

Illinois Office of Comptroller's  
**SMART Business Illinois Report**  
Fiscal Year 2018

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*\*Note: Due to the challenges encountered over the past year in gathering the data necessary for a complete report that follows the legislative intent of the State Comptroller Minority Contractor Opportunity Initiative, the Office of the Comptroller has determined in good faith that complete and verifiable data for fiscal year 2018 is unavailable at the time of this report. These challenges and the steps the Office continues to take to address data deficiencies are explained further throughout the following text. The Illinois Office of Comptroller will continue working to obtain this data for future reports.*

## **Executive Summary**

The following is the fiscal year 2018 of the State Comptroller Minority Contractor Opportunity Initiative (Public Act 100-0801).

The core mission of the program is to promote opportunities through outreach, counseling and education. The program's staff outline and clarify state certification and procurement procedures and support applicants through the various processes. The procurement process for the State of Illinois is overseen by the Executive Ethics Commission, with contracting opportunities posted on the Illinois Procurement Bulletin. Specifics regarding procurement are handled individually at each agency. Because these procedures are managed by various state agencies, consolidation of information in the Illinois Office of Comptroller can be valuable to interested vendors. As a result, consolidation of information to adequately track and identify businesses that were successful in receiving contracts has been a challenge.

The approach of the SMART Business program encourages small businesses, minority-owned and women-owned businesses and businesses owned by persons with disabilities to prepare and act long-term to enhance their performance and pursue opportunities.

Over the past year, the Illinois Office of Comptroller has diligently reviewed the program and its inadequacies and made suggestions to amend state statute governing the program, included in Public Act 100-0801. These changes include making the annual reports of the State Comptroller Minority Contractor Opportunity Initiative based on fiscal years rather than calendar years; requiring constitutional officers such as the Governor, Secretary of State and Comptroller to aspire to the same 20% goal state agencies have for awarding contracts to businesses owned by women, minorities and persons with disabilities in accordance with provisions of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act; and adding the Comptroller or her designee to serve as an advisory member of the Business Enterprise Program Council.

Having the Comptroller or her designee serve on the Business Enterprise Council, in addition to an intergovernmental agreement (yet to be finalized at the time this report was written) between the Illinois Office of Comptroller and the Executive Ethics Commission show progress within the SMART Business Program. Moving forward, similar intergovernmental agreements will be established with the Business Enterprise Program to provide even more comprehensive information for tracking SMART Business eligible vendors.

This report is a demonstration of how transparent and accountable the management of this program has been. It also highlights its accomplishments, new initiatives implemented to improve performance, and compilation and sharing of information.

## **Background**

The State Comptroller Minority Contractor Opportunity Initiative, proposed by former Comptroller Judy Baar Topinka and signed into law in August 2011, was created to provide greater opportunities for minority-owned businesses, female-owned businesses, businesses owned by persons with disabilities, and small businesses with 20 or fewer employees in the State of Illinois. Under the initiative, the Illinois Office of Comptroller is responsible for outreach, education, notification, an online database and the total paid in contracts to the businesses noted above.

A reading of the debate of Public Act 97-0590 in the House of Representatives shows the law is intended to increase participation in state contracts among minority-owned and women-owned businesses through *education and outreach* and through annual reports produced by the Illinois Office of Comptroller, with the goal of boosting success rates through activity at “small-business and minority-business conferences, international trade seminars, and other events.”<sup>1</sup> Although the Illinois Office of Comptroller has been successful in attending, coordinating and participating in various outreach and education events, a major problem this program faces is obtaining accurate data on contractual awards to small-business owners, minority and women business owners, and persons with disabilities who are business owners).

Under Comptroller Susana A. Mendoza, the Illinois Office of Comptroller remains committed to making the program more relevant to these business owners while taking an aggressive approach to communicate across the state with them. This has resulted in making information about the program and registration accessible online; training of staff and presentations in all regions of the state; completion of an online dashboard, which enables all the information of participants to be easily accessible and downloaded by staff; and initiated discussions for interagency agreements to share and download pertinent information for reporting purposes. These efforts allow the Minority Contractor Initiative to be closer to realization of the statute’s original intent.

## **Statutory Authority**

15 ILCS 405/23.9 charges the Illinois Office of Comptroller with preparing and submitting a report to the Governor and the General Assembly regarding the progress of the initiative for the preceding fiscal year.

