



ILLINOIS UTILITIES BUSINESS  
DIVERSITY COUNCIL



ILLINOIS UTILITIES BUSINESS DIVERSITY COUNCIL

# 2017-2020 ECONOMIC IMPACT REPORT



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# SECTION I IUBDC MEMBER UTILITIES



## THE ILLINOIS UTILITIES BUSINESS DIVERSITY COUNCIL (IUBDC)

was formed in 2015 by six Illinois utilities: Ameren Illinois, ComEd, Illinois American Water, Nicor Gas, Peoples Gas and North Shore Gas, with a goal to grow business opportunities for diverse suppliers through closer collaboration, technical development, and sharing of best practices. Recognizing the value of the IUBDC, in 2019 our council expanded to include Aqua Illinois as an Associate Member.

Our mission is to advance the utilization of diverse businesses in Illinois among our member utilities.

The Council has placed an emphasis on helping the utilities with their respective procurement goals for minority-owned, women-owned, and veteran-owned businesses.

The IUBDC commissioned an economic impact analysis to frame a general understanding of how our spend with diverse suppliers impacts the economy and employment.

# JOSEPH DOMINGUEZ, CHAIRMAN, IUBDC



## A LETTER FROM THE CHAIRMAN SECTION 2

On behalf of the Board of Directors of IUBDC, I am pleased to tell you that the diverse supplier spend in 2020 by Illinois utilities reached \$2 billion, an increase of \$1B compared to 2017 when the last economic impact study was conducted. Moreover, the cumulative impact on the state's GDP from Illinois utilities' diverse supplier investments has grown from \$2B in 2017 to nearly \$12B today, resulting in approximately 20,000 jobs supported each year. But the total spend and economic growth doesn't begin to tell the more important story about lifting diverse families and communities.

When Charles Matthews passed the Chairman's gavel to me for 2021, he told me that the IUBDC was formed in 2015 because Illinois utilities saw an opportunity to join forces and help diverse companies navigate the supply chain requirements that often create challenges for small companies trying to get their foot in the door. Five years later, we are seeing the impacts of increased Illinois utility spend with diverse suppliers, tremendous growth in the diverse supply

network and record performance in service reliability from Illinois utilities. This reflects a collective and focused effort to mentor, promote education and skill development, and foster relationship-building between utilities and diverse suppliers. This has been accomplished in part by IUBDC's work in establishing and sharing best practices. As you'll see in this report, the positive impacts are being felt far and wide.

Diverse suppliers are playing a major role in the efforts of all Illinois utilities to modernize energy infrastructure, meet the evolving needs of customers, and support the transition to clean energy. Investing in a diverse supply chain also helps us lift up communities in need, which is more important than ever. Many of the equity issues that we face today can be traced back to the lack of jobs and economic opportunities and that's an area where Illinois utilities are committed to making a positive impact.

The IUBDC is just starting to demonstrate what can be accomplished when an industry comes together

to nurture a supportive ecosystem for diversity-certified businesses that have what it takes to succeed but need an opportunity to prove it. Diverse communities continue to face economic challenges and Illinois utilities have more work to do to build the resilient, clean infrastructure that can support a modernizing Illinois. With the continued support of the Illinois Commerce Commission, stakeholders, and policymakers, we are confident that we can continue to build on this early success. On behalf of my fellow IUBDC Board of Directors, I can confirm that this is one of our most important and gratifying roles, particularly at a time marked by an urgent need to support diversity, equity, and inclusion, all of which are core values of Illinois utility companies.

Sincerely,  
Joe Dominguez

A handwritten signature in black ink, appearing to read 'Joe Dominguez', written in a cursive style.



## SECTION 3 THE IUBDC LEADERSHIP



**Joe Dominquez**

CEO, ComEd  
Chair, IUBDC



**John O. Hudson III**

President & CEO, Nicor Gas  
Board Member, IUBDC



**Justin Ladner**

President, Illinois American Water  
Board Member, IUBDC



**Richard Mark**

Chairman & President,  
Ameren Illinois Company  
Board Member and Past Chair, IUBDC



**Charles Matthews**

President & CEO, Peoples Gas  
and North Shore Gas  
Board Member and Immediate  
Past Chair, IUBDC



**Craig Blanchette**

President, Aqua Illinois  
Associate Board Member, IUBDC

# PUBLIC UTILITIES FORTNIGHTLY

*Impact the Debate*

# SIX UTILITY EXECS BAND TOGETHER TO ADDRESS DIVERSITY

## SECTION 4

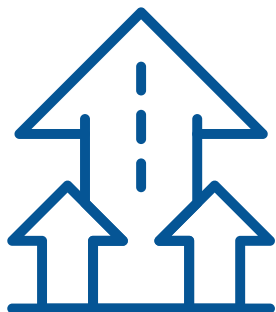
In the Spring of 2020, IUBDC's six utility execs participated in a panel and discussed how their companies are working together to provide opportunities to diverse suppliers. Panelists included Richard Mark, President, Ameren Illinois; Joe Dominguez, CEO, ComEd; John Hudson, President & CEO, Nicor Gas; Charles Matthews, President & CEO, Peoples Gas and North Shore Gas; Justin Ladner, President, Illinois American Water; and Craig Blanchette, President, Aqua Illinois. This engaging discussion was moderated by Public Utilities Fortnightly editor-in-chief Steve Mitnick.

