



TARGETED SMALL BUSINESS LEGISLATIVE SERVICES AGENCIES REPORT

2021 ANNUAL REPORT

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economic development

PROGRAM HISTORY

The State of Iowa's Targeted Small Business (TSB) certification program was created in 1986. The program promotes the growth and development of Iowa businesses owned and operated by women, minorities, service-disabled veterans and persons with disabilities by providing additional benefits to certified businesses when doing business with the State of Iowa. The certification program was managed by the Department of Inspections and Appeals (DIA) until September 2016, when the Iowa Economic Development Authority (IEDA) assumed responsibility for administering the program.



PROGRAM DESCRIPTION

Certification is necessary for a TSB to be eligible for the benefits provided through the program, including procurement opportunities with the State, school districts, vendors and other public entities. In addition, many private companies identify diverse vendors to do business with utilizing the TSB Directory. To be eligible for certification as a TSB, a business must be 51% or more owned and managed by one of the targeted group categories listed above, be located in the state of Iowa, be operating for a profit and be making less than \$4 million in gross income, which is computed as an average over the three preceding fiscal years. Businesses interested in applying for TSB certification must apply online through IEDA's certification website: iowaeda.com/tsb

Businesses certified as TSBs can:

- Receive access to a bid notification website to view state procurement opportunities 48 hours in advance of posting to the state's public site.
- Access non-competitive bid opportunities for purchases under \$25000.
- Receive bond waivers up to \$50,000 for state projects, if unable to secure a bond because of the lack of experience, net worth or capital.
- Be included in a TSB directory, used by private and public entities across Iowa.
- Obtain invitations to TSB networking and TSB-exclusive events to meet with other business owners, public purchasing managers and private buyers.

On December 2006, a TSB task force presented six recommendations to Governor Tom Vilsack to improve the TSB program. These recommendations were included in HF 890, signed by Governor Vilsack in May 2007, and include establishing TSB procurement goals for all State agencies. Iowa Code, 73.16 and 17 and Administrative Rules 261-54.3 and 261-54.14 require State agencies to provide IEDA with annual TSB spending projections and quarterly performance reports toward their projected goals. Iowa Code, Section 73.16.2.a.(2) provides that procurement goals shall be stated in terms of a dollar amount of certified purchases and shall be established at a level that exceeds the level of procurement from certified targeted small businesses during the previous fiscal year.

PROCUREMENT GOALS

Reported to Iowa Economic Development Authority for Fiscal Year 2021

No.	State Agency	Agency #	FY 2019 Actual Targeted Small Business Spending Reported	FY 2020 Targeted Small Business Procurement Goal	FY 2020 Actual Targeted Small Business Spending Reported	FY 2020 Actual Spending Over (Under) Goal	FY 2020 Actual As a % of Goal
1	Administrative Services	005	\$ 152,673.19	\$ 160,000.00	\$257,652.20	\$ 97,652.20	161%
2	Agriculture and Land Stewardship	009	92,911.57	93,000.00	690,044.35	597,044.35	742%
3	Attorney General	114	44,843.08	44,900.00	55,553.70	10,653.70	124%
4	Auditor of State	126	11,390.00	* 11,390.00	96,040.20	84,650.20	843%
5	Blind	131	1,480.00	30,050.00	275.00	(29,775.00)	1%
6	Ethics and Campaign Disclosure	140	-	281.00	226.00	(55.00)	80%
7	Civil Rights	167	5,841.16	14,000.00	2,935.53	(11,064.47)	21%
8	Chief Information Officer	185	221,952.51	* 150,000.00	135,635.11	(14,364.89)	90%
9	Commerce - Alcoholic Beverages	212	9,501.85	10,000.00	4,080.43	(5,919.57)	41%
10	Commerce - Banking, Licensing	213 & 217	288.00	90,000.00	350.00	(89,650.00)	0%
11	Commerce - Credit Union	214	725.00	726.00	1,889.60	1,163.60	260%
12	Commerce - Insurance	216	11,160.21	12,000.00	22,167.19	10,167.19	185%
13	Commerce - Utilities	219	355,578.94	* 261,642.00	304,132.61	42,490.61	116%
14	Corrections - Central Office	238	3,461.12	* 1,000.00	-	(1,000.00)	0%

