WISCONSIN STATE USE BOARD MEETING

October 28, 2016, 10:00 a.m. – 12:00 p.m.

Department of Agriculture, Trade and Consumer Protection

2811 Agriculture Drive

Madison, WI

**Opening Business**

Call to Order – The meeting was called to order by Jean Zweifel at 10:13 a.m.

Introductions

Board Members Present:

* Jean Zweifel, Greenco Industries
* Bill Smith, NFIB
* Jim Langdon, Department of Administration
* Nick George, MFPA
* Mike Casey, Public Member

Board Staff Present:

* Nadine Malm, Department of Administration
* Terri Hagstrom, Department of Administration

Audience:

* Isobel O’Rourke, Kenosha Achievement Center
* Ken Maciejewski, Jr., Opportunities, Inc.
* Ryan Hoffmann, Beyond Vision
* Jim Kerlin, Beyond Vision
* Susan Davis, RFW
* Shelley Faust, of Milwaukee
* Candace Sikraji, Careers Industries
* Stacy Quickstad, Careers Industries

Teleconference Participants:

* Tracy Nelson, East Shore Industries/Algoma Mops
* Randy Klein, Madison Area Rehab Center
* Jim Taray, Superior Vocations Center
* Wanda Kleinschmidt, Lincoln Industries
* David Vobora, RFW

Approval of February 29, 2016 Minutes – **Jim motioned, Nick 2nd – Motion approved**

Chairperson Report

* Nothing to report

**Continuing Business**

**2016 Annual Recertification and New Certification** – Nadine said we have 60 recertifications and 1 new certification totally 61. There has been some talk that a work center is coming back into the work program next year. We were at 61 last year, but lost 1 and gained 1, so we are at the same amount as last year.

**Can Liners** – Back in February, Nadine had discussed with the board about adding some additional can liners to the contract (the standard liner) as the work centers/agencies were asking for waivers based on industry standards bags. Working with Career Industries, they have provided pricing for the new liners that we will be adding. A colored spreadsheet was presented where you see 2 columns at the end that have bolded numbers - 1 with the Fair Market price and 1 with Career Industries Pricing on the end. There were some items that did not meet Fair Market but Career Industries has agreed to lower to the Fair Market prices.

**Nick motioned, Mike 2nd – Motion approved.**

There was discussion that Jim Kerlin brought up regarding the UW system contract. The UW system contract had different specs that were on the original contract. Every bag they had spec’d out was a standard bag. We have now added standard bags to this contract so when their contract period ends for this first year will have to back and use this contract. They were given an approved waiver and Careers is very aware of that and submitted pricing for it as well.

Jean spoke and said the motion has been made and seconded it to approve this change where the motion was approved again.

**Spices and Seasonings Contract** –Nadine stated that back in February that Lakeside Curative would be cancelling their contract for spices and seasonings. She is working on a bid to put out. There were 5 work centers that were interested in obtaining that contract so she is doing a bid that will be sent to all of them. It is in process so that should be going out in the next couple of weeks to those work centers to respond. From there a new contract will be created. Currently, the agencies are purchasing off their prime vendor food contract to fulfill their needs.

**Record Storage Boxes/Cartons** – This was a project that the office supply manager contacted Nadine about. We are looking at possibly creating a new contract for the state agencies to purchase record storage cartons through our WISBuy program. The UW had the contract for record storage cartons however it does not allow piggybacking, so therefore we cannot put it on our WISBuy contract and we can’t just use it that way. They have to purchase through the UW. When we contacted the work centers, we had several interested and we already had fair market pricing figured out. Nobody could come close to that so everybody declined the offer and the project was closed.

**New Business**

**Set Aside requests: Disposal and Recycling of Mixed Electronics Surplus** – Randy Klein (MARC), program director. He is online to discuss a site of recycling of mixed electronics. Our organization is part of a national network called “CyclePoint”. We have been part of this network for the past year. This network has a mission of jobs creation for people with disabilities and without disabilities for the Dean manufacturing and collection of electronics. The types of jobs we are looking for are sorting of electronics that they are manufacturing, operating equipment such as sailors, sanitizers for wiping hard drives. The packet folder included the collection hours, location sites-primarily Dane County, a sheet that talks about Electronics recycling (the types of items we accept) and a booklet that talks about our partnership with CyclePoint, which is a contractual relationship with them. They are looking at diverging where studies have shown that in Dane County there is probably 16 million pounds of electronic waste generated annually with less than 25% going to recycling efforts. They want to be part of offering that to 5 locations, either collection or de-manufacturing in the Dane County area. They have received a grant for purchasing some of the equipment. Questions were opened to the board.

