WISCONSIN STATE USE BOARD MEETING

April 10, 2014, 10:00 a.m. – 12:00 p.m.

Department of Agriculture, Trade, and Consumer Protection (DATCP)

2811 Agriculture Drive

Madison, WI 53718

**Opening Business**

Call to Order – The meeting was called to order by Jean Zweifel at 10:05 a.m.

Introductions

Board Members Present:

* Jean Zweifel, Greenco Industries
* Marie Danforth, Department of Health Services
* Michael Casey, Public Member
* Nick George, Midwest Food Processors Association

Board Staff Present:

* Nadine Malm, Department of Administration
* Cheryl Edgington, Department of Administration

Audience:

* Karl Schmig, Riverfront Activity Center
* Isobel O’Rourke, Kenosha Achievement Center, Inc.
* Ken Maciejewski, Opportunities Inc
* Ryan Hoffman, Beyond Vision
* Enid Glenn, Department of Workforce Development, Division of Vocational Rehabilitation

Teleconference Participants:

* Thomas Cook, Rehabilitation for Wisconsin
* Gary Goodsell, Careers Industries
* Amy Golackson, Kandu Industries
* Donna Reinerio, Highline Corporation
* John Joles, L.E. Phillips Career Development Center
* Kathy Kaeding, Department of Corrections

Approval of January 9, 2014 Minutes – **Nick motioned, Marie 2nd and approved**

Chairperson Report

* Nothing to report

**Continuing Business**

Update on Drug Testing Kits – Greenco is in negotiations with Redwood Toxicologies. Looking at pricing and what functions Greenco would be providing. DOC is currently using a Governor’s Waiver valid until June 30, 2014, to obtain lab services for confirmation services and kits from a consortium contract. Intend for contract completed within a few months. Extension needed to continue negotiations of contract. **Roll Call Vote: Nick – Aye, Marie – Aye, Mike – Aye, Jean – Abstain. Motion Passed.**

Universal Paper Products – Worked with Beyond Vision and brought in front of DOA Legal Counsel to determine whether or not products could be removed from the contract at this time. Board was aware of a 15% impact rule which affected one contract vendor. Legal counsel reviewed the contract and determined the way it is currently written, items cannot be removed from it. Next possibility for Beyond Vision to have an opportunity to bid would be at the next renewal or rebid period. Contract’s first renewal period expires March 31, 2015, with one final renewal good through March 31, 2016. Beyond Vision would like to keep the set aside in order to continue the possibility of providing the product at a future date. **No action taken by board. Set aside left open.**

Fair Market 2012 – Nadine sent paperwork to subcommittee on 04/09/2014. Nadine included the quotes/pricing received from the work centers for contract/cost comparabilities for products like Officer Uniforms, Can Liners, Toothpaste, etc. Waiting for feedback from subcommittee.

Nadine also stated John Gibson is no longer employed at DOA as he accepted another position and DOA is in the process of filling the vacancy.

Annual Report 2012 – Nadine has figured out the issue with the Annual Report’s numbers and should have a draft of the report to the board within two weeks.

Fair Market 2013 – Chairperson Zweifel stated she knows the work centers received the email with the required documents in early April and due April 18th. If centers haven’t sent in, please complete. It’s easier and online, just need to fill out, put in back up materials, scan in and send. Chairperson Zweifel again indicated paperwork is due to Nadine by April 18th. Nadine to send a reminder email thanking those who have returned the paperwork and to remind those that still need to complete.

Annual Report 2013 – Paperwork has not be sent yet. Still needs approval by Forms Manager. Nadine was pretty sure John completed the needed changes, but would need to check with the forms manager. If paperwork is ready to go, will be sent to the work centers the week of April 14th.

Appreciable Contribution – Kept on agenda to continue discussion. At the January board meeting, Helen suggested inviting legal counsel to meeting. However, Helen was not able to attend meeting today as other projects have taken priority. Nadine requested to table to next meeting if a decision needs to be made and if DOA legal counsel needs to weigh in, Nick asked if DOA legal needs to review. Nadine indicated she could not answer the question because Helen had brought that up at the last board meeting that she wanted legal counsel to review. Nick asked if legal counsel was reviewing which Nadine could not answer. Nadine indicated she and Cheryl Edgington could meet with Helen to see if DOA legal needs to review and will send an email to the board after the meeting. Chairperson Zweifel indicated that was necessary and thought Helen wanted a member of legal counsel at the board meeting. Nadine affirmed this. Chairperson Zweifel indicated the next board meeting is on the road and could be more difficult to meet since it wasn’t in Madison. Nadine indicated legal counsel could attend via teleconference which would be fine to receive input.

