

CPO NOTICE #43



TO: STATE PURCHASING OFFICERS
FROM: PAUL CAMPBELL, CHIEF PROCUREMENT OFFICER
DATE: NOVEMBER 8, 2006
SUBJECT: SMALL BUSINESS SET-ASIDE PROGRAM

This notice supersedes and cancels CPO Notice #35 relating to the Small Business Set-Aside Program. Small businesses are a vital part of the State's economy. Expanding this program helps to encourage economic growth and prosperity throughout the State. As CPO it is my responsibility to ensure that Illinois small businesses receive a fair proportion of state contracts.

The 64 categories of procurements that are to be set aside for small business have now been formalized in Administrative Rule 1.4545 and are included with this notice.

CPO Notice #35 required that all procurements outside of the mandated categories be set-aside if the value of the procurement was under \$25,000. As part of our on-going efforts to enhance this program, this threshold is being increased to \$50,000 effective December 1, 2006. The announcement of this increase is the primary purpose of this Notice.

Therefore, effective December 1, procurements MUST be set-aside for small business if the:

- a) desired supply or service meets the definition of one of the 64 mandated categories, or
- b) procurement has a value under \$50,000, or
- c) SPO determines a procurement outside the scope of a) and b) is appropriate

Procurements that fall within the listed categories and/or dollar threshold must be set-aside for small businesses unless the agency can demonstrate adequate justification for a waiver.

To obtain a waiver, agencies must demonstrate a "measurable substantial impact," taking into account factors such as cost, supply base, quality, statutory preferences, regional or geographic requirements, acquisition cycle times, and terms and conditions. Following are examples of guidelines that may be considered:

- ◆ The product or service is provided by a large business sole source vendor.
- ◆ There is a need for a brand name product and there are no small businesses that provide the product.
- ◆ There is an opportunity to establish a no-bid contract with a State Use vendor.
- ◆ The supply base for the product or service includes several larger diversified vendors that can be counted towards the BEP goal.
- ◆ The product or service is available from Illinois Correctional Industries.

- ◆ The prices offered by qualified small business are substantially greater than the prices offered by large businesses.
- ◆ The small business supply base does not meet regional or geographic requirements for the product or service.

As stated previously, SPO's have the leverage to set aside any contract for small business. However, recognizing that reducing the cost of government is a cornerstone of this administration, the following guidelines should be taken into consideration prior to establishing a small business set-aside not already designated by the CPO (i.e., purchases that fall outside of the 64 categories and \$50,000 or greater):

- ◆ There is an ample number of certified small businesses that provide the product or service.
- ◆ The small business supply base meets regional or geographic requirements for the product or service.
- ◆ There is no measurable substantial increase in cost by a small business providing the product or service rather than a large business.

CMS is mandated by statute to report to the General Assembly each year on the value of awards set aside for small businesses by each agency in the preceding fiscal year. Each agency SPO must ensure that this information is tracked and reported to CMS at the end of each fiscal year.

Waivers from the designated 64 set-aside categories, and any questions regarding these guidelines and reporting requirements, should be directed to Terri Jurkanin, Small Business Specialist, at smallbusiness.cms@illinois.gov. Requests for waivers related to the \$50,000 threshold must be approved by the agency SPO using previously distributed guidelines.

SMALL BUSINESS SET-ASIDE CATEGORIES

Category	Commodity Class/Sub Class
Addressing and Mailing	S370-100
Air Conditioner Repair	S120-100
Air Filters and Air Filter Media	3585-016
Asphalt Paving	S210-120
Automotive Maintenance, Batteries	5013-114
Automotive Maintenance, Belts and Hoses	5013-097
Automotive Maintenance, Exhaust	5013-105
Building and Grounds Maintenance	S340-100
Calendars (excluding Calendar Pads)	5112-572
Carpentry	S210-380
Carpet Cleaning	S320-250
Carpet/Linoleum/Tile Laying	S210-150
Computer Supplies, Data Tape Cartridges	5083-859
Concrete Finishing	S210-190
Data Entry	S420-340
Drapery Cleaning	S200-100
Dry Wall Services	S210-230
Electrical Services	S160-200
Electricians	S210-240
Excavating	S210-250
Exterior Building Cleaning	S320-300

SMALL BUSINESS SET-ASIDE CATEGORIES (CONTINUED)

Fencing	S210-260
Fertilizer Application	S340-150
Flags	5189-351
Floor Maintenance Machines	3589-355
Floor Surfacing	S210-270
Floor Wax Components	5087-455
Furniture Cleaning	S200-200
Gloves, Disposable, Medical Type	3841-284
Heating Repair	S120-400
Housekeeping	S320-400
Imprinted Notions	5136-549
Janitorial	S320-425
Jugs and Caps	5085-288
Labeling Services	S370-400
Landscaping	S340-200
Laser Printer Cartridges and Supplies	5096-646
Lawn Care, Misc.	S340-225
Mailing Services	S370-500
Masonry Services	S210-310
Painting	S210-390
Parking Lot Maintenance	S460-450
Pavement Maintenance	S210-400
Plastering	S210-410
Plumbing, Misc.	S450-050
Plumbing Services	S450-200
Plumbing Supplies and Equipment, Misc.	3292-618
Pneumatic Tools	3423-621
Power Tools	3423-782
Roofing	S210-440
Safety Supplies	3840-843
Snow Plowing	S340-450
Trucking and Hauling Services	S370-800
Typing Services	S420-740
Upholstery Cleaning	S200-700
Ventilating	S120-700
Ventilation Services	S210-700
Video and Audio Tapes	5043-823
Wallpaper Hanging	S460-700
Water Heaters	3292-619
Window Washing	S320-650
Wiping Rags	5140-660
Word Processing Services	S420-800
Woodworking	S210-550