Nick asked if the board needed to make a decision on it today. There would have to be a decision on whether you would approve a “set aside” for R&D (Research and Development). Jim Langdon asked what that obligates the board to. By approving a “set aside” Nadine would work with the work center that would go for 90 days and if they needed an extension, Nadine would approve it. If it needed another 90 days, it would come back to the board for the approval for the further extensions after that. It is for them to find out if it is feasible for them to create a contract with the state as well as working well with the state. It does not obligate the board to any future action only the ability to work with the center to develop a possibility of a future contract. MARC is a non-profit as well as Cyclepoint (is a branch of Source America). A question was brought up on whether all employees were disabled and the reply was “no”. They are looking for an integration development of this business line with people with disabilities and people without disabilities are working. Their goal is to have 75% disability workforce in this offering. Per Jean, if it was set aside by the state rule, it would be 75%. This is only to research it and the decision would be made later on whether it gets set aside. They are looking for the research to take a look at pricing and to see when contracts come due or when they come up for renewal and to potentially put together (based on that research) a pricing plan proposal for performing that service.

**Nick motioned, Jim 2nd – Motion approved.**

**Floor Pads** – Jim Kerlin (Beyond Vision). A letter that Jim sent to the state use board seems to carry a trend that appears to be happening at the UW system to potentially in his mind which could threaten this program. It appears based on what happened with trash bags he is worried about that. What happened with trash bags (from what he understands) is about a year ago or so, was that they got a waiver on a very small technical application differences in order to achieve a lower price. In combination with the waiver request we got was purely based on the price. It appears that the UW system procurement folks are trying to lower their cost of operation by buying into our program. That is what the essence of his writing a letter to the board was to raise attention to the board about as it obviously supports shared responsibility to preserve and protect this program.

Given that the UW system represents one of the largest (for them the largest) customer (50% of their scrubbing pads) that they sell in the state use program. Nadine mentioned that it varies when asked about how big the UW system was, depending on what the products are because DOC purchases a lot of items. The statute defines that it is the ultimately the state board’s responsibility to determine price and to determine the prevalence of specifications. Having this waiver acted upon and was going to be his subject, has been denied on the basis of price, Jim wonders how we can work together to perhaps having a clear set of guidelines.

Jim mentions that he is engaged in the federal “Ability One” program at the national level. They have worked on the equivalency specification and a new program and Jim would like to report back to the board on it at a future board meeting. Jim Langdon spoke and said that the waiver has been resolved. He asked Jim K if he applied the same federal standards he is describing to the prices of the scrubbing pads, would he be in compliance with our standards. Jim K said that he does not have a scrubbing pad contract as it is done by a sister agency in Texas, but the GSA (General Services Administration) the Procurement arm for all non-military federal agencies. GSA provides all of the contracts. Price determination is based on (1) on market and cases where there is no market (2) based on material cost and other cost factors. Generally speaking, yes they would be meeting that pricing but would have to go back and look at what the pricing is for scrubbing pads in that market place. He assures it would be very similar. Jim L. is not advocating for the federal model he is only curious to know if he had applied that model to the pricing in the context of this program. Jim K said he had not and that this is an ongoing subject matter and there is always a threat to the privacy and low pressure on the pricing within the federal model which is equivalent to the state model, however they have a larger staff that puts together all these policies and procedures that support the federal law.

Nick had a question for Jim K. about the floor pads and reiterated that the waiver was denied. Jim K is more concerned about what is not defined in the State Statute especially with this issue of specification equivalency is a grey area. The National Industry for the Blind Source of America organization that organizes the disability side of disabilities. Some of the staff is working on operational procedures in combination with the “Ability One” commission. They have been working on this for 7 years and finally released this new policy because the same discussion has been placed at the federal level as there is always federal agencies that question specification and pricing. He believes that the real difficulty in the state level is the ability of the equivalency specification law passed would be worthy of your consideration. The spirit of this program is to creating jobs with disabilities in exchange for a product that does a good job for a fair price. He is offering his services to help with providing information to the board for consideration. Nick responded by saying this Fair Marketing has been a tough nut to crack and the board has struggled over the years. The Board has a statutory responsibility obligation to make sure that fair market pricing is found throughout the entire state use program. When you look at pricing, you look at the cost. It is hard to separate the two as price does relate to cost. Even though there is not a price criteria for granting a waiver, it does play into the cost of producing that product and service. There is a relationship between fair marketing pricing and cost of that item.

Nick continued to say the board wants to be careful that they honor the statutory obligations and responsibilities and do not create a lot of unfair competitive situations in the private sector. Nick is not familiar with the University on what goes into these scrubbing pads. To have a conversation on just the cost and ignore fair marketing pricing is selling the program a bit short. The board has to make sure that the products have a fair market price with them. Jim K. responded by saying that the market determines the price and the board proposes we consider the hard work the federal people have done. It is up to the board on whether it decides to adopt or consider all or part of the policy. Jim L. responded by saying that one of the things that they will have to look at is if the federal requirements mirror those of the state. Jim L was looking at 16.752; sub 714 which talks about fair market. We have specific Statue on this point that we have to follow. We know that in other areas of procurement, in other areas of the state operations that state law and federal law don’t necessarily always align. It might be interesting and instructive to look at any federal models that exist and if those models don’t comply with our State Statue, it would be a non-starter. Jim K responded by saying that what was very different in the federal level is that he thinks it is very organized and doesn’t believe there is a conflict.