Mike Casey inquired what issue needed attention yet. Nadine stated the appreciable contribution calculation needs to be addressed so it works for the work centers. No work centers can meet the appreciable contribution with the current calculation. Mike mentioned that’s why work centers have an opportunity to present their contract to the board to show what would be completed by them. Nadine indicated Ron Opicka from Eastshore Industries has brought it up previously as his work center makes the mops from start to finish and they are not even close to meeting the appreciable contribution based on the current calculation. Chairperson Zweifel stated several years ago it was brought up they were looking at 50% of the labor not at the end result which makes sense because work centers can only get labor out of their clients. That’s how it should be stated so this conversation does not need to take place every five to ten years. Mike provided the statutory definitions of appreciable contribution. Nadine indicated appreciable contribution and value added definitions got blended, but not sure when that happened. Information regarding this issue was gathered going back to 1996 to find when this changed. If was found this changed happened around 2003 but no vote had taken place based on previous meeting minutes. Nick mentioned since there was no vote, than maybe it shouldn’t be changed. Nadine indicated it could go back to the previous calculation that was based on value add. Chairperson Zweifel stated that meant 50% of the labor which Nadine agreed. Nick again indicated if there was no recorded vote, than nothing changed. Nadine then stated she would need to figure out how the forms got changed. Chairperson Zweifel indicated that we should just be able to go back to the original form without having to worry about how it changed. Nadine asked if the original form could be used again. Chairperson Zweifel stated that’s how it appears to her. Mike and Nick both asked if this would address the concerns which Chairperson Zweifel and Nadine both agreed. Chairperson Zweifel continued by stating this would not take work away as the centers would still need to meet the contribution. It’s nice for the board to know what the centers are doing, but she doesn’t feel this discussion needs to continue every other year. Nadine reiterated the discussion: She can go review the meeting minutes again, indicate there was no vote taken and the board has agreed to go back to the original calculation. Nick asked for the document to include what Nadine did (looked at minutes, etc.), and to write a summary based on the information to recommend the form and calculation go back prior to the change. It can then be included in the minutes and is recorded for future reference. Chairperson Zweifel asked that the calculations be included so the board knows what is being discussed. Mike indicated if there were any questions regarding a possible contract the work center can come in front of the board, which they currently do. Nadine stated every single work center must come present to the board currently which some may not have had to.

Amy Golackson asked if the formula would address the difference between product and services since creating a product from raw material is different than providing a service. Nadine and Jean both indicated yes it would be address the differences. Jean said the form needs to be straightened out and go back to the original calculation.

Isabel O’Rourke asked who oversees the forms. Nadine indicated DOA oversees the forms, but she would need to check policy as to who approves the changes. Nadine and the board agreed changes to State Use Forms need to have approval from the State Use Board before implementing updates and to have documentation in the meeting minutes related to any changes. Chairperson Zweifel indicated it’s the same thing as what’s happened with the other annual forms. Changes need to be made, but have to be completed by someone else. Nadine agreed and indicated she did not have the ability to make the updates. Chairperson Zweifel also stated the work centers would not question a form that was changed because it was coming from the State.

**New Business**

**R&D (Research & Development) Set Aside Request for Alkaline Batteries** – Ken Maciejewski, Jr. Opportunities, Inc.

Ken provided a summary of the current contract and indicated the Wisconsin Manufacturer (Rayovac) was not an option on the current contract. Opportunities Inc. used to provide work for up to 35 clients until plants consolidated and moved the work to Illinois around 2010. Rayovac and Opportunities would like to bring back those employment and training opportunites to Wisconsin. Based on the current spend it would be about the same amount of business Opportunities used to do for Rayovac, if not more.

Ken also provided some statistics related to Opportunites, Inc:

* Currently performs over 40 state and federal contracts annually,
* Distributes batteries to Federal Prisons for last 5-6 years.

Nick asked what a research set aside meant. Ken mentioned it was an opportunity to see if there was an opportunity to partner with a company. Jean reiterated and stated like Greenco is doing with the drug kits, it’s to work with the company to see if the work center could provide some steps to complete a product to find out how much work a center will really put into it. The work center then would present this information to the board at a future meeting for the product or service to be set aside. **Nick Motion, Marie 2nd – Approved.**

Chairperson Zweifel added that it would make a lot of sense if work centers had the power to have the state purchase U.S. made products instead of buying off shore. She has a problem with it as it has come into play with the drug kits. If they had to buy from the United States, they would be manufacturing them now, but because it’s offshore so it means they may not be able to do them if they cannot work with the company that has been approved by DOC. The work center will not be able to provide enough steps to finish the product, so they will not present to the board if it’s not feasible. Chairperson Zweifel also added it would be nice if work centers worked more with U.S. companies and made in Wisconsin is even better. As a board they should have a say in that also and the work centers shouldn’t buy from wherever they want.