The Illinois Office of Comptroller is required to report the following:

- The total amounts paid by each executive branch agency to contractors since the previous report (statement of amounts);
- The percentage of the amounts paid to minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities and small businesses (statement of amounts);
- The successes and the challenges faced by the Illinois Office of Comptroller in operating outreach programs for minorities, women, persons with disabilities and small businesses (achievements and challenges);
- The challenges each executive branch agency may face in hiring qualified minority and woman employees, employees with disabilities, and small business employees and contracting with qualified minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities, and small businesses; and

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<sup>1</sup> Senate Bill 269, House debate transcript, 5/31/2011.

- Any other information, findings, conclusions, or recommendations the Comptroller deems appropriate.

The statute requires the Business Enterprise Program Council to provide the Illinois Office of Comptroller with names, FEINs and designations of Business Enterprise Program certified vendors. The Business Enterprise Program Council maintains and certifies a list of businesses legitimately classified and certified as owned by minorities, women, or persons with disabilities.

In the past two years, the Illinois Office of Comptroller used data from Illinois Procurement Gateway and the Business Enterprise Program Council run by the Department of Central Management Services. It was evident the data did not provide adequate information that would enable the SMART Business Illinois program to provide a report that would give an accurate overview of how much was paid by each executive agency, fully identify the percentage of the amounts paid to small businesses, minority-owned and women-owned businesses and businesses owned by persons with disabilities, and identify the challenges faced by the agencies.

To date, the Illinois Office of Comptroller is still in discussions to finalize an intergovernmental agreement with Central Management Services that will enable both agencies to share pertinent information to assist the Illinois Office of Comptroller in providing accurate data on amounts paid by each agency to contractors and will give an accurate percentage of amounts paid to the small-business client group. The Illinois Office of Comptroller has worked internally and is near completion on a program capable of running reports for the SMART Business program. All these aspects are initiatives designed to ensure that the Illinois Office of Comptroller is accountable and transparent in its reporting on the Minority Contractor Opportunity Initiative.

### **Achievements**

The vision of the SMART Business Illinois program is to be recognized as a business initiative focused on small businesses, minority-owned and women-owned businesses and businesses owned by persons with disabilities accessing State of Illinois procurement opportunities fairly and simply. The main objective is to increase minority participation in the procurement process.

Over the past year, the Illinois Office of Comptroller has implemented new reforms to strengthen the program, including forming a business support group with all partner agencies, preparing a vendor manual that outlines the application process more easily, and giving presentations in English and Spanish. As new and small businesses continue to adapt to the complexities of procurement, a diverse and innovative approach to business development is more important than ever.

Legislative achievements include a new law pushed by Comptroller Susana A. Mendoza that gives the Comptroller an advisory role on the Business Enterprise Program Council. The law also requires the report issued by the Illinois Office of Comptroller to report on the progress of the initiative for the previous fiscal year rather than the previous calendar year, an important change since data needed for a substantive and accurate report are compiled and organized by fiscal years, not calendar years.

Outreach achievements include hosting several events where members of disadvantaged communities engaged and interacted with staff, increasing their access to the program as well as increasing awareness on other programs and services. Staff participated in peer-to-peer speaking engagements and events with partner agencies, such as the departments of Commerce and Economic Opportunity and Veterans'

Affairs, local chambers of commerce, and community groups. Additional staff members based in downstate Illinois were trained to promote SMART Business Illinois, and the Office broadened the reach of the program by delivering presentations at events in every region of Illinois.

**Statement of Total Amounts Paid by Each Executive Branch Agency in Fiscal Year 2018**

Public Act 100-0801 puts emphasis on the amount paid to contractors who qualify and are certified as minority-owned businesses and women-owned businesses, businesses owned by persons with disabilities, and small businesses. Because the Illinois Office of Comptroller maintains the fiscal accounts of the State of Illinois and issues payments to individuals and businesses, the Office is in a unique position to identify outgoing payments on state contracts. The Office can research payments made to qualified vendors, as well as overall contract spending out of each agency, but information on subcontractors is lacking. This results in incomplete and misleading conclusions.

The Business Enterprise Program Council calculates its achievements according to “Dollars Subject to Goal.” Dollars Subject to Goal is calculated from the total agency budget, minus exemptions granted by the Business Enterprise Program Council. The Business Enterprise Program Council grants exemptions for larger contracts that cannot be fulfilled by qualifying minority-owned businesses, women-owned businesses, or businesses owned by persons with disabilities. This information is not publicly available from the Business Enterprise Program Council, nor is it available on agency websites. Without access to an exemption list, it is difficult to narrow the overall spending per agency to achieve the Dollars Subject to Goal.