ARTICLE LINK: [Six Utility Execs Band Together to Address Diversity](#)



# SECTION 5 ECONOMIC IMPACT OF SUPPLIER DIVERSITY PROGRAMS

Supplier Diversity spend by IUBDC member utilities significantly impacts the state's economy. This spend supports jobs at diverse businesses in Illinois. These businesses and their employees in turn employ other local companies, supporting additional jobs in the community.



**\$11.8 BILLION**  
to IL GDP from 2017-2020

An average year-over-year increase of \$576 million



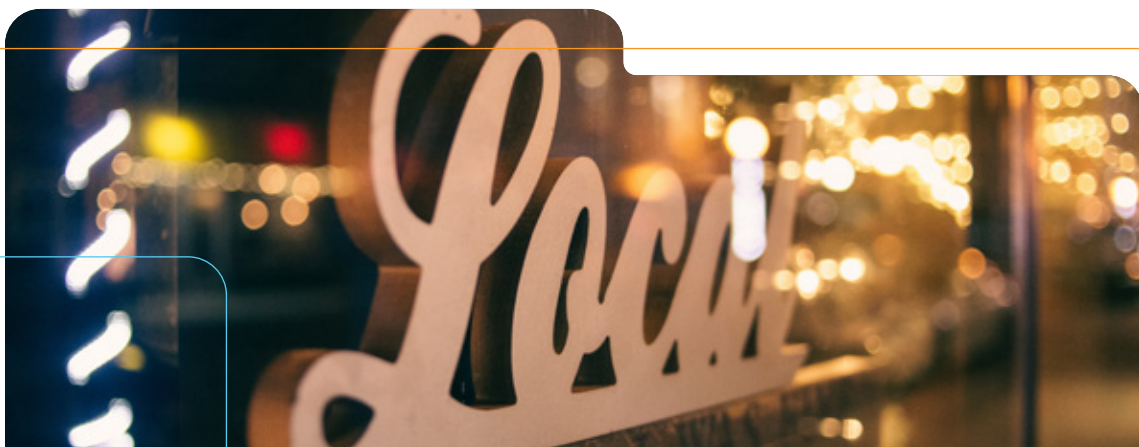
**19,868 JOBS**  
supported on average every year

About the same as the entire population of Frankfort, IL  
Source: U.S. Census



**\$1.1 BILLION**  
in employee wages supported

With an average annual wage of \$55,365

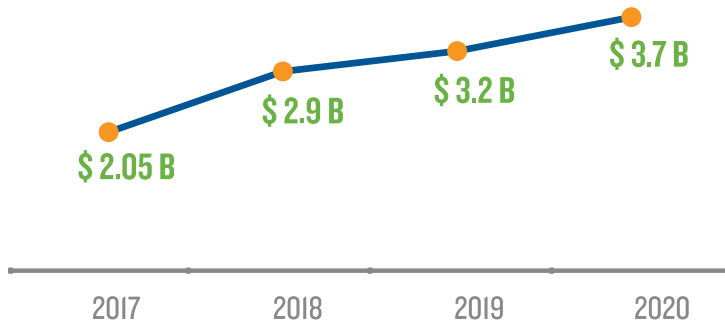




# ECONOMIC IMPACT OF SUPPLIER DIVERSITY PROGRAMS

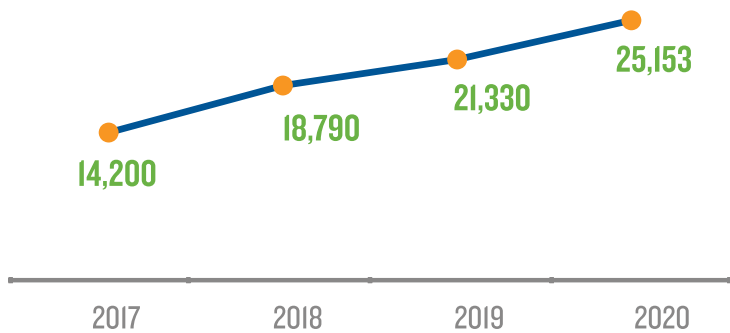
## SECTION 5

### GDP CONTRIBUTION



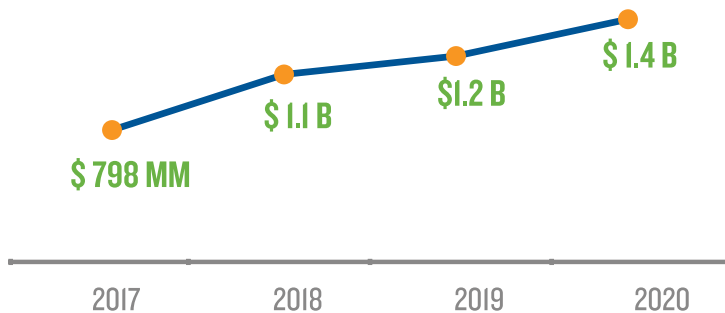
PURCHASES FROM DIVERSE BUSINESSES HAVE CONTRIBUTED A TOTAL OF **\$11.8 BILLION** TO THE ILLINOIS GDP FROM 2017-2020

