**State Use Committee Meeting**

**Thursday, August 9, 2012**

**1:00 pm**

***Meeting Location:***

**University of Kansas**

**Memorial Union**

**Lawrence, KS**

***Committee Members Present: Guests:***

Barry Swanson, University of Kansas Melany Barnes, Wichita USD 259

Chris Howe, Procurement and Contracts Rick Beattie, University of Kansas

Brenda Maxey, TECH, Inc. Robert Bieberle, Cottonwood Industries

Darren Muci, Wichita USD 259 Natalie Bright, Coalition for Opportunity

Suzy Reber, Envision Cheryl Buxton, KS Procurement and Contracts

\*Norm Wilks, El Dorado USD 490 Mieke Ellwood, OCCK Inc.

Shelby Frye, TARC Inc.

***Committee Members Not Present:*** Kevin Henning, Staples Advantage

Sen. Oletha Faust-Goudeau Jesse Hodgson, KS Procurement and Contracts

Steve Gieber, KS Council on Developmental Disabilities Dan Jensen, KETCH

Rep. JoAnn Pottorff Susan Kill, Staples Advantage

\* Jamie Simpson, University of Kansas

Sharrilyn Smith, Goodwill Industries

\* Attended by Telephone Conference Pat Terrick, BTCO

**Welcome and Call to Order / Roll Call**

Committee Vice-Chair Barry Swanson welcomed those in attendance.

***Approve Previous Meeting’s Minutes***

Committee Secretary Chris Howe emailed the June 14, 2012 meeting’s minutes to State Use Community on June 28, 2012. Motion to approve minutes as amended. Motion Seconded. Motion Passes.

**Committee Reports**

***Committee on Pricing Issues – Chris Howe***

Chris Introduced Jesse Hodgson, a new Procurement Officer with the Department of Administration, Procurement and Contracts. Jesse and Magen Malbrough will continue to work on market pricing spreadsheet, to include 2013 catalog submissions. Recent additions include market pricing from Staples and Office Max on OEM toner cartridges. Current work includes an exchange of information with Dell.

***Committee on Job Description Development / Report on Grant Development – Barry Swanson***

Barry noted that the Spring 2012 Grant Application to the Kansas Health Foundation was not approved. The committee can re-apply by September 15. Before applying again, Barry suggested that a subcommittee be formed to discuss any changes to the application.

Because there were several new committee members and guests, Chris noted that grant request was for $25,000 to provide seed funding for a procurement officer, intern or student worker to work on State Use functions.

Motion to pursue the grant and to form a subcommittee. Motion seconded. Motion Carried.

Barry volunteered the KU grant writers and Rick Beattie to coordinate subcommittee activities. Chris Howe and Suzy Reber volunteered to participate on committee. Concerns were expressed about the amount of work that might go into the subcommittee’s effort. It was noted that the subcommittee would work up a new application based on what was submitted previously, that some discussion should occur about what enhancements could be made to the application, and allowing the Committee-on-the-whole one last opportunity to review before submission.

***Committee on Process for New Item Submission – Suzy Reber***

Suzy reported that the Committee has not received any mid-year requests to add products or services to the catalog. Suzy did note that Goodwill has expressed interest in adding medical scrubs to the 2013 catalog.

***Committee on Self-Evaluation – Darren Muci***

Darren noted that he and Melany Barnes were working to review the 2011 survey and results, then would work with committee members to draft a new survey for 2012.

***Committee on Kansas Employment First Initiative (EFI) – Brenda Maxey***

Brenda reported that the EFI subcommittee had met by telephone conference call on Tuesday, August 7. She noted that the Committee-of-the-whole had favorably considered issuing a policy statement related to EFI at its June meeting. The EFI subcommittee’s conference call was spent considering the EFI policy statement and changes to the New Vendor Criteria established in 2006.

The subcommittee circulated a DRAFT policy statement and proposed amendments to the New Vendor Criteria, and those documents were available for review in association with the August 9 State Use Committee meeting.

The Committee-of-the-whole discussed the two documents. It was suggested that the words “…thoughts and…” be eliminated from the Policy Statement and the New Vendor Criteria (see below)

* *Provide a statement which discusses the agency’s current ~~thoughts and~~ efforts related to the Employment First Initiative which advocates providing assistance to individuals with disabilities become employed at competitive wages in integrated settings.*

With that change, a motion was made to strike the words “…thoughts and…” from the policy and to adopt the policy statement and to change the new vendor criteria to include the revised language. Motion Seconded. Motion Passes.