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15	Corrections - Fort Madison	242	84,967.95	99,200.00	128,538.97	29,338.97	130%
16	Corrections - Anamosa	243	41,202.47	41,500.00	33,203.05	(8,296.95)	80%
17	Corrections - Oakdale Medical and Classification Center	244	80,898.86	81,000.00	66,705.05	(14,294.95)	82%
18	Corrections - Newton	245	105,270.78	* 105,000.00	116,183.01	11,183.01	111%
19	Corrections - Mt. Pleasant	246	85,454.65	85,500.00	42,914.28	(42,585.72)	50%
20	Corrections - Rockwell City	247	2,972.00	10,000.00	36,166.34	26,166.34	362%
21	Corrections - Clarinda	248	171,750.86	172,000.00	83,216.86	(88,783.14)	48%
22	Corrections - Mitchellville	249	9,695.70	* 6,900.00	56,098.91	49,198.91	813%
23	Corrections - Prison Industries	250	72,212.54	* 44,000.00	47,951.74	3,951.74	109%
24	Corrections - Fort Dodge	252	46,925.00	47,100.00	15,756.89	(31,343.11)	33%
25	Cultural Affairs	265	55,467.88	56,000.00	66,351.72	10,351.72	118%
26	Iowa Economic Development Authority	269, 275 & 301	22,509.04	22,600.00	33,470.93	10,870.93	148%
27	Iowa Finance Authority	270	17,764.25	* -	10,783.00	10,783.00	
28	Education	282	122,827.37	125,000.00	153,873.98	28,873.98	123%
29	Vocational Rehabilitation	283	34,868.82	34,880.00	60,150.77	25,270.77	172%
30	College Aid Commission	284	10,668.26	47,250.00	58,358.92	11,108.92	124%
31	Iowa Public Television	285	178,806.63	178,808.00	120,956.60	(57,851.40)	68%
32	Aging	297	7,644.70	7,700.00	26,948.25	19,248.25	350%
33	Workforce Development	309	131,595.60	235,000.00	132,681.28	(102,318.72)	56%
34	General Services Capitals	335	495,612.52	* 25,000.00	240,388.03	215,388.03	962%

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35	ICN	336	116,341.54	125,000.00	29,320.17	(95,679.83)	23%
36	Governor	350	612.52	1,000.00	9,979.66	8,979.66	998%
37	Human Rights	379	20,589.60	25,000.00	11,389.37	(13,610.63)	46%
38	Human Services - Administration	01	1,831.34	2,000.00	1,288,228.18	1,286,228.18	64,411%
39	Human Services - Community Services	402	96,706.45	100,000.00	53,421.65	(46,578.35)	53%
40	Human Services - Eldora	405	21,804.49	* 21,020.00	47,638.33	26,618.33	227%
41	Human Services - Cherokee MHI	407	6,326.28	* 2,750.00	3,282.40	532.40	119%
42	Human Services - Independence MHI	409	17,786.86	30,000.00	29,843.51	(156.49)	99%
43	Human Services - Glenwood Resource Center	411	43,350.38	47,685.42	296,406.53	248,721.11	622%
44	Human Services - Woodward Resource Center	412	418,518.56	468,792.51	598,271.55	129,479.04	128%
45	Human Services - Assistance Payments	413	334,177.20	350,000.00	386,891.49	36,891.49	111%
46	Inspections and Appeals	427	23,608.68	94,000.00	22,482.95	(71,517.05)	24%
47	Public Defender	428	178,795.68	205,000.00	227,847.03	22,847.03	111%
48	Racing and Gaming	429	-	11,600.00	15,250.00	3,650.00	131%
49	Judicial	444	257,447.62	* 230,000.00	241,521.97	11,521.97	105%
50	Law Enforcement Academy	467	14,871.51	15,000.00	21,935.77	6,935.77	146%
51	Citizens' Aide/Ombudsman	503	5,191.60	5,200.00	60.00	(5,140.00)	1%

