WISCONSIN STATE USE BOARD MEETING

April 9, 2015, 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
* Michael Casey, Public Member
* Enid Glenn, Department of Workforce Development, Division of Vocational Rehabilitation
* Helen McCain, Department of Administration

Board Staff Present:

* Nadine Malm, Department of Administration
* Mason Aumanstal, Department of Administration

Audience:

* Todd Krukowski, Goodwill Industries
* Toby Johnson, Superior Vocations Center, Inc.
* Ryan Hoffman, Beyond Vision
* Isobel O’Rourke, Kenosha Achievement Center
* Traci Logothetis, Opportunities, Inc.
* Charlene Orsted, Department of Corrections
* Shelly Foust, Industries for the Blind - Milwaukee
* Kevin Roskept, Industries for the Blind – Milwaukee
* Brett Hagen, JCB Flavors
* Ben Coley, Lakeside Curative Services

Teleconference Participants:

* Gary Goodsell, Careers Industries
* Stacy Quickstad, Careers Industries
* Lincoln Burr, Rehabilitation for Wisconsin
* Mike Phillips, Phillips Career Development Center
* John Gills, Phillips Career Development Center
* Tracy Nelson, East Shore Industries
* Paul Thornton, Black River Industries

Approval of January 29, 2015 Minutes – **Enid motioned, Helen 2nd – Motion approved**

Chairperson Report

* Nothing to report

**Continuing Business**

2013 Annual Report – Nadine has completed and sent out the annual reports to the board for approval; there was a decrease in the number of employed individuals, Nadine noted that this was likely caused by work centers leaving the program. However, hourly wages increased as did spending for services, products and Rest Area Maintenance; the current average hourly wage is 7.28 an hour, above the State’s current minimum wage.

2014 Annual Report – As of the time of the meeting, 53 reports for 2014 had been received by State Use staff and 11 responses had not yet been received. The initial email went out to work centers on February 27th and there was a follow up sent on March 2nd to correct the due date of the items. On March 19th a reminder was sent that the report was due on the 20th. There was also an email sent on April 8th advising the remaining work centers to have their information sent in by April 13th or they would face removal from the program. After the meeting, Nadine will provide Jean with a list of work centers that have not provided the information so that Jean can follow up with the work centers as well. Jean also noted that it’s imperative to get this information in to remain with the program.

Appreciable Contribution and Cost Analysis – At the last meeting, the board discussed splitting Appreciable Contribution and Cost Analysis definitions to two separate cost factors to make the formulas accurate to what the definitions indicate. Nadine stated that this item is currently tabled as the State Procurement Manual is being updated due to the state’s move to the new Enterprise Resource Planning system known as STAR. When the updated information is sent to State Use staff, Nadine will be able to complete the updated definitions. Helen noted that sometime in the coming year, there will be a complete rewrite of the Procurement Manual, in the mean-time the Procurement Manual pieces that are affected by the implementation of STAR are the primary focus. The first portion of the re-write was identifying all of the changes that STAR will affect; the target date for this portion of the transition was April 1st, but the changes were sent to the STAR development team on April 8th. Helen inquired why the development of new Appreciable Cost and Cost Analysis definitions had to wait while the Procurement Manual underwent changes; Nadine explained that it was requested that the new definitions wait until the changes affected by the implementation of STAR were updated as a priority. Nadine will make the new definitions a priority when she receives word from the Procurement Manual update team. Helen stated that she would meet with the necessary Bureau personnel and request that State Use definitions become a priority.