Jean commented that as work centers or anybody taken part in this program, we also have to remember the tax payer. We are part of the program. We always would like more, everyone would but if we can’t produce what the state use comes up with for fair market then we get out of the business. She doesn’t think it is fair to the tax payers to say that we just give a waiver and overcharge after we checked and done our comparisons. This board has done comparisons for a long time and she has been a part of it and the board has worked real hard trying to be fair. We have to look out for both sides, not just one.

**Fair Market 2016** – Nadine Malm. She is still tabulating “fair market”. She hopes to have something to you within the next couple of weeks. She has a couple that she is following up to get their paperwork back from. She has a couple done that she can share with those work centers that she has concerns because pricing is not coming out within fair market. She will be discussing it with them before it gets turned over to the board. Nick asked if there was anything they could do on this. Nadine responded, not right now. There is nothing to do until Nadine gets the documents to the board. It is just a review of fair market pricing. Jean commented that they would have to do what they did with Careers. If people were out of line, they will either have to get in line or give up the contract. In the last couple of years, there have been a couple of work centers where they have had 1 or 2 prices that have been outside of fair market and they have come back and agreed to lower them to meet that fair market price. Hopefully we’ll have the same outcome this year with those work centers that were having problems with fair market.

**Annual Report 2016** – Nadine Malm. The annual report information was sent out and documents are due November 11, 2016. She hopes to have the report to the board by Christmas.

**ACCSES Summit and SUPRA Conference** – Nadine Malm. The 19th annual SUPRA conference will be taking place in January, along with the ACCSES Summit. Nadine has not received agendas or anything from SUPRA on any pricing. Nadine went out and looked at what was paid in past years for registration fees, which they have not changed. ACCSESS registration is $299.00 and SUPRA registration is normally $195.00. The hotel lodging had a rate of $145.00 per night and the flights were approximately $425.00 totally approximately $1,650.00. The conference is in Savannah, Georgia. ACCSES is the federal organization that takes care of all of the legislative type stuff. They fight for the policies on the federal side. SUPRA (State Use Programs Association, Inc.) is the national organization, which we are a member. There are 26 states that are members of it and meet annually. Nadine mentioned that they will send out an email 2 weeks prior to this conference asking if anyone wants to supply items for the registration bag (gift bag). If interested, let Nadine know and she will get information to you. Isabel asked what the benefit are for purchasing this and attending the conference. Nadine replied saying that she gets a lot of information, including different policies and things that are going on in the federal side. They talk a lot about different types of situations that are happening or different contracts. That is the kind of information she gets. At the last SUPRA conference they had a session called “Finding hidden sales opportunity”. She thought they were going to show her ways to find new opportunities for the work centers and it was nothing like that. Instead it was all about helping the sales people find those opportunities with agencies. She gathers a lot of information when she attends these conferences. Finding out what people are doing about the “product and services” has been very helpful. It is a 3 day, full conference where there is a lot of shared information. The last couple of years there have been issues with the weather. Some of the sessions have had to be incorporated or duplicated between ACCSES and SUPRA, because people weren’t able to make it due to weather trouble. Some states (such as NY, NJ, PA, OH) have a strong state program where they create new jobs for disabilities. Some of the issues with that is they are run a bit differently because they are not run by state agencies. They have an organization that oversees the operation of all of the work centers. They pay a fee to be a part of that organization. Nick commented that the bi-product of this conference is that it allows us to establish relationships through programs and an ongoing communication throughout the United States. When Nadine meets people, she gets new ideas and moves forward into new areas where she would learn. He believes this national conference is of value. A question was asked on how many people from this conference will receive a gift bag? Last year there was a record attendance – 80 people-no more than 100. Items in the bag can include: hand sanitizer, post-it notes, and pens. If anyone is interested, give them to Nadine and she will ship them out. Nadine will email this information out so everyone is aware.

 **Nick motioned, Bill 2nd – Motion approved.**

 **Public Comments –** None**.**

**Next meeting will be in this building on February 9, 2017 at 10:00 A.M.**

**Old/Other Business**

Jean spoke and said that Mike Casey is resigning today. He has been on the board since 2004. He was presented a plaque from the board.

Adjournment – Nick **motioned, Jim 2nd and approved.**  Meeting adjourned at 11:04 A.M.

Future Meetings:

* Thursday, February 9, 2017 10am – 12pm, DATCP
* Thursday, April 13, 2017 10am – 12pm, DATCP
* Thursday, July 13, 2017 10am – 12pm, DATCP
* Thursday, October 12, 2017 10am – 12pm, DATCP