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52	Legislative Services Agency	504	14,336.20	56,402.00	9,324.00	(47,078.00)	17%
53	Management	532	776.20	1,000.00	411.25	(588.75)	41%
54	Natural Resources	543	618,363.30	800,000.00	581,460.32	(218,539.68)	73%
55	Parole Board	547	8,213.50	* 3,500.00	-	(3,500.00)	0%
56	IPERS	553	201,266.40	* 195,000.00	136,141.84	(58,858.16)	70%
57	Public Employment Relations Board	572	15,319.18	* 7,065.00	23,604.05	16,539.05	334%
58	Public Defense	584	1,052,138.00	1,052,500.00	309,585.45	(742,914.55)	29%
59	Homeland Security and Emergency Management	583	23,366.80	25,703.48	21,856.38	(3,847.10)	85%
60	Public Health	588	831,728.74	835,000.00	1,250,092.56	415,092.56	150%
61	Public Information Board	592	64.50	* 20.00	52.00	32.00	260%
62	Public Safety	595	110,533.89	112,000.00	151,620.33	39,620.33	135%
63	Revenue	625	420,514.20	421,000.00	7,236.17	(413,763.83)	2%
64	Secretary of State	635	41,503.34	150,000.00	25,659.96	(124,340.04)	17%
65	Office of Drug Control Policy	642	-	NG	-	-	
66	Transportation, Capitals	646	28,174,079.61	* 21,500,000.00	28,377,126.83	6,877,126.83	132%
67	Treasurer of State	655	1,725.75	1,730.00	11,234.00	9,504.00	649%
68	Veterans Affairs	670	775.00	1,000.00	1,762.00	762.00	176%
69	Veterans Home	671	76,390.59	80,000.00	95,189.18	15,189.18	119%
70	Veterans Home, Capitals	672	-	NG	-	-	
71	Board of Regents		8,691,413.00	8,719,413.00	8,026,899.00	(692,514.00)	92%
Total			\$ 44,531,391.02	\$ 37,998,808.41	\$ 45,414,706.38	\$ 7,415,897.97	



TARGETED SMALL BUSINESSES CERTIFIED IN FY 21

Active TSB certification is for a two-year period and places the TSB in the public directory. If a TSB wishes to remain active, it must apply for re-certification every two years. 863 businesses were certified TSBs as of July 1, 2021.

End of Fiscal Year	Active TSBs	Renewals Due & Submitted	Closures
FY 08	480	173	123
FY 09	620	120	60
FY 10	660	178	126
FY 11	615	153	140
FY 12	594	196	138
FY 13	537	157	112
FY 14	425	166	149
FY 15	374	126	91
FY 16	368	133	62
FY 17	419	107	34
FY 18	454	120	48
FY 19	487	107	106
FY 20	863	105	69
FY 21	888	165	110

Since the launch of the new application portal, iowaeda.com/tsb, TSB staff increased its capacity to more efficiently manage the application process and reduce the turnaround time of application review from 5-7 business days to 3-5 business days. Additionally, simplifying the application process increased the rate of applications received. To reduce the impact of the COVID-19 pandemic and limitations on business operations, in March 2020, IEDA launched the TSB Sole Operator Grant program. Only owners of businesses with no employees in addition to the owner, who was certified as a Targeted Small Business, were eligible for awards under the program. Nearly 4,000 business owners applied for Targeted Small Business certification to enable them to be eligible for the program. In addition, more applications and renewals were submitted and approved in FY 2021 than in prior years. As a result, the number of certified TSBs nearly doubled in FY 2020 and FY 2021 over FY 2019.

FY 2021 ACTIVITIES

IEDA is responsible for administration of the Targeted Small Business loan program, which provides low-interest loans up to \$50,000 to businesses that qualify as Targeted Small Businesses. In April 2021, IEDA updated the rules governing the TSB loan program (261 IAC 55) to make them consistent with best practices developed since the rules were originally drafted. IEDA also notified the micro-loan service provider that had been managing the loan application process that it would not renew the contract for services. On September 1, 2021, management of the program, including the application and underwriting processes, were transitioned to IEDA.

Also in Fiscal Year 2021, IEDA amended 261 IAC, 52.1(15) to make it clear that a “Targeted Group Person” eligible for benefits under Iowa’s TSB programs is an individual who is an Iowa resident or who lives within a 50 mile radius of one of Iowa’s borders. This ensures the benefits of the programs are not extended to business owners with little or no connection to Iowa.



TSB staff collaborated with several resource providers and Iowa Department of Administrative Services staff to support education and awareness of resources available to Targeted Small Businesses and state agency procurement officers. The Center for Industrial Research and Service (CIRAS) hosted monthly webinars, each of which featured a city, county or state procurement officer, one or more TSBs, and CIRAS staff members who spoke about their respective roles in small business procurement. IEDA staff participated in meetings with the DAS Procurement Stakeholder working group to present information about the changes to the TSB program, and procurement information was featured in the TSB quarterly newsletter shared with DAS procurement agents, TSBs and resource providers.