Battery Set-Aside – Nadine stated Opportunities, Inc. would like to request another battery set-aside extension. The cost information has been mostly worked out, although Opportunities, Inc. is still working to get shipping costs updated with their small package vendors. Opportunities, Inc. anticipates having the details worked out by the next board meeting in July; Opportunities, Inc. is asking for a set aside until the new pricing can be provided. Traci Logothetis, Opportunities, Inc. confirmed this information and stated that Opportunities, Inc. is working with Fed-Ex and UPS to bring down pricing. Jean asked if there was a motion to extend the set-aside for batteries through the next board meeting in July of 2015. **Enid motioned and Helen seconded. Motion approved.**

Writing Instruments – Nadine discussed the previous board meeting where the board approved the Fair-Market pricing that Nadine previously checked for the forthcoming Writing Instruments contract. Nadine provided copies of the new template that was used to complete the writing instruments contract and advised that the template has been reviewed by Department of Administration’s Legal Counsel. Industries for the Blind has reviewed and approved the contract which now needs the board’s approval. Nadine also noted that the contract will be placed on the state’s E-commerce site, WISBuy with pictures included. Helen asked what the current status of the contract is and Nadine confirmed that it is currently with the Director of the State Bureau of Procurement. Enid inquired as to the process of getting the contract posted; Nadine confirmed that the contract can only be posted after being signed by the vendor as well as designated bureau representatives. When the paperwork has been completed, the contract will be posted on VendorNet – which Nadine would like to have completed as soon as possible, however the contract will be active on WISBuy as of May 1st. Helen asked if the contract numbering will reflect the new numbering convention that is effective July 1st; Nadine confirmed the contract number will reflect the current numbering process as VendorNet is not able to use the updated naming convention. Mason confirmed that bureau staff will be able to assist with converting the contract name and the process is fairly easy. Nadine would like to have the board’s approval to confirm the contract so that it can be posted as an active contract. Jean asked if there was a motion to approve the contract. **Michael motioned to approve the contract, Helen seconded.** **Motion approved**.

WISBuy Update – There are currently three State Use contracts enabled on WISBuy: the non-sterile disposable gloves went active in November of 2014, the spices and seasonings contract is active as of January of 2015 and the brushes and broom contract that became active at the beginning of April in 2015. Other contracts are currently being transitioned to WISBuy including the scrubber pads contract through Beyond Vision and should be out of the testing site and into production by the end of April. Industries for the Blind has a catalog that is being implemented and will be in production by May 1st. When the new Enterprise Resourcing Planning (ERP) system known as STAR is active, the system will be able to process purchases made with a P-Card (purchasing card) and work centers have indicated their interest in activating a catalog on WISBuy at that time. Nadine has recommended that the WISBuy team complete the toothpaste contract next as it is only two items and would be easy to work with. Nadine also stated that there will be a new look and feel to WISBuy for agencies; one particular feature that will be added is a feature that will allow agency purchasers to see only State Use work centers and this will promote visibility of State Use contracts and make it easier for users to purchase from specific contracts as contract names will be primarily used to identify contracts rather than contract numbers. Helen added that DOA is working hard to update the visibility of State Use contracts when updating to STAR. The safe-guards are aimed at preventing state agencies from purchasing items elsewhere that are provided on state contracts by work centers.

**New Business**

VendorNet Registration – Nadine wanted to again urge work centers to get registered on VendorNet. After the meeting, Nadine will send an email to all work centers to further encourage work centers to get set up with a VendorNet account. Nadine clarified that the supplier database for STAR will be drawn from VendorNet. Helen confirmed this information and added that VendorNet currently has two databases, one for suppliers and one for bidders, and both databases will be migrated to STAR. Registered vendors and bidders will be loaded automatically to STAR. Helen also noted that if suppliers are not in STAR, the state will be unable to issue payments, set up contract agreements with suppliers or order from suppliers; getting registered on STAR now is going to go a long way to safe-guard against any interruptions when it is implemented. Helen then stated that there is currently a freeze and new suppliers are not being added to VendorNet; VendorNet will still take and accept new registrations, but the registration will be inactive for a brief time. Helen also encouraged suppliers to enter W-9, Tax-Payer Identification Number, Federal Employer Identification Number, the destination of payments and mailing address information into WisMart (the state’s current financial system that is responsible for paying out to suppliers) and ensure the information is correct, otherwise, the state would not be able to process payments to suppliers. Helen advised that there will be bumps on the road to the implementation of STAR, but adding information now can prevent simple mistakes from being made; it is also a possibility that suppliers will be paid sooner under STAR than the current system. Helen also noted that when using STAR, multiple agencies may be ordering from a supplier (for instance on the writing utensils contract), the supplier would receive a single check to represent all purchases with an itemized list showing which invoices are being paid; in contrast, a supplier will currently receive a check from each of the agencies that they are ordering from. Helen also stated that the current fiscal year will end with the state utilizing WisMart, and the next fiscal year will open with the use of STAR during this time, purchase orders and invoices will blend as the transition continues through July and August.

