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**Report on the Minnesota Small Business and
Small Targeted Group Business Procurement Program**

Pursuant to Minnesota Statutes § 16C.18, Subd. 2

**Activities of the Minnesota Department of
Employment and Economic Development
For the Period
July 1, 2004 to September 30, 2005**

**Report of the Commissioner of Employment and
Economic Development Pursuant to Minn. Stat. § 16C.18 Subd. 2**

Introduction

Minnesota Statutes § 16C.18 Subd. 2 requires the Commissioner of the Department of Employment and Economic Development to submit an annual report to the Governor and the Legislature on activities of the Department of Employment and Economic Development relating to the operation of Minnesota's small business and small targeted group business procurement program. The legislation directs that the report shall include the following information:

- (1) the efforts undertaken to publicize the provisions of the small business and small targeted group business procurement program during the preceding fiscal year;
- (2) the efforts undertaken to identify small targeted group businesses and the efforts undertaken to encourage participation in the targeted group purchasing program;
- (3) the efforts undertaken by the commissioner to remedy the inability of small businesses and targeted group businesses to perform on potential contract awards; and
- (4) the commissioner's recommendations for strengthening the small business and small targeted group business procurement program and delivery of services to small businesses.

Efforts to publicize provisions of the program.

The department includes in each yearly edition of *A Guide to Starting a Business in Minnesota* a section on procedures of state procurement to include the small business set aside and state procurement from small targeted group businesses. For the period of this report in excess of 25 thousand copies of the *Guide* were distributed. In addition the department includes questions on selling to the federal and state government in its set of "frequently asked questions" answered on the web sites of the department's Small Business Assistance Office [www.mnsbao.com] and Small Business Development Center [www.mnsbdc.com].

To broaden the availability and accessibility of information on selling to the government, the department utilizes the Small Business Development Centers to provide information and training on both federal and state programs. For the period of this report there were 20 such government procurement workshops in Mankato (1); St. Cloud (2); Twin Cities (5); Bemidji (2); Duluth (9); and Moorhead (1). Of these a total of five (1 in Bemidji and 4 in Duluth) were dedicated to state procurement exclusively. The remaining had content applicable to both state and federal procurement.

The department developed and maintained web site at Bizlinks.org contains information on the procurement programs and procedures of the Minnesota Department of Administration.

Efforts to identify small targeted group businesses and efforts to encourage participation in the program.

Since *A Guide to Starting a Business in Minnesota* remains a point of first contact for many individuals – especially new businesses – looking at possible sales to the state, the department takes care to ensure that up-to-date information about procedures and opportunities appears there. The department will include in the edition of the *Guide* under development in the period of this report for appearance in January 06 the following legislative changes:

- new language in 16C.03 Subd. 18 prohibiting foreign corporations from performance of state contracts unless they have registered to collect Minnesota sales and use tax;

- new language (uncodified at 2005 Minn. Law, Ch. 156, Art. 2, Sec. 48) requiring state agencies to consider the use of GTS for contracts for training services before approaching other vendors;

- new language in 16C.16 Subd. 1(b) requiring the Commissioner of Administration to take action to facilitate the participation of small businesses in state master contracts.

There were 4 small businesses who approached the department with inquiries on using the new “reverse auction” procedures for state procurement. All of these businesses sought the department’s advice because they had seen the reverse auction materials authored by department staff in the “Occasional Papers” section of the department’s website.

Efforts to remedy the inability of small businesses and targeted group businesses to perform on potential contract awards.

By statute (Minn. Stat. § 16C.18 Subd. 2(3)) this activity is conducted with clients referred to the department by the Materials Management Division of the Department of Administration. There were no such referrals in the period of this report.

Recommendations for strengthening the small business and small targeted group business procurement program and delivery of services to small businesses.

The Department of Employment and Economic Development has no recommendations at this time.