### JOBS SUPPORTED



PURCHASES FROM DIVERSE BUSINESSES HAVE SUPPORTED AN AVERAGE OF **19,868 JOBS** EVERY YEAR FROM 2017-2020

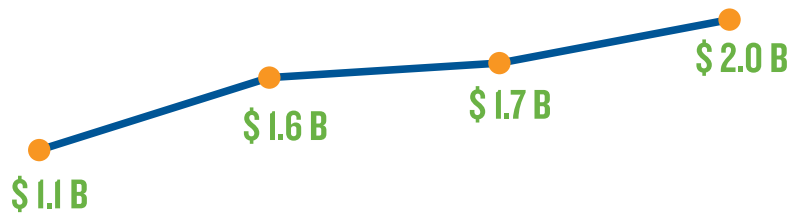
### INCOMES SUPPORTED



PURCHASES FROM DIVERSE BUSINESSES HAVE SUPPORTED AN AVERAGE OF **\$1.1 BILLION** IN EMPLOYEE WAGES EVERY YEAR FROM 2017-2020

## SECTION 6 OUR IMPACT ON DIVERSE BUSINESSES

### PURCHASES FROM DIVERSE BUSINESSES



2017

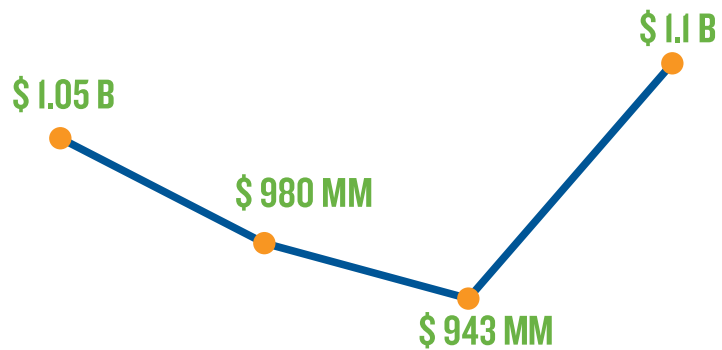
2018

2019

2020

ILLINOIS UTILITIES HAVE PURCHASED  
**\$6.3 BILLION**  
FROM DIVERSE BUSINESSES FROM 2017-2020

### PURCHASES FROM ILLINOIS-BASED DIVERSE BUSINESSES



2017

2018

2019

2020

ILLINOIS UTILITIES HAVE PURCHASED  
**\$4.07 BILLION**  
FROM ILLINOIS-BASED DIVERSE  
BUSINESSES FROM 2017-2020

Member utilities of the IUBDC have contributed to the development and growth of diverse communities through their commitment to utilizing minority-, women-, and veteran-owned businesses.

Since 2017, our utilities spent over \$6.3 billion with diverse businesses, of which over \$4.07 billion was with Illinois-based diverse businesses. This spend provided new opportunities for diverse businesses across the state and supported economic development and growth of a diverse workforce.