Spices and Seasonings Contract Additions – Nadine was provided with a list of new items and price increases as part of the Spices and Seasonings contract. Nadine confirmed that the prices for white pepper, black pepper and basil have increased, and Nadine’s research indicates that the pricing provided by Lakeside Curative is within the fair market prices that Nadine researched. Nadine was also provided with a list of products that Lakeside Curative have received many requests for in the past; these items are also within the fair market threshold. The price increases would be effective May 1st and would need to be updated in WisBuy as the contract is currently active there. Nadine also noted that Lakeside Curative would need to provide the state with the nutritional values, which Ben Coley from Lakeside Curative Services confirmed would be sent via email after the meeting was finished. Jean asked if there was a motion to approve the price increases as well as the new products for the Spices and Seasoning Contract. **Helen motioned, Michael seconded. Motion approved.**

Brushes and Broom Contract additions – Industries for the Blind noted that some items on the current contract have been discontinued, and new items have been identified by Industries for the Blind as suitable replacements. Nadine also confirmed that the pricing is within the fair market threshold that Nadine researched. Jean asked for a motion to approve the new items on the contract. **Helen motioned, Michael seconded. Motion approved.**

Scrubber Pad Contract Additions – Institutions have been requesting specific products that are currently not available on the contract, but Beyond Vision is able to supply. Nadine has performed fair market evaluation, but the prices from Beyond Vision do not include shipping costs. After performing research, Nadine believes that there is room in the pricing to allow for increases as related to shipping costs. Helen indicated an apprehension to approve the additions without the final costs as doing so would not allow for a fair comparison. Jean agrees that approving the current costs with shipping costs yet to be added would not be fair. Enid asked if the addition can be approved by email when the prices are finalized; Jean confirmed that this would be acceptable. **Motion tabled.**

Work Center Certifications for 2015 – The certification notices were sent during the week before the board meeting with some already coming back. A requested return date of April 30th was established by State Use Board Staff.

Fair-Market Research 2014 – Nadine is hoping to have the Fair-Market research information sent out to the work centers by the end of April, with the paperwork due in mid-May which would allow the board time to review before the July meeting. Enid inquired about the fair market review and what is required for its completion. Nadine clarified that each work center provides documentation as to the contracts that they hold that have an estimated value of less than $5,000. Commodity contracts require a cost comparability research; previously a sub-committee was tasked to choose services that would be reviewed and then work center prices would be compared against the Fair-Market quotes that Nadine looks over to determine if the pricing is within a fair market threshold. Nadine has taken to doing a fair market analysis of every item submitted which has been a well-received strategy by the board. The fair market review is to ensure that the state is being provided with competitive pricing; a work center had previously provided a price that was not within fair market pricing, but they adjusted their pricing so that the cost would meet the fair market threshold.

