

Targeted Small Business Program
Iowa Department of Economic Development
Fiscal Year 2009 Report

SUMMARY

The [Targeted Small Business Program](#) made significant progress in the fiscal year ending June 30, 2009. The purpose of the Targeted Small Business Financial Assistance Program (TSBFAP) is to provide financial aid to women, minorities and persons with disabilities who are majority owners of businesses certified by the Iowa Department of Inspection and Appeals.

The success of the program can be viewed from four perspectives: businesses certified, financial assistance awards, procurement by state agencies and marketing and outreach strategies.

According to the Dept of Inspections & Appeals, during FY09, there were 620 active TSBs. This is a 29 percent increase over the active TSBs at the end of FY08 (480).

The amount of financial assistance awards increased as well. In FY09, 35 low-interest loans and one grant was awarded totaling \$1,090,150.00.

Procurement of TSBs by State Agencies hit an all-time high with State Agencies exceeding their TSB spending goals by a total of **\$23,513,449.23**. Community colleges also exceeded their TSB spending by an impressive **\$79, 520.07**. Unfortunately, and this has been the case for 2 years, AEA's **fell short** of their TSB spending goals by **-\$6, 667.92**.

Some of the successes of FY09 were due in part to increased marketing and compliance (procurement) **efforts with the addition of a full-time employee devoted to these two program metrics**. We made over 875 quality contacts with minority and women business owners as we traveled across the state to present at over 20 **seminars, conferences, or workshops**. We often partnered with the Department of Inspection & Appeals in these presentations, but also traveled solo when asked.

We developed a new lead marketing brochure which features 3 case studies of successful TSBs. We designed and developed a Certified TSB logo which TSBs can use on their Web sites, letterhead, or marketing materials. Finally, we now give newly certified TSBs a window cling for their storefront window or vehicle. The *Targeted Small BusinessLink* online newsletter continues to be an effective marketing and communication tool that keeps certified Targeted Small Businesses and program supporters informed.

Details

The success of Targeted Small Business Program can be viewed from four perspectives:

- Section 1.....Business Certification
- Section 2.....Financial Assistance Awards
- Section 3.....Procurement by State Agencies
- Section 4.....Marketing and Outreach Strategies



Section 1: Business Certification

According to a report by the Department of Inspections and Appeals (DIA), prior to FY08, the TSB program had seen a decline in the number of active TSBs. The passage of HF 890 in 2007 was intended to reverse this trend. The following reflect statistics for FY09, compared to FY08:

- At the end of FY09, there were 620 active TSBs. This is a 29% increase over the active TSBs at the end of FY08 (480). We attribute this increase in part to the outreach efforts of the Department of Economic Development.
- There were 340 new and renewal applications approved for full Certification or Conditional Certification during FY09, compared to 350 during FY08 – a 2.8% decrease. The decrease was due to fewer TSBs up for renewal than the prior year. Of the 340, 179 were new applications, 41 were new conditional applications, and 120 were renewals due in FY09.
- There was no TSBs de-certified during FY09.
- There were 60 TSBs active at the beginning of FY09 that did not renew due to going out of business, company moved out of state, requested removal, business sold, mail was undeliverable, or no response was received in response to the renewal notice.
- During FY09, presentations were made at twelve seminars/conferences/workshops, with attendance exceeding 875 participants. This compares to sixteen presentations made during FY08, with attendance exceeding 650 participants.

Following is an FY09 Summary of all Initial Active Certified Owners by TSB Type:

Sex	TSB Type						
	Minority					Female	Person with Disability
	Asian	Black	Latino	American Indian	Pacific Islander		
Male	12	20	17	0	0		9
Female	9	16	15	0	0	99	3
TOTAL*	21	36	32	0	0	99	12

** The totals do not represent the number of TSBs or number of owners due to multiple qualifications by some owners.*

Section 2: Financial Assistance Awards – FY09

The Targeted Small Business Financial Assistance Program was able to assist 36 women, minority and disabled business owners. Thirty-five of the awards were in the form of a low interest loans, and one grant of \$50,000 was awarded.

The following is a list of the award amounts:

- 7 awards for \$50,000
- 1 award for \$47,000
- 2 awards for \$45,000
- 1 award for \$43,000
- 2 awards for \$40,000
- 2 awards for \$36,000
- 1 award for \$35,000
- 1 award for \$33,000
- 1 award for \$29,000
- 1 award for \$28,000
- 1 award for \$27,500
- 3 awards for \$25,000
- 1 award for \$22,000
- 1 award for \$20,000
- 2 awards for \$15,000
- 1 award for \$14,000
- 1 award for \$13,500
- 2 awards for \$11,000
- 2 award for \$10,000
- 1 award for \$8,950
- 1 award for \$6,000
- 1 award for \$4,200

<i>Awards by Minority Status</i>
22 females received awards
2 black female
2 black males
3 Latino females
6 Males
1 Asian female
0 Asian male
0 EWD
1 (Other)

Total awards \$1,090,150

Note: No loan guarantees during FY 09 were awarded.