“

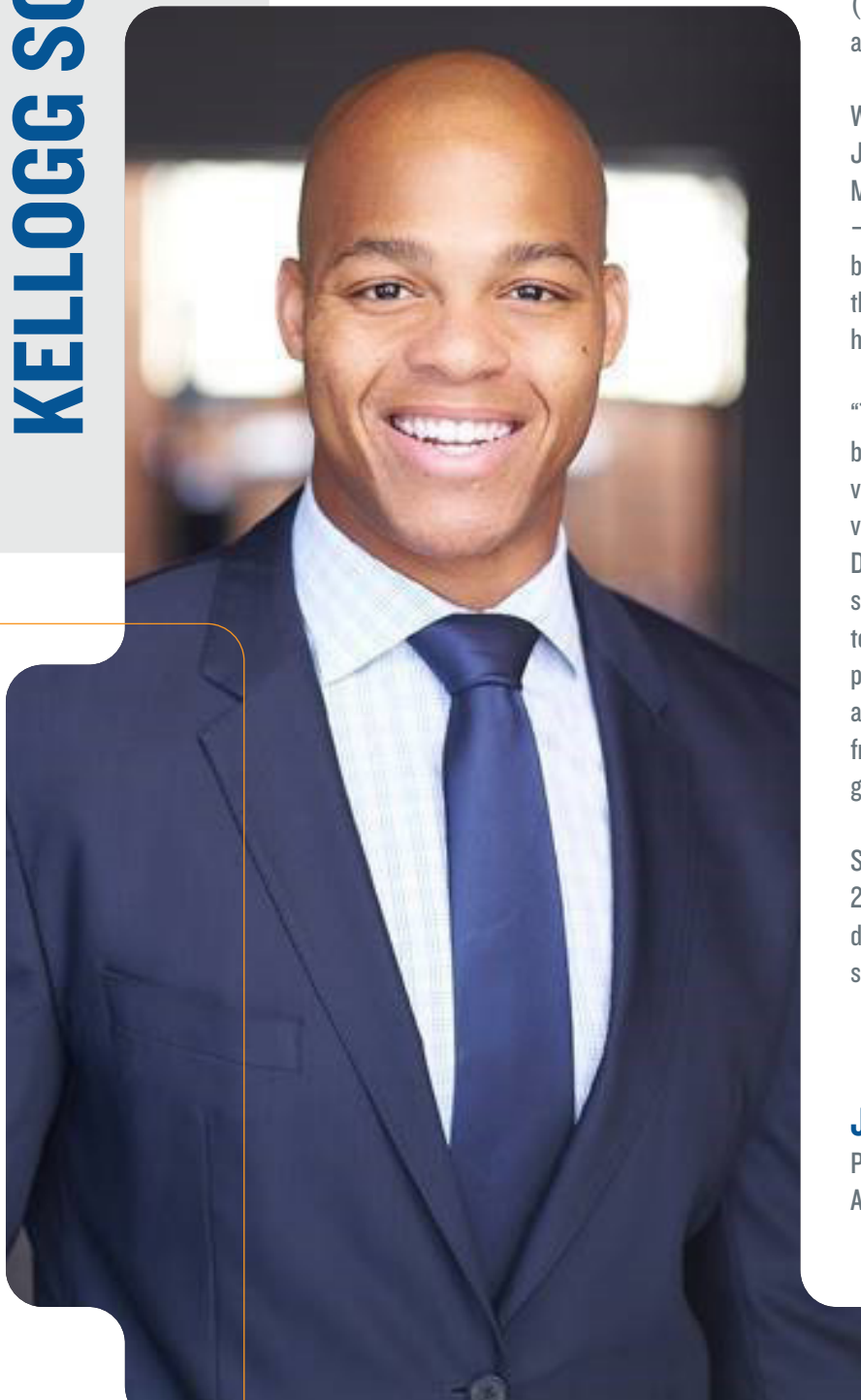
The IUBDC has become a strong voice for diverse suppliers, and its members are national leaders in supplier and workforce diversity spend and initiatives. We commend this effort to dig even deeper and assess the economic impact of increased spending with diverse suppliers in the state of Illinois. We remain proud of the work, progress, and efforts the Council has undertaken since its inception in 2015.

**Commissioner  
Maria Bocanegra**

Illinois Commerce Commission

## SECTION 7 KELLOGG SCHOLARSHIP PROGRAM

# GROWING BUSINESSES THROUGH LEADERSHIP DEVELOPMENT



In 2018, the IUBDC launched a scholarship program in partnership with Northwestern University's Kellogg School of Management, helping minority business leaders attend the Advanced Management Education Program (AMEP). AMEP is a custom executive education program created by the National Minority Supplier Development Council to provide CEOs of certified minority-owned business enterprises (MBEs) with the tools and skills they need to achieve and sustain accelerated growth.

We reached out to recent program graduate Joshua Davis, president of Lyons View Manufacturing & Supply, A Will Group Company — a certified MBE and certified disadvantaged business enterprise — to ask about the impact that the IUBDC scholarship and AMEP program had on his business.

"The IUBDC has provided a network for sharing best practices for minority-, woman-, and veteran-owned businesses who have added value to their local community and utility," says Davis. "The AMEP program encouraged me to see the bigger picture in regard to opportunities to add value to our partners. Attending the program motivated me to join Kellogg full-time as an executive MBA student. The value gained from the AMEP program encouraged me to keep getting better."

Scholarships were awarded in both 2018 and 2019, but the program was not available in 2020 due to COVID-19. The IUBDC plans to offer the scholarship program again in 2021.

### **Joshua Davis**

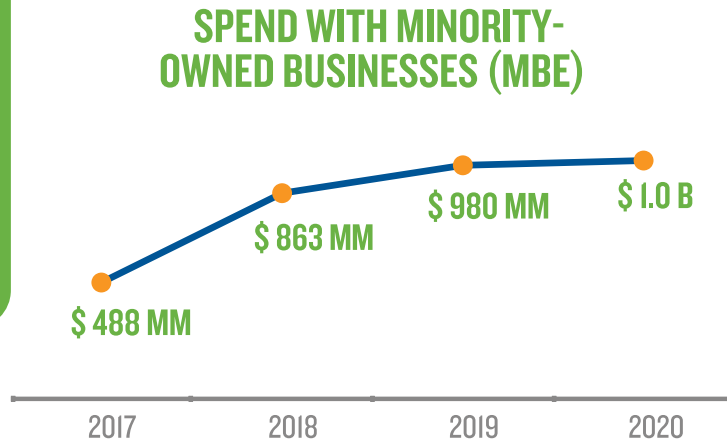
President of Lyons View Manufacturing & Supply,  
A Will Group Company

