131,365

The Chief Procurement Office for the Capital Development Board

The Chief Procurement Office for the Capital Development Board (CPO-CDB) provided CEI with its Fiscal Year 2023 report of VOSBs and SDVOSBs. The scope, location of work, and number of certified VOSB and SDVOSB firms in the region impact CDB's ability to set goals for all projects. Veteran goals were set on 226 (86%) of 263 contracts solicited for construction and construction-related professional services. CDB achieved an overall 3.2% goal participation with VOSBs and SDVOSBs, a 0.6% increase from CPO-CDB's FY22 achievement (2.6%). Construction is a moving target, and contract awards are based on dollars appropriated in a given fiscal year and the number of projects released by the Governor's Office. FY22 saw the release of more smaller dollar projects. FY23 saw the release of fewer projects but at a much higher dollar value. This is reflected in the 529 projects awarded (275 were construction and 254 were architectural and engineering) in FY22 and the 263 projects awarded (128 were construction and 135 were architectural and engineering) in FY23.

CDB VOSB/SDVOSB Firm Types	Prequalified by CDB Prime	Registered w/CDB as Subcontractor	Total
Contractors	20	23	43
Architects & Engineers	7	1	8
Total	27	24	51

- CDB's contract awards in FY23 totaled \$658,748,324 of which \$21,392,855 was awarded to VOSBs.

CDB continues to attend outreach events hosted by other agencies, governmental entities, and industry groups to promote minority and veteran certification, prequalification, and participation in CDB projects. By increasing the number of prequalified and registered VOSB and SDVOSB firms, CDB can increase the pool of qualified VOSBs and SDVOSBs who may bid on CDB projects.

CPO-CDB Recommendations

- A high concentration of CMS-certified VOSB and SDVOSB firms are in the Chicagoland area. The CPO-CDB recommends identifying projects in the area that would allow for establishing goals that exceed the traditional 3%.
- The CPO-CDB recommends that CDB projects that contain VBP goals be identified and promoted to increase visibility regarding these projects.

- Contract awards need to be made on a timely basis.
- Continue outreach efforts to increase the number of certified VBP firms pre-qualified or registered with CDB.

The Chief Procurement Office for General Services

The Chief Procurement Office for General Services (CPO-GS) provided CEI with its Fiscal Year 2023 VOSBs and SDVOSBs Report. The review of FY23 encompasses 39,564 Purchase Orders (POs) transacted in BidBuy. These POs are valued at \$5 billion. BidBuy POs include contracts and release orders from master contracts.

In FY23, contracting with VBP firms increased in all metrics from FY22.

	FY22	FY23
Firms Winning Purchase Orders	6	15
Number of Purchase Orders	10	38
Value of Purchase Orders	\$4,324,968	\$10,983,960

Vendor	Number of PO	Dollar Amount
American Veteran Solutions, LLC Totals	1	\$128,820.75
BioMetric Impressions Corp. Totals	14	\$3,092,428.25
Bravo Company Engineering, Inc. Totals	1	\$3,000,000.00
Calhoun Construction, Inc. Totals	2	\$23,955.00
H & N Construction, Inc. Totals	3	\$14,794.56
Haurly Plumbing and Heating, INC Totals	4	\$27,112.69
Juneau Associates, Inc., P.C. Totals	1	\$4,000,000.00
Kuhn & Trello Consulting Engineers, LLC Totals	1	\$5,045.40
Patriot X LLC Totals	1	\$7,890.00
Semper Fi Yard Services, Inc. Totals	1	\$409,585.40
Sullwood Inc. Totals	1	\$4,160.00
American Veteran Industries, LLC. Totals	2	\$42,750.00
CW Financial & Management Group LLC Totals	3	\$206,750.00
Fraze and Company, LLC Totals	1	\$1,268.00
Play it Again Sports Totals	2	\$19,400.00

CPO-GS Recommendations

- The CPO-GS believes that using 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, there would be more contract opportunities.
 - To create set-aside contracts for SDVOSB and VOSB, the Illinois Procurement Code must be amended, giving the CPOs this authority. VOSB 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.
 - In the 101st General Assembly, Senator Munoz introduced SB1680, which amends Section 45-57 of the Procurement Code and provides for CPOs to create set-asides for veteran-owned small businesses. It passed the Senate 45-0-0. The Covid-19 pandemic affected many bills, including this one.
 - In the 102nd, Representative Vella introduced HB2770. The bill mirrored the language of SB1680. It passed the House 113-0-0.
 - The CPO-GS recommends supporting this legislative measure if re-introduced in the 103rd General Assembly.
- The CPO-GS recommends the exploration of other states' preferences for VOSBs. Their office researched the use of price preferences for veterans in Alaska, Nevada, and Ohio and is available to discuss their findings.
- The CPO-GS recommends implementing the recommendations made from the previous years. Many of these recommendations reflect direct input from veteran business owners and remain viable actions to create a more responsive and effective program.

Recommendation: Increase the Frequency and Coordination of Outreach Efforts

The CPO-GS recommends that DVA and the CEI develop an annual marketing plan to include a goal of increasing new vendor enrollment and sharing it with stakeholders.