Due to the gaps in data previously noted, the Illinois Office of Comptroller determined it would be disingenuous and would not fulfill the intent of the law to provide and attempt to analyze numbers that present only pieces of the entire project.

**Outreach Events in Fiscal Year 2018**

SMART Business Illinois	39 events	5,934 attendees	New applicants: 135
Other Networking Events	17 events	1,396 attendees	
Hispanic Outreach Events	7 events	709 attendees	

A large piece of the SMART Business Illinois Program involves outreach to businesses and individuals that may qualify for the Minority Contractor Opportunity Initiative. In fiscal year 2018, IOC staff from the SMART Business Program attended 63 events, with a total attendance of more than 8,000. Because of the outreach efforts, the program received 135 new applicants.

The Illinois Office of Comptroller believes that to properly serve small businesses, minority-owned and women-owned businesses and businesses owned by persons, interagency collaboration is essential. This will improve the level of participation from the small-business participants in the program. The IOC has regularly reached out to other agencies, including Central Management Services, the Illinois Procurement Gateway, and the Capital Development Board, to foster relationships and share information.

## **Challenges**

The Illinois Office of Comptroller analyzed data from the Executive Ethics Commission and the Business Enterprise Program. Based on the figures received, the data does not provide adequate information to allow the SMART Business Illinois program to provide a report that would give an accurate overview of the information required by the statute. The data collected by the Executive Ethics Commission and Business Enterprise Program do not track subcontractors; they track only primary contractors and the amount paid to their businesses. This is a major obstacle for transparency in reporting because most of the qualified businesses and individuals for the SMART Business program are subcontractors.

To date, the Illinois Office of Comptroller is still attempting finalize an interagency agreement with Central Management Services to receive the vendor and contracting information from the Business Enterprise Program. This will allow the SMART Business program access to a list of qualified vendors under the guidelines in the statute.

1. The upgrading of technologies for the procurement program in all agencies. Each agency has different systems and styles and platforms. Collecting accurate data to document success has been a challenge. This challenge includes connecting analysis of data with stories, case studies and other indicators of what's happening in the field. There is need to identify, coordinate and use the appropriate kind of media to deliver information among all agencies to the different communities across the state.
2. The need to streamline and increase transparency in the certification, procurement and bidding process.
3. Procurement bulletins are not always maintained or up-to-date. A coordinated effort to communicate procurement changes and any technology issues with procurement, such as with BidBuy, to vendors and agencies should be implemented.

## **Conclusion and Recommendations**

Most of the challenges faced by SMART Business Illinois stem from being unable to access data for businesses that have been certified and received contracts.

After 18 months of requesting that the Central Management Services approve an intergovernmental agreement with the Illinois Office of Comptroller to share the relevant data, on June 24, 2019, the IOC and CMS executed an intergovernmental agreement. Without it, the IOC is unable to provide solid data regarding successful candidates that have received state contracts (a requirement of the statute). Another issue impacted by this delay is the amounts paid by each executive branch agency to contractors, and the percentage of the amounts that were paid to minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities, and small businesses.

In the future, the Illinois Office of Comptroller will run a report to share the information with the Business Enterprise Program.

Since the Illinois Office of Comptroller's role is to conduct outreach, provide counseling and educate small businesses, its role on the Business Enterprise Program Council as an advisor has been instrumental in delivering the message that the Office has worked to ensure that small-business, minority and women business owners and persons with disabilities who own businesses have access to procurement opportunities, and in enabling the Office to identify the barriers small businesses face to access procurement opportunities.

The SMART Business Illinois program has greatly improved its internal monitoring process. All background information for outreach efforts and businesses contacted and assisted is up-to-date and easily accessible. However, there are some external factors of which the Illinois Office of Comptroller has limited or no control. For example, the number of people certified, the number of businesses that received contracts, and what barriers other agencies involved have faced to recruit minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities, and small businesses.

Other challenges identified by the Illinois Office of Comptroller include:

- The lack of updated procurement bulletins to share with businesses as well as access to the procurement bulletins
- Technological issues and problems in the e-procurement BidBuy website resulting in missed procurement opportunities
- Lack of information on any changes in the procurement process

The Illinois Office of the Comptroller continues to look forward to interagency collaboration efforts to help resolve these challenges. It is essential to provide the best service to the minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities, and small businesses served by the SMART Business Illinois Program.