***Old Business***

*Implementation of 2012 Session - HB 2453 – Preferences for bidders who employ and provide health insurance for persons with disabilities and who make purchases from the State Use Vendors (Chris Howe / Jesse Hodgson)*

Chris referenced the Preference Informational document emailed out immediately prior to State Use Committee meeting (see attached). The documents summarizes three types of procurement preferences established by the HB, including:

* Preference for “Certified Businesses” who commit to hiring persons with disabilities, pay for health insurance costs, among other requirements
* Preference for bidders who buy products from “Certified Businesses”
* Preference for bidders who buy products and services from “Qualified Vendors” in the State Use Program

Chris mentioned that one of the challenges would be confirming sales from bidders who claim the preference for purchases from qualified vendors. The document listed ideas describing how Procurement and Contracts would exchange information with qualified vendors. State Use Vendors present all indicated that they could handle individual requests for vendor sales information on a case-by-case basis.

***Legislative Interaction (Reports, Presentations)***

Natalie Bright noted that the Legislative Session ended in May, 2012 and no presentations are scheduled at the current time.

***2013 Catalog Schedule (See Attached)***

A copy of the schedule is attached to these minutes. Chris stated that it’s very helpful for qualified vendors to clearly identify requested changes, additions and deletions to the catalog offerings at this point with their submission, and identify all customer cost components.

***New Business***

Natalie Bright noted that the FY12 State Use Vendor Reports Format document has been sent to all state use vendors and that the deadline for submitting FY12 sales reports is September 15, 2012. She also indicated that several vendors have sent in their reports already. Her desire is to have the report finished in September so that it could be reviewed by the Committee in October or December, in anticipation of the 2013 Legislative Session.

***Stakeholder Feedback***

Suzy shared a promotional marketing flier aimed at school districts. Melany and Darren offered some feedback about format and potential uses.

Chris mentioned that the State of Kansas Office Supplies contract expires at the end of the 2012 calendar year. An RFP document was posted on 8/8/12 seeking information from potential contractors who work with various procurement consortia. Chris noted that carrying State Use Products was a major component of the RFP, so State Use Vendors might be contacted by various vendors over the next few weeks and months.

Suzy presented information about the Kansas Organization of Recyclers (KOR) Conference, to be held in Hays, KS on October 9 and 10, 2012.

Barry introduced Jamie Simpson with the KU Office for Institutional Opportunity and Access. Jamie talked briefly about her responsibilities on campus related to ADA and other accessibility issues.

Motion to Adjourn. Motion Seconded. Motion Passes.

Next Meeting Date / Time / Location: *Thursday, October 11, 2012, 1:00 pm -* ***Wichita, KS*** *– Hosted by KETCH*

KETCH

1006 E. Waterman

Multipurpose Room

Wichita KS

Policy Statement

regarding the

Employment First Initiative

by the

Kansas State Use Committee

***Whereas*** the State of Kansas Legislature passed the Employment First Initiative (KSA 44-1136) during its 2011 Session, and

***Whereas*** the Kansas State Use Committee (the “Committee”) is an entity established by the Kansas Legislature (KSA 75-3317 *et seq*.); and

***Whereas*** the Committee has developed ***New Vendor Criteria*** for organizations who wish to become a qualified vendor and participate in the State Use Program; and

***Whereas*** the Committee recognizes that many organizations (including qualified vendors) strive to provide competitive and integrated employment opportunities within their organizations and within their communities.

**Therefore, let it be known that:**

At its June 8, 2012 meeting, the Committee favorably considered a resolution supporting the Kansas Employment First Initiative, which includes the following concepts:

* *Current or Potential Qualified Vendors who employ individuals in a non-integrated setting paying less than minimum wage under a Federal Department of Labor Special Minimum Wage Certificate should consider opportunities to develop and offer employment programs to assist the persons they serve to become employed in competitive employment in a regular business setting;*
* *Current or Potential Qualified Vendors who employ individuals in a non-integrated setting paying less than minimum wage under a Federal Department of Labor Special Minimum Wage Certificate should provide services under a person centered plan and within that plan document that the individual was offered the choice of pursuing employment as an alternative to continuing their present program.*

**Furthermore,** at its August 9, 2012 meeting, the Committee favorably considered a resolution adding the following expectation to its New Vendor Criteria for any community organization which requests acceptance as a qualified vendor within the Kansas State Use Program:

* *Provide a statement which discusses the agency’s current efforts related to the Employment First Initiative which advocates providing assistance to individuals with disabilities become employed at competitive wages in integrated settings.*

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Steven Gieber, Chairman Date