Recommendation: Evaluate Contract Opportunities and Participation

The CPO-GS recommends that CEI collaborate 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.

Recommendation: Facilitate Matchmaking Opportunities

The CPO-GS recommends that DVA and CEI create online and in-person opportunities 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 contact

with primes, increase business exposure, and may lead to future subcontracting opportunities.

The CPO-GS believes the 3% contracting goal continues to remain appropriate. Their office stands ready to discuss all recommendations and assist in developing strategies that will speed up State contracting with veteran-owned businesses. The CPO-GS reiterated its commitment to promoting meaningful State contracting opportunities for veteran-owned businesses.

The Chief Procurement Office for Higher Education

The Chief Procurement Office for Higher Education (CPO-HE) provided CEI with its Fiscal Year 2023 VOSB and SDVOSB Report for the Public Institutions of Higher Education and the Illinois Math and Science Academy (IMSA).

FY23 University and IMSA Contracts and Spend (Combined)

Procuring Institution	#VOSB Prime Contracts	#SDVOSB Prime Contracts	\$ Value of Contracts	% of Total Available \$
Chicago State University	2	2	\$60,665.00	0.37%
Eastern Illinois University	(No Report Submitted)	(No Report Submitted)	(No Report Submitted)	(No Report Submitted)
Governors State University	0	0	\$0.00	0.00%
Illinois Math and Science Academy	2	0	\$50,782.00	2.11%
Illinois State University	2	1	\$22,942.10	0.02%
Northeastern Illinois University	2	3	\$84,750.00	0.34%
Northern Illinois University	0	0	\$0.00	0.00%
Southern Illinois University	4	0	\$759,122.54	1.48%
University of Illinois	4	5	\$388,560.15	0.02%
Western Illinois University	0	0	\$0.00	0.00%
TOTAL:	16	11	\$1,366,821.79	0.48%

FY23 University and IMSA Contracts with Qualified VOSBs

Procuring Institution	# Certified VOSB Prime Contractors submitting Bids	# Certified VOSB Prime Contractors
Chicago State University	0	2
Eastern Illinois University	(No Report Submitted)	(No Report Submitted)
Governors State University	0	0
Illinois Math and Science Academy	0	2
Illinois State University	2	2
Northeastern Illinois University	0	2
Northern Illinois University	0	0
Southern Illinois University	2	4
University of Illinois	21	4
Western Illinois University	0	0
TOTAL:	25	16

FY23 University and IMSA Contracts with Qualified SDVOSBs

Procuring Institution	# Certified SDVOSB Prime Contractors Submitting Bids	# Certified SDVOSB Prime Contracts
Chicago State University	0	2
Eastern Illinois University	(No Report Submitted)	(No Report Submitted)
Governors State University	0	0
Illinois Math and Science Academy	0	0
Illinois State University	2	1
Northeastern Illinois University	0	3
Northern Illinois University	0	0
Southern Illinois University	0	0
University of Illinois	11	5
Western Illinois University	0	0
TOTAL:	13	11

CPO-HE Recommendations:

In consultation with CEI and the IDVA:

- 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.
- Evaluate the number of veteran-owned businesses in Illinois compared to those certified in the VBP and determine the impediment to limited certifications.

- Increase outreach to veteran-owned businesses in coordination with IDVA and CEI, including developing a marketing plan to increase the number of certified veteran-owned businesses.

The Chief Procurement Office for the Illinois Department of Transportation

The Chief Procurement Office for the Illinois Department of Transportation (CPO-IDOT) has provided the content of this report, which is for informational purposes. As noted, the reported participation was achieved without VOSB or SDVOSB goals. The CPO-IDOT noted that IDOT has received guidance from the Federal Highway Administration that veteran goals cannot be included alongside or in place of goals established under the United States Department of Transportation Disadvantaged Business Enterprise regulations.

The CPO-IDOT noted that there are currently 206 certified businesses in the Veterans Business Program (VBP). Of those certified, only 39 firms are prequalified consultants and 24 registered subcontractors.

CPO-IDOT	FY22	FY23
FY23 Number of VOSBs and SDVOSBs that submitted bids for contracts	8	10
Number of VOSBs and SDVOSBs that entered into contracts	6	9
Total VOSB and SDVOSB contracts	13	60
Total Amount Awarded	\$78,039,969	\$12,365,377

CPO-IDOT Recommendations

The CPO-IDOT continues to work with IDOT executive staff to discuss recommendations on potential future VBP endeavors. IDOT executive staff has interacted with the United States Department of Transportation (USDOT) regarding using the VBP on projects eligible for federal funding. The USDOT has advised IDOT that using VBP goals on federally-funded projects would directly conflict with the federally approved Disadvantaged Business Enterprise (DBE) program. Therefore, IDOT is considering implementing VBP goals on state-funded projects. IDOT continues to work on this, but it remains a work in progress. CPO-IDOT continues to recommend vigorous outreach to increase the number of certified firms in the VBP and cites the activity as an important aspect of fostering the viability of VBP.