**Recertification 2014** Nadine will be sending the paperwork out soon and will be including the listings from VendorNet to verify commodity codes are correct. Nadine stressed the importance of making sure all information is current as a work center missed an opportunity to bid on a solicitation posted to VendorNet because they were inactivated after 18 months of no login activity.

Nadine also indicated a copy of the Product and Services listing for each work center would be included. This would need to be reviewed and updated as well to ensure the most current information is included on the State Use Program Website.

Nick asked if reminders/notices are sent to work centers throughout the year. Nadine indicated she receives notification of upcoming solicitations before they are posted. She reviews them and then reviews the product and services listing to see if a work center could possibly provide the product or service. Nadine also stated she contacts the work center of the possible contracting opportunity and the purchasing agent of a possible eligible work center.

**New Board Member** Nadine was provided notification that Enid Glenn, Department of Workforce Development, Division of Vocational Rehabilitation was appointed to the board to begin May 1, 2014.

**SUPRA 2014 Summary** Nadine attended the annual SUPRA Conference in San Antonio, TX, from January 22-24, 2014. She reported a lot of the conference was focused on the CMS ruling to Home Based Community Services (HBCS) and 14(c). Terry Farmer (ACCSES) presented how these federal changes are impacting individuals with disabilities. A PowerPoint was provided and Nadine indicated she could send to others if interested in viewing.

Mr. Farmer wanted people to be aware mixed messages were being sent by Social Security Administration to individuals with disabilities stating they need to go to work, but if they can’t go to work they’d help them. Information was provided on what has been happening in other states:

Washington had an audit completed in 2013 which indicated there were over 10,000+ individuals still waiting for assistance and with the work that was being offered, there were not enough to positions in integrated employment to place everyone.

In New York work centers were instructed to come up with a plan to close all work centers. Thomas Cooke added that the State of New York did push back to not close centers but still integrate as many individuals that wanted to work outside a work center. Nadine agreed with that stating Terry alluded to that at the end of the presentation when he spoke about grassroots campaigns.

Terry’s presentation also indicated Delaware was making changes based on the federal ruling. and that nationwide there were approximately 300,000 individuals with disabilities working in centers. The ADA doesn’t guarantee a job for an individual, so if work centers are closed where are they going to go? What are they going to do? He did make sure to say there is a way to keep these centers open and also that parents and families have to get involved. Terry mentioned a website, What Matters Most Campaign (wmmcampaign.org). Told the states to three things to take away from his presentation:

1. Educate Policy Makers
2. Educate the Community
3. Grassroots Campaign.

Mike indicated he had received information about a campaign in Wisconsin. Thomas spoke up and stated that was correct and that he had presented the information at the October 2013 board meeting about the Wisconsin campaign called the A-Team. He also indicated he hoped the elected officials were listening as many people had been contacting them about the work centers keeping the work centers operating.

Mike stated he has a child at one of the work centers and received a letter from the work center asking the parents to contact state senators about this issue. Mike was unsure how many followed through but indicated he did contact them and was given a template letter to use. He didn’t use it as he knew the issues. He wasn’t sure he sent one to Senator Johnson, but did send one to Senator Baldwin. He received no response.

Thomas indicated the template letters actually related to the 14(c) and Fair Labor Standards Act which was directed to the national legislators and representatives. He also indicated that there was to be discussion at the federal level to increase the minimum wage to $10.10/hour. He said it was dead on arrival as it would not pass the House of Representatives but could pass the senate but there were other issues relating to wages and 14(c) that had not been addressed in the proposed federal changes. Thomas indicated the Senate could include the commensurate wage in the minimum wage bill which could harm work centers. Thomas said he thinks it’s because people don’t understand the individuals being paid commensurate wage would not be working at all without it. Thomas reiterated that if this did become law, about 200,000 individuals may not be working anymore because a employer in the community is not going to hire someone with a 25% productivity level.

Thomas wrapped up by stating there’s two issues:

1. The possibility of not being able to use Medicaid funds for center-based services (ex: day programs); and
2. The push to eliminate 14(c).

Both would be harmful to work centers and to the individuals served there, work there and also to their families.

Jean added that community programs in larger cities may work, but in small rural towns there is not a lot of places for the individuals to go. This could mean that individuals would could have as little as an hour a day in a community program. So they would be involved five hours a week and the rest of the time they would be home and not interacting with anyone. Jean also stated this could be a sad situation for the people they serve if some of these changes happen. And the feds can talk about segregation all they want but the clients interact with each other and all of the center staff/employees too. But they need to interact with their peers. Jean stated she has some clients that work in the community but then come to the work center to work also because they want to interact with the other clients because they have more things in common with them.