Kansas State Use Committee

# Kansas State Use Committee New Vendor Criteria

**Legislative Definition**

KSA 75-3317

"**Qualified vendor**" means a not-for-profit entity incorporated in the state of Kansas that:

1. Primarily employs the blind or disabled;
2. is operated in the interest of and for the benefit of the blind or persons with other severe disabilities, or both;
3. the net income of such entity shall not, in whole or any part ,financially benefit any shareholder or other individual; and
4. such qualified vendor’s primary purpose shall be to provide employment for persons who are blind or have other severe disabilities;

**State Use Committee - Expectations and documentation required for acceptance as a State Use Vendor.**

1. IRS determination letter confirming **501(c)(3) status;**
2. **Articles of Incorporation** stating the agency's purpose; articles shall be certified by Kansas Secretary of State;
3. Current **Agency By-Laws** which indicate that no part of the **net earnings** will accrue to the benefit of employees, directors, etc.;
4. Products / Services must be **manufactured / performed and offered by Kansans;**
5. Provide **samples of agency literature** which demonstrate how the agency portrays people with disabilities and / or endorsement of its nonprofit mission;
6. Documentation of ratio of **direct labor** required to produce the goods / services offered: Persons with disability vs. persons without disability;
7. ***Provide a statement which discusses the agency’s current efforts related to the Employment First Initiative which advocates providing assistance to individuals with disabilities become employed at competitive wages in integrated settings.***
8. Any proposed product / service offerings must be:
   * **Quality products** and services that are applicable to the needs of customers
   * At **prices competitive** with the open market;
   * Delivery Terms that are consistent with and competitive with those available in the open market and in line with the needs of customers
9. **Visitation by at least one member of the State Use Committee** to the agency prior to acceptance as a qualified State Use Vendor.

*Original Criteria Approved by State Use Committee March 9, 2006*

***Modifications to Criteria approved by State Use committee August 9, 2012***

75-3740(b)

Effective January 1, 2013

**Bidder Preference #1: 10% to CERTIFIED BUSINESS (as defined in KSA 75-3740(g)**

* **Condition: Preference may not exceed 10% of evaluation total of lowest responsive bid**
* **Condition: Contractor must promise to maintain the percentage of employees with disabilities**
* **Condition: Subcontracting within the contract limited to 25% of the total bid cost**

*(b) A contract shall be awarded to a certified business which is also a responsible bidder, whose total bid cost is not more than 10% higher than the lowest competitive bid. Such contract shall contain a promise by the certified business that the percentage of employees that are individuals with disabilities will be maintained throughout the contract term and a condition that the certified business shall not subcontract for goods or services in an aggregate amount of more than 25% of the total bid cost.*

**Bidder Preference #2: Dollar for Dollar, up to 10%, for purchases from State Use Vendor**

* **Condition: Preference may not exceed 10% of original bid from the bidder claiming the preference**
* **Condition: Purchases made during the previous fiscal year**
* **Condition: State Use Vendors will need to be able to quickly certify sales**

*(c)* The director of purchases shall have power to decide as to the lowest responsible bidder for all purchases, but if:

*(1)(A) A responsible bidder purchases from a qualified vendor goods or services on the list certified by the director of purchases pursuant to K.S.A. 75-3317 et seq., and amendments thereto, the dollar amount of such purchases made during the previous fiscal year shall be deducted from the original bid received from such bidder for the purpose of determining the lowest responsible bid, except that such deduction shall not exceed 10% of the original bid received from such bidder; or*

**Bidder Preference #3: Dollar for Dollar, up to 10%, for purchases from CERTIFIED BUSINESSES**

* **Condition: Preference may not exceed 10% of original bid from the bidder claiming the preference**
* **Condition: Purchases made during the previous fiscal year**
* **Condition: Certified Businesses will need to be able to quickly certify sales**

*(B) a responsible bidder purchases from a certified business the dollar amount of such purchases made during the previous fiscal year shall be deducted from the original bid received from such bidder for the purpose of determining the lowest responsible bid, except that such deduction shall not exceed 10% of the original bid received from such bidder;*

*75-3740(g) - As used in this section:*

1. ***‘‘Certified business’’*** *means any business certified annually by the department of administration that is a*

* *sole proprietorship, or*
* *partnership, or*
* *association, or*
* *corporation domiciled in Kansas, or*
* *any corporation, even if a wholly owned subsidiary of a foreign corporation, that:*

***(A)*** *Does business primarily in Kansas or substantially all of its production in Kansas;*

***(B)*** *employs at least 20% of its employees who are individuals with disabilities and reside in Kansas;*

***(C)*** *offers to contribute at least 75% of the premium cost for individual health insurance coverage for each employee