The TSB Loan Review Board approved the following loan awards, but the business owner later withdrew their application:

- 3 loans for \$50,000 each
- 1 loan for \$8,950
- 1 loan for \$14,000
- 1 loan for \$27,500
- 1 loan for \$10,000

LOSS

- Three awardees file bankruptcy for a total of \$15,585.60.
- One account went to collection (\$8,381.48)

Section 3: Procurement FY09

In May 2007, HF 890 became law, requiring state agencies to set a dollar amount TSB spending goal based on more thoughtful planning and forecasting. Expressed in a dollar amount, the TSB spending goal is met through

good faith efforts by procurement agents to seek out and patronize TSBs. However, TSBs must market their goods and services proactively to state agencies and aggressively pursue bid opportunities as well.

In FY09, TSB procurement results of state agencies and community colleges were favorable. Most noteworthy is that IN TOTAL, state agencies exceeded their TSB spending goals by \$23,513,449.23. This is largely due to the record-level spending by the Dept of Transportation who exceed their self-imposed spending goal by over \$16 million dollars!

For community colleges, nine of 15 exceeded their TSB spending goal by a TOTAL of \$79,520.07. Area Education Associations still struggle to meet their TSB spending goals. Only one in ten AEAs exceeded their TSB spending goal.

The TOP TEN agencies who spent more than their TSB goal in FY09 are:

Agency	Exceeded TSB spending Goal by...
Department of Transportation	\$16,141,882.42
Iowa Board of Regents	\$3,372,075.42
Dept of Natural Resources	\$422,528.14
Human Services (Asst Pymts)	\$309,674.58
Dept of Public Health	\$242,702.72
Dept of Public Safety	\$234,314.19
Human Services (Admin)	\$141,280.14
Iowa Public Television	\$117,934.77
Des Moines Area Community Colleges	\$95,274.25

Detailed results are below.

Agency	Agency #	FY 2009 TSB Goal	Total TSB Spending	Diff Between Spending and Goal
Administrative Services	5	\$180,000.00	\$144,174.48	(\$35,825.52)
Agriculture/Land Stewardship	9	\$135,000.00	\$132,393.92	(\$2,606.08)
Attorney General	112 and 114	\$45,000.00	\$40,402.19	(\$4,597.81)
Auditor	126	\$2,000.00	\$1,043.50	(\$956.50)
Blind	131	\$7,000.00	\$19,885.15	\$12,885.15
Ethics/Campaign Disclosure	140	\$550.00	\$502.80	(\$47.20)
Civil Rights	167	\$0	\$3,012.86	\$3,012.86
Commerce - Alcoholic Beverages	212	\$26,000.00	\$6,023.48	(\$19,976.52)
Commerce - Banking	213	\$5,000.00	\$14,566.89	\$9,566.89
Commerce - Credit	214	\$0	\$4,776.07	\$4,776.07

Union				
Commerce - Insurance	216	\$25,000.00	\$35,299.65	\$10,299.65
Commerce - Licensing	217	\$0	\$0	\$0
Commerce - Utilities	219	\$210,000.00	\$247,223.54	\$37,223.54
Corrections-Central Office	238	\$0	\$2,464.60	\$2,464.60
Fort Madison	242	\$55,000.00	\$2,326.93	(\$52,673.07)
Anamosa	243	\$12,000.00	\$22,053.45	\$10,053.45
Oakdale - Medical & Classification Ctr	244	\$65,000.00	\$130,382.17	\$65,382.17
Newton	245	\$25,000.00	\$36,006.81	\$11,006.81
Mt. Pleasant	246	\$1,000.00	\$444.40	(\$555.60)
Rockwell City	247	\$12,500.00	\$11,182.06	(\$1,317.94)
Clarinda	248	\$3,000.00	\$6,885.58	\$3,885.58
Mitchellville	249	\$5,700.00	\$8,902.70	\$3,202.70
Agency	Agency #	FY 2009 TSB Goal	Total TSB Spending	Diff Between Spending and Goal
Anamosa - Prison Industries	250	\$100,000.00	\$20,444.40	(\$79,555.60)
Fort Dodge	252	\$4,900.00	\$6,146.39	\$1,246.39
Cultural Affairs	259 and 265	\$3,000.00	\$6,686.40	\$3,686.40
Economic Development	269	\$350,000.00	\$262,873.23	(\$87,126.77)
Iowa Finance Authority	270	\$75,000.00	\$101,438.16	\$26,438.16
Education	282	\$158,000.00	\$72,322.52	(\$85,677.48)
Voc. Rehab	283	\$25,000.00	\$9,550.92	(\$15,449.08)
College Aid	284	\$18,000.00	\$27,367.02	\$9,367.02
Iowa Public Television	285	\$80,000.00	\$197,934.77	\$117,934.77
Elder Affairs	297	\$92,000.00	\$33,617.07	(\$58,382.93)
Workforce Development	309	\$152,000.00	\$161,641.67	\$9,641.67
General Services Capitals	335	\$300,000.00	\$3,672,075.42	\$3,372,075.42
ICN	336	\$25,000.00	\$19,122.77	(\$5,877.23)
Governor	350	\$4,500.00	\$2,757.05	(\$1,742.95)
Human Rights	379	\$23,100.00	\$22,294.36	(\$805.64)
Human Services Administration	401	\$30,397.00	\$171,677.04	\$141,280.04