Nadine spoke of another session - Collaboration and Growing Your Business. This was mainly related to franchising. Nadine had examples of franchises that were with work centers like, Zerorez (carpet cleaning company), spoke of a coffee shop, moving/hauling services, etc.

Another session was Nuts & Bolts of Pricing – All related to pricing and fair market. Nadine was very interested in finding out how other states determine fair market. She reports it appears Wisconsin is the only state left doing fair market the way we calculate it. Most states are getting three prices and averaging the three. If four prices, drop the high price and average the other three. Five prices, drop the high and low price and average the rest. The same process used for five prices would be used for six or more as well. Drop the high and low, and average the rest. Nadine stated it could be something the board may want change at some point. Nick asked the board if the way calculations are completed in other states makes sense. Jean indicated it does, but the board would need to look at it. And maybe that could be reviewed with the current fair market that’s being completed. Nadine agreed. Nadine did bring up a concern she had with the current calculation. If there is a vendor who provides a really low prices and that one vendor is the only one below the 35% ceiling threshold, the work center must meet that low price. There is no opportunity to average other prices to come to a fair market price. Nadine indicated it was bothersome as there are other programs that do provide some sort of percentage to offset and thought the board may possibly want to look at that. Jean agreed it needs to be looked at and then come up with some language to propose to the board. Nick and Jean agreed Nadine is to put together a fact sheet and the board can review at the next meeting.

Another session was on Corporate Partnerships. Nadine indicated she was aware of a vendor (Archer Manufacturing) who was contacting work centers located in the state to partner manufacture indestructible soap dispensers. Nadine stated she informed the vendor that a work center currently had a set-aside for hand sanitizers and dispensing systems and felt it was similar to the product the vendor was presenting. The vendor had contacted the work center with the set aside who declined to partake in any partnership due to other opportunities they were pursuing,

This vendor was at SUPRA and is currently working with several other states through State Use Programs and is gung ho about doing something in Wisconsin. Nadine stated she didn’t know where it would fit in Wisconsin at this time. Nadine said she informed the vendor at SUPRA that those types of items were not in each cell at an institution and most dispensers already purchased have been meeting the needs of the state. Nadine wanted the board and work centers to know the vendor may start calling them to see if they’re interested in partnering with them.

Another vendor presenting under the corporate partnership session was Object Builders. They work with automation and integration of programming such as incident tracking, ordering, dispensing. Nadine thought it appeared to be more of an online type business. The company did not provide any information on who they partner with, but may be trying to get a foot in the door through State Use.

The last vendor to present under corporate partnerships was Source HOV. Nadine stated the company had contacted them a couple of times to work with the Department of Revenue and a work center to provide data entry of records. Nadine indicated that Revenue has gone mostly electronic so there would not be a good need for that with them at this time that she knows of.

**SUPRA 2014 Products and Services Booklet**

Nadine indicated it appeared to be a lot of the same items that were discussed last year and didn’t see where a lot of it would be a good fit in our state program at this time. There may be some opportunities such as manufacturing microfiber towels, partnering with a manufacturer to produce air filters (Nadine wasn’t sure where they would be used),

Under the Research and Development Section, Nadine directed people to page 23 to view information about hydroponic farming. There are work centers that grow fruits and vegetables year round for prison industries which could be an interesting type of commodity to produce. There is a company that will talk to any work centers around the U.S., they don’t want any part of the process, but want to show you how to get started.

Thomas Cook indicated there were a number of work centers that had these farms including one in Superior that ships nationwide. Another was Kandu, but Amy indicated that has not be in operation for at least seven years. Southwest Opportunities in Prairie du Chein also have a greenhouse and were switching over to hydroponics. Nadine indicated that is a reason why the products and services listing needs to be updated as she was unaware of centers that did this. Jean added that they may be part of RFW and not state use which Nadine agreed.

**Old/Other Business**

Mike asked what was happening with the letter the board was going to send. Nadine stated the letter was given to Helen and then received notification from Thomas that the recommendation had been made and the letter was no longer needed. Thomas agreed.

**Public Comment**

Nadine introduced her new supervisor Cheryl Edgington. Nick asked how long she’s been on board. Cheryl indicated this time at DOA she started in October, but started her state career at DOA in 2005, went to Children and Families in 2010 and came back when this position opened. Cheryl informed the board when she previously worked at DOA she worked in the section she oversees so has some familiarity coming back.

Future Meetings:

* Thursday, July 10, 2014 10am – 12pm, Opportunity Development Center, WI Rapids
* Thursday, October 9, 2014 10am – 12pm, DATCP

Adjournment – 11:28 a.m.

**Nick motioned, Marie 2nd and approved**