# ILLINOIS UTILITIES HAVE SPENT:

## SPEND WITH DIVERSE SUPPLIERS 2017-2020 SECTION 8

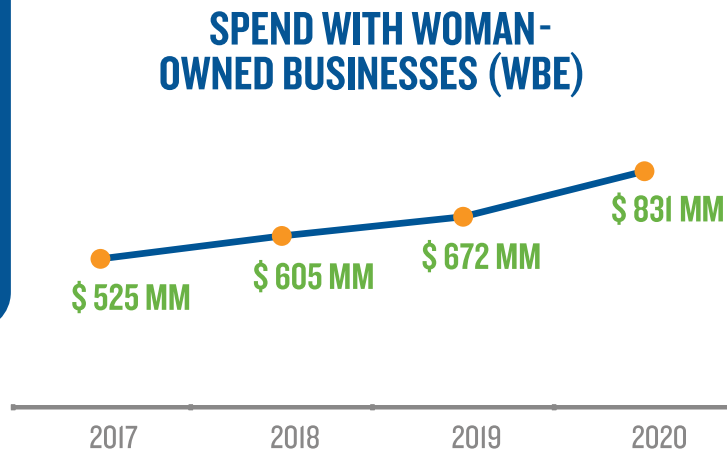
**\$3.4  
BILLION**

WITH MBEs  
FROM 2017-2020



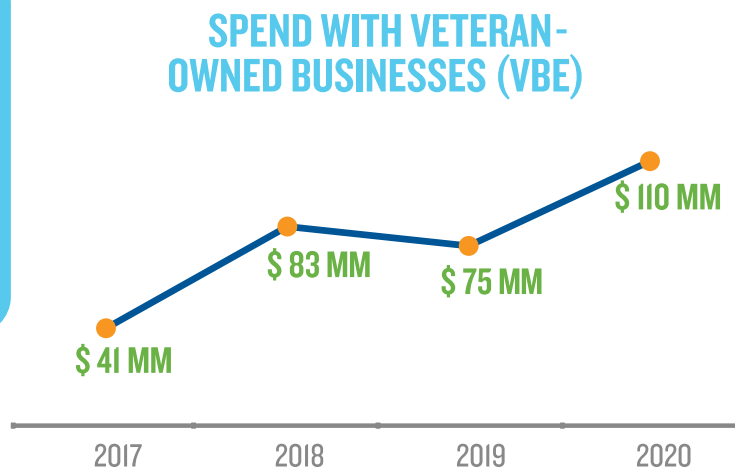
**\$2.6  
BILLION**

WITH WBEs  
FROM 2017-2020



**\$309  
MILLION**

WITH VBEs  
FROM 2017-2020





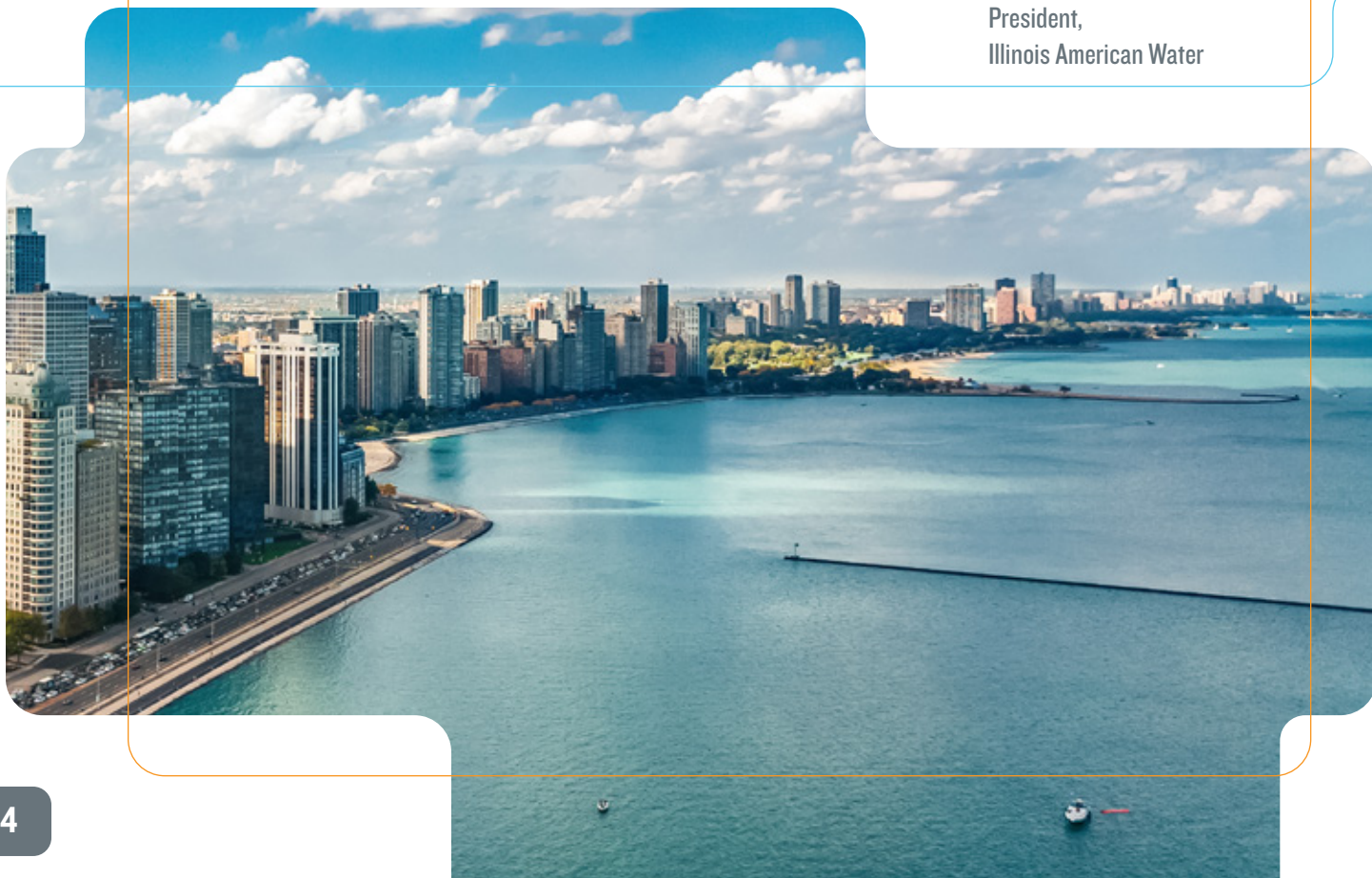
## SECTION 9 PANDEMIC-PROOF SUPPORT

In early March 2020, the unthinkable happened: The World Health Organization declared that the COVID-19 outbreak wreaking havoc across the world was now classified as a pandemic. Businesses across the world, and across Illinois, were forced to close their doors and lay off employees. Most business owners hoped the impact would be temporary, but months later, there was no real end in sight.

But some businesses, including utilities, continued to operate, providing essential services, and keeping people employed. This uniquely positioned utility members of the IUBDC to support smaller, diverse businesses through the pandemic. “At the IUBDC, our mission focuses on advancing the growth and utilization of utility businesses, and that didn’t stop when the pandemic hit,” said Justin Ladner, president of Illinois American Water and board member of the IUBDC. “In fact, it positioned us to find even more ways to partner with diverse businesses — through procurement of PPE, for example.”



**Justin Ladner**  
President,  
Illinois American Water



# PROOF POSITIVE: CETERA MARKETING

One such business that has survived the pandemic with support from the IUBDC is Cétera Marketing — a minority- and women-owned boutique marketing business. Cétera specializes in uniforms and apparel, promotional products, corporate gifts, custom packaging, branded company stores, and graphic design. When the pandemic hit, Cétera reached out to clients like Illinois American Water to help with PPE procurement. “We resolved this demand by procuring and delivering more than \$2.5 million of PPE without incident,” says Dana Hali, president and CEO. “We added management staff in key areas, allowing our team to pivot and serve our clients at a higher level through the duration of this devastating pandemic.”