Human Services Community Services	402	\$64,207.00	\$143,206.61	\$78,999.61
Iowa Juvenile Home (Toledo)	404	\$1,000.00	\$38,936.50	\$37,936.50
Eldora	405	\$21,000.00	\$22,388.43	\$1,388.43
Cherokee MHI	407	\$0	\$2,971.70	\$2,971.70
Clarinda MHI	408	\$3,000.00	\$3,000.00	\$0.00
Independence MHI	409	\$15,000.00	\$15,000.00	\$0.00
Mt. Pleasant MHI	410	\$1,000.00	\$1,000.00	\$0.00
Glenwood HS	411	\$0	\$0	\$0
Woodward HS	412	\$49,350.00	\$70,406.49	\$21,056.49
Human Services Assistance Pymts	413	\$991,250.00	\$1,300,924.58	\$309,674.58
Inspections & Appeals	427	\$15,000.00	\$72,653.70	\$57,653.70
Public Defender	428	\$200,000.00	\$271,985.64	\$71,985.64
Racing & Gaming	429	\$32,000.00	\$27,411.25	(\$4,588.75)
Judicial	444	\$10,000.00	\$33,960.99	\$23,960.99
Law Enforcement Academy	467	\$16,000.00	\$15,455.94	(\$544.06)
Leg. Citizen's Aide	503	\$1,750.00	\$10,088.99	\$8,338.99
Legislative Service Agency	504	\$28,000.00	\$32,454.82	\$4,454.82
Management	532	\$4,500.00	\$16,578.53	\$12,078.53
Agency	Agency #	FY 2009 TSB Goal	Total TSB Spending	Diff Between Spending and Goal
Natural Resources	542 and 543	\$250,000.00	\$672,528.14	\$422,528.14
Parole Board	547	\$0	\$0	\$0
IPERS	553	\$40,000.00	\$109,456.58	\$69,456.58
PERB	572	\$1,200.00	\$8,530.10	\$7,330.10
Public Defense	582 and 584	\$75,000.00	\$86,144.17	\$11,144.17
Homeland Sec/ Emergency Mgmt	583	\$15,000.00	\$30,843.34	\$15,843.34
Public Health	588	\$250,000.00	\$492,702.72	\$242,702.72
Public Safety	595	\$0	\$234,314.19	\$234,314.19
Revenue	625	\$53,500.00	\$58,351.22	\$4,851.22
Secretary of State	635	\$5,000.00	\$29,989.95	\$24,989.95
Office of Drug Control Policy	642	\$10,000.00	\$9,466.00	(\$534.00)
Transportation, Capitals	645 and 646	\$10,000,500.00	\$26,142,382.42	\$16,141,882.42
State Treasurer	655	\$28,000.00	\$15,401.14	(\$12,598.86)
Veterans Home	671	\$110,000.00	\$96,378.67	(\$13,621.33)
Veterans Affairs	672	\$1,000.00	\$361.00	(\$639.00)

Board of Regents*		\$6,300,000.00	\$8,638,177.00	\$2,338,177.00
Totals		\$20,847,904.00	\$44,361,353.23	\$23,513,449.23