IRIS and Family Care – Michael reported that he received a letter from Kitty Rhoades, the Secretary of the Department of Health Services in response to a letter that Michael had sent due to concerns about work centers being able to continue to operate as they are now after the forthcoming budget is approved. Michael read from the letter addressing concerns related to budget changes: “based on this new guidance, which continues to emphasize individual rights and choices, Wisconsin will continue to offer our most vulnerable residents a choice of settings for employment, both competitive and non-competitive) and day services. As CMS has indicated, the setting chosen by the person may depend on whether he/she requires services that are highly clinical or medical in nature or he/she has competitive employment goals.” Michael then noted receiving information on long-term care benefits which, in part discusses Family Care as well as IRIS (a program through Wisconsin’s Department of Health Services (DHS) which stands for Include, Respect, I Self-Direct). Michael asked for clarification from the board as to the difference between IRIS and the Family Care portion of the program. Jean advised that a budget proposal opts to remove IRIS so that all related items are consolidated under a single budget item that would then be overseen by a for-profit “insurance-type company” as of January 1st, 2017. Jean further advised that although there has been a lot of discussion, there is very little known about the direction the state will take. Jean confirmed that there has been a lot of communication between work center personnel, DHS and members of the legislature, but right now there are more questions than answers. Jean noted that Managed Care Organizations are concerned that when the new legislation is enacted and the budget goes into effect, they won’t be in operation anymore, at least not in their current role; it’s possible that they would be replaced by private for-profit initiatives. Jean also stated that there have been indications that there would be an IRIS-style program under this new direction, but again, she doesn’t think anyone knows for sure the direction the state will be going in. Jean did hear a program featuring Kitty Rhoades discussing potential plans with a budget committee who were requesting that she provide a plan before anything is changed, but Kitty Rhoades would counter and say that the changes would have to be made before a plan is developed; the only thing in the current plan is that a private enterprise would be the ones to take over the program. Jean has asked legislators that care providers and managers be taken into consideration when the plan is drafted.

Sub-Minimum Wage – Enid cited a previous board meeting discussion that focused on sub-minimum wage and regulations that are unfolding regarding sub-minimum wage use. Enid stated that there is a notice for proposed rule-making regarding this area that will be released April 16th. Enid noted that there is information available now on the websites for Department of Labor and Department of Education. Before the changes become finalized, there is a 60 day comment window. Enid is currently looking through the information, but has not come across anything related to sub-minimum wage laws. Nadine noted that the 60 day comment window will be closed before the next board meeting in July. Enid advised that she would send information to Nadine when she is able to completely look over the information. Nadine encouraged Enid to provide changes that may affect work centers so that Nadine can supply it to the State Use Board before the July 9th board meeting.

**Old/Other Business**

No old business.

**Public Comment**

Brett from JCB Flavors noted that the use of WISBuy is a positive way to bring awareness to contracts and provide good visibility for contracts being held by work centers. He also stated that he gets good support from Department Of Corrections and UW-Platteville; however, other universities are not purchasing from Lakeside Curative Services. Brett is hoping that other agencies are able to notice and take advantage of the existing Spices and Seasoning contract. In response, Helen stated the UW Autonomy proposal is another potential issue that can cause a change for work centers. As the proposal is currently written, State Use programs would not affect UW purchasing and would exempt them from all of State of Wisconsin procurement rules. Charlene Orsted from the Department of Corrections (DOC) noted that the department has created an online ordering guide that allows department staff to see the seasonings and spices that a work center can provide and effectively prevents personnel from ordering these items from a different source. Helen noted that the universities on a large scale outsource their food operations, thus many schools don’t order food or seasonings, but rather companies that the university has outsourced to are solely responsible for the preparation and creation of the food items that they sell as well as renovating the cafeterias that they are operating out of. Helen notes that this is in contrast to how state agencies are run; private vendors, even ones contracted with the state are unable to purchase off of state contracts, thus limiting the use of the Spices and Seasonings contract. Helen noted many agencies (DHS, Department of Public Instruction, Department of Military Affairs and Department of Veterans Affairs) have on-site food services staffed by state workers and believes that these agencies have an opportunity to do more with regard to the contract. Jean asked for clarification that only the state can purchase from state contracts, and private enterprises and counties cannot. Helen stated that counties can use state contracts as can cities/municipalities, but businesses cannot. For instance, Helen remarked that UW-Milwaukee has outsourced their food operation to Sysco; Sysco staffs their service, performs kitchen remodeling and prepares and serves food without University personnel. Jean asked if non-profit organizations can purchase from state contracts, Helen said that under certain circumstances they can, notably county-run nursing homes.

Adjournment – **Enid motioned, Helen 2nd and approved.**  Meeting adjourned at 10:53 A.M.

Future Meetings:

* Thursday, July 9, 2015 10am – 12pm, Careers Industries in Racine, Wisconsin
* Thursday, October 8, 2015 10am – 12pm, DATCP
* Thursday, January 28, 2016 10am – 12pm, DATCP
* Thursday, April 14, 2016 10am – 12pm, DATCP