Rhonda Carter Adams, Workforce and Supplier Diversity Manager for Illinois American Water, an IUBDC member utility, says, “Much like our IUBDC colleagues, Illinois American Water recognized at the start of the pandemic that our small and diverse business partners

would need additional support. Several of our diverse partners lost significant revenue because of the decrease in overall demand for their traditional product and service offerings.” Illinois American Water turned to Cétera Marketing, one of several diverse partners, to provide safety supplies to their field teams, including protective clothing, eye equipment, gloves, safety signage, respirators, face masks, face shields, anti-bacterial hand sanitizers, and other safety maintenance, repair, and operating supplies.

Hali describes Cetera’s partnership with Illinois American Water as an enabling force. “We continued to generate revenue through our partnership with Illinois American Water during the pandemic, which helped us keep the doors open, lights on, and our team graciously employed. As we begin to rebuild, our focus continues to be on showing up as reliable thought partners while evolving our marketing approach to meet our client’s needs.”

## PANDEMIC-PROOF SUPPORT SECTION 9



# SECTION 10 MEASURING ECONOMIC IMPACT AND ECONOMIC IMPACT CHANNELS

## MEASURING ECONOMIC IMPACT



### **JOBS**

Member utilities support jobs through their purchases



### **INCOMES**

Incomes through these jobs foster economic advancement



### **SPEND**

Employee spend leads to development in their communities

## ECONOMIC IMPACT CHANNELS



### **DIRECT DIVERSE SUPPLIERS**

Jobs and revenue impact Illinois utility suppliers



### **INDIRECT SUPPLY CHAIN**

Purchases by Illinois utility suppliers lead to down-stream activity and jobs



### **INDUCED COMMUNITY**

Employees support jobs in their local economy by their spend





“

IUBDC-member companies have made significant investments in upgrading the state's energy delivery infrastructure, installing new technologies and equipment to improve reliability and deliver value for our customers,” said Richard J. Mark, Chairman and President, Ameren Illinois. “The results of this economic impact study demonstrate that more diverse suppliers than ever are providing the services we need to execute these important projects, while creating jobs and economic opportunity throughout the region.”

**Richard Mark**

Chairman & President  
Ameren Illinois

## SECTION II MAKING CONNECTIONS

### VIRTUAL MATCHMAKING

The IUBDC continues to support the diverse business community through matchmaking. In partnership with the Chicago Minority Supplier Development Council, the IUBDC hosted a Materials & Original Equipment Manufacturers Virtual Matchmaker event. Thirty matchmaker meetings were held between minority businesses and IUBDC utilities' prime partners, further demonstrating IUBDC's commitment to serving the needs of diverse suppliers in Illinois.

### NEW SUPPLIER REGISTRATION TOOL

As the IUBDC continues to look for ways to connect utility procurement specialists with diverse suppliers for sourcing opportunities, we've developed a registration portal as a tool for suppliers to create a unique company profile as a way for procurement specialists at our member utilities to identify registered businesses for possible business opportunities. We encourage diverse suppliers to register their company today and leverage the resources made available through the IUBDC.

LINK: [Supplier Registration Tool — IUBDC](#)







“

The past year has shined a bright spotlight on the importance of programs that increase economic opportunity and reduce inequities in our society. IUBDC provides a framework for Illinois utilities to work together to sharpen the effectiveness of their supplier diversity initiatives. By sharing what's worked — and what hasn't — we're expanding opportunity much faster collectively than we could individually. That improves the quality of life in the communities we serve and helps build a better future for all of us.

**Charles Matthews**

President and CEO  
Peoples Gas and North Shore Gas

## SECTION 12

# 2020 IMPACTS AT A GLANCE



**\$2 BILLION**  
PURCHASES FROM  
DIVERSE SUPPLIERS



**24,153 JOBS**  
JOBS SUPPORTED  
AT DIVERSE SUPPLIERS



**\$1.4 BILLION**  
INCOMES EARNED  
BY EMPLOYEES



“

As one of the founding members of the Illinois Utilities Business Diversity Council, we realize the important role our diverse businesses play in helping us to improve efficiencies, spur economic growth, and drive innovation,” said John O. Hudson III, president and CEO of Nicor Gas. “Our consistent and intentional efforts around business diversity have not only helped numerous businesses grow and expand, but more importantly, have made them sustainable for the future. Stronger diverse businesses are the driving force behind economic growth, helping to build stronger communities and a stronger industry.”



**John O. Hudson III**

President and CEO  
Nicor Gas

# SECTION 13 IMPACTS AT ILLINOIS-BASED BUSINESSES IN 2020

## IMPACTS AT MINORITY-OWNED BUSINESSES (MBE)\*



**\$1 BILLION**  
TOTAL PURCHASES



**6,539 JOBS**  
JOBS SUPPORTED



**\$377 MILLION**  
EMPLOYEE EARNINGS



## IMPACTS AT WOMAN-OWNED BUSINESSES (WBE)\*



**\$830.5 MILLION**

TOTAL PURCHASES



**4,942 JOBS**

JOBS SUPPORTED



**\$292.5 MILLION**

EMPLOYEE EARNINGS

## IMPACTS AT VETERAN-OWNED BUSINESSES (VBE)\*



**\$109.5 MILLION**

TOTAL PURCHASES



**631 JOBS**

JOBS SUPPORTED



**\$37.7 MILLION**

EMPLOYEE EARNINGS

\*The impacts for MBE, WBE, and VBE are based off direct impact channels only.

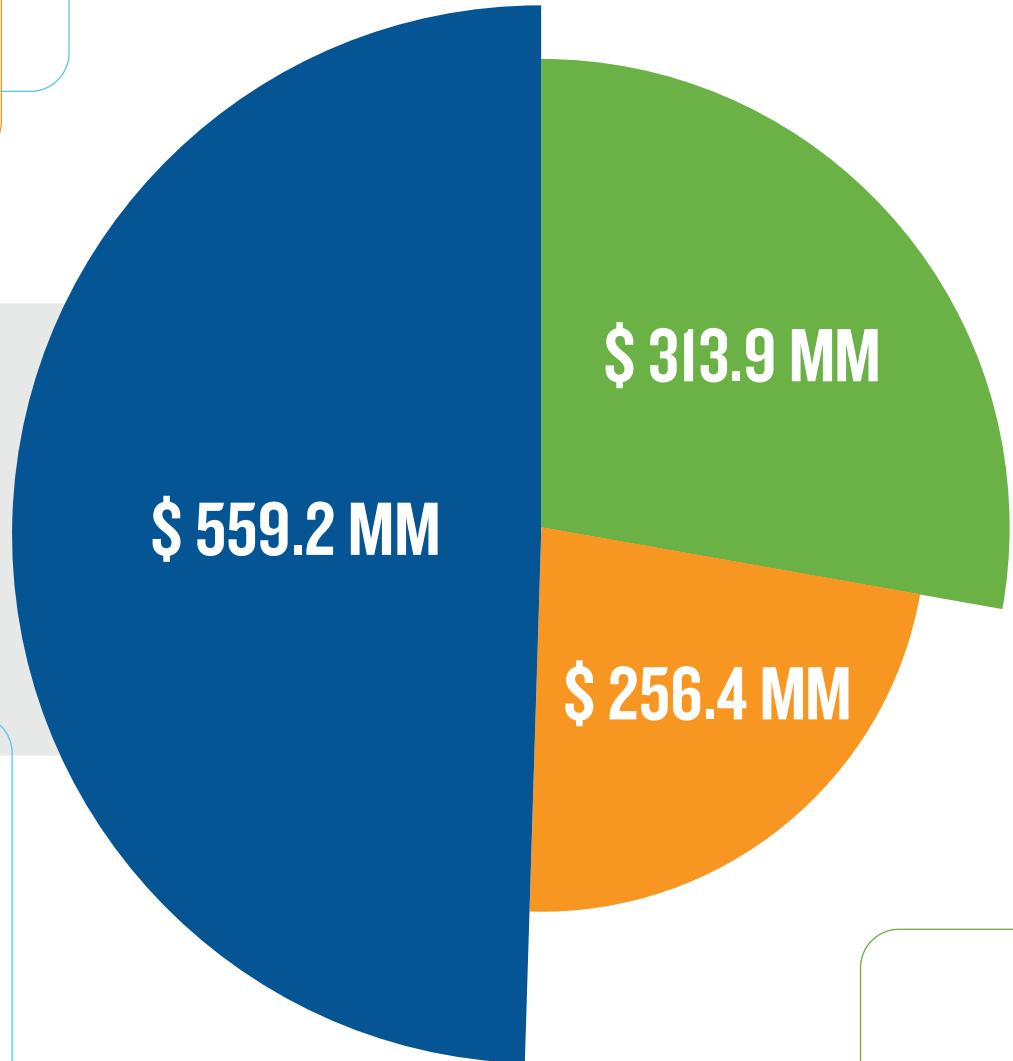


## SECTION 14 TAXES SUPPORTED

# TAXES SUPPORTED THROUGH SUPPLIER DIVERSITY SPENDING IN 2020

The activities of IUBDC's diverse suppliers generated an estimated \$1.1 billion in taxes. These taxes include a combination of corporate taxes, personal taxes on incomes earned by employees, social security taxes, taxes on goods and services, and other taxes.

- Federal
- Local
- State



“

Strengthening Illinois' utility infrastructure is key to stimulating all kinds of business in our service territories, especially business with diverse suppliers. Aqua Illinois has several important economic development projects, a few of which are among the largest economic development projects in the state, and infrastructure investment is critical to growing the economies in the communities we serve. These projects, in turn, have helped diverse firms within the territory. Aqua is proud to support diverse business enterprises across Illinois and work directly with peer utilities in carrying out the mission of the Illinois Utilities Business Diversity Council.



**Craig Blanchette**

President  
Aqua Illinois, Inc.

## ECONOMIC IMPACT MODELING

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spend, cycles through the economy in terms of “indirect and induced output,” or additional spend, personal income, and employment.

There are several Input-Output models used by economists to estimate multiplier effects. A prominent provider of supplier diversity solutions, [supplier.io](#), employed the IMPLAN input-output model in developing estimates of spend, income, and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

The input-output multipliers are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state. These multipliers consider an amount of “leakage” from the state economy because some wages and expenditures will be spent outside of the state. The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

### Analysis performed by [supplier.io](#)

#### Assumptions

This analysis relies on the following assumptions:

1. For suppliers that have multiple locations, all impact is evaluated at the headquarters location. This may overestimate the impact in the headquarters state and underestimate the impact in other states.
2. For suppliers that provide services in multiple NAICS code, unless otherwise indicated, all impact is calculated using the supplier’s primary NAICS code.
3. A supplier impact is assumed to be localized within a state.
4. The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

#### References

This report is based on an analysis of data provided by the customer and information from the following sources:

1. US Government Revenues: [http://www.usgovernmentrevenue.com/total\\_2014USrt\\_l7rsln](http://www.usgovernmentrevenue.com/total_2014USrt_l7rsln)
2. IMPLAN: <https://implan.com>
3. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>
4. RIM II User Guide — An essential tool for regional developers and planners: [https://www.bea.gov/sites/default/files/methodologies/RIMSII\\_User\\_Guide.pdf](https://www.bea.gov/sites/default/files/methodologies/RIMSII_User_Guide.pdf)
5. Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers: <https://www.bea.gov/system/files/papers/WP2012-3.pdf>



## ILLINOIS UTILITIES BUSINESS DIVERSITY COUNCIL



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**DIVERSITY COUNCIL**