Community Colleges TSB Procurement

Area Community College	FY 2009 TSB Goal	Total TSB Spending	Diff Between Actual and Goal
Northeast Iowa Community College	\$10,000.00	\$ 11,385.67	\$1,385.67
North Iowa Area Community College	\$14,000.00	\$ 2,533.00	\$ (11,467.00)
Iowa Lakes Community College*	\$50,000.00	0.00	\$ (50,000.00)
Northwest Iowa Community College	\$ 25,000.00	\$ 27,860.60	\$ 2,860.60
Iowa Central Community College - Fort Dodge	\$ 1,200.00	1,536.77	\$ 3,36.77
Iowa Valley Community College	\$10,000.00	\$ 22,321.25	\$ 12,321.25
Hawkeye Community College	\$25,000.00	\$ 15,816.10	\$ (9,183.90)
Eastern Iowa Community College	\$50,000.00	\$ 57,924.30	\$ 7, 924.30
Kirkwood Community College	\$		
Des Moines Area Community College	\$ 75,000.00	\$ 170,274.52	\$ 95,274.25
Western Iowa Tech Community College	\$ 5,000.00		\$ (5,000.00)
Area Community College	FY 2009 TSB Goal	Total TSB Spending	Diff Between Actual and Goal
Iowa Western Community College	\$ 500.00	\$ 6,670.38	\$ 6,170.38
Southwestern Community College	\$ 30,000.00	\$ 20,590.40	\$ (9,409.60)
Indian Hills Community College	\$ 19,000.00	\$ 46,057.68	\$ 27,057.68
Southeastern Community College	\$ 1,000.00	\$ 12,249.67	\$ 11,249.67
Total	\$ 256,700.00	\$ 395,220.34	\$ 79, 520.07

*submits reports semi-annually

Area Education Associations TSB Procurement

Area Education Agencies	FY 2008 TSB Goal	Total TSB Spending	Diff Between Actual and Goal
Keystone AEA #1	\$500.00	\$	\$ (500.00)
Northwest AEA (AEA #4 and Western Hills AEA #12 merged)	\$ 1100.00	\$73.70	\$ (1,026.30)
Prairie Lakes AEA #8	\$ 800.00	\$	\$ (800.00)
AEA 267	\$2,000.00	\$	\$ (2,000.00)

Mississippi Bend AEA #9	\$ 1,100.00	\$406.54	\$ (693.46)
Grant Wood AEA #10	\$ 1,800.00	\$11,786.21	\$ 9,986.21
Heartland AEA #11-Johnston	\$ 10,000.00	\$ 1,365.63	\$ (8634.37)
Loess Hills AEA #13	\$ 2,000.00	\$	\$ (2,000.00)
Green Valley AEA #14		\$	
Great River AEA #16 and Southern Prairie AEA #15*	\$ 1,000.00	\$	\$ (1,000.00)
Total	\$ 20,300.00	\$ 13632.08	(6, 667.92)

4. Marketing/Outreach Strategies

The TSB program accomplished all of its marketing objectives in fiscal year 2009. Several marketing and outreach strategies were utilized to help increase the businesses seeking TSB certification, loans, and state procurement opportunities among targeted groups. Over 875 quality contacts with minority and women business owners were made as staff traveled across the state. We often partnered with the Department of Inspection & Appeals in these presentations, but also traveled individually when asked.

IDED staff developed a new lead marketing brochure and we designed and developed a certified TSB logo that TSBs can use on their Web sites, letterhead, or marketing materials. We also now give newly certified TSBs a window cling for their storefront window or vehicle. The *Targeted Small BusinessLink* online newsletter continues to be an effective marketing and communication tool that keeps certified Targeted Small Businesses and program supporters informed.

Efforts marketing the program to minority organizations, associations, and in publications were increased. We also deepened our relationships with core partners at ISED, SBA, and SCORE, especially in Eastern Iowa.

Examples of our FY 2009 Marketing Strategies

- In April a new TSB lead brochure that features three case studies of certified TSBs was developed. Each case study focuses on one aspect of the TSB program: certification, financial assistance and procurement. Over 1,700 brochures were distributed in 2009 (calendar year) alone.
- Purchased weekly advertising space in *The Iowa Bystander* and *El Comunicado*. With combined subscriptions over 15,000 statewide, we felt it was a good use of marketing dollars since these publications target African-Americans and Latinos in Iowa.
- Leveraged the quarterly newsletter, *Targeted Small BusinessLink*, to include articles from partners like SBA as well as other agencies like Vocational Rehab, Department of Administrative Services and IPTV.
- Strengthened a wavering partnership with SCORE by connecting with chapters in Cedar Rapids, Iowa City and Waterloo through face-to-face presentations on TSB.
- Increased exposure to targeted groups by participating in large-scale community events such as “I’ll Make Me a World in Iowa” and “Celebrasian” – Iowa’s Asian heritage festival. Sponsorship of these events, along with the National Association of Women Business Owners (NAWBO) – Central Iowa

Chapter and the Women's Leadership Conference drove up awareness of our program and fostered goodwill.

Other outreach presentations/efforts included:

- Held two "How To Do Business with the State of Iowa" workshops (Marion and Ames) with combined attendance of 82.
 - Focus on Construction: Participated in a Cedar Rapids Reconstruction Contractors workshop and held a special TSB workshop for the Minority Enterprise Construction Council of Davenport that included DOT.
 - Made increased contact with the African-American Business Association, under the Greater Des Moines Partnership, by supporting their annual networking reception and attending one of their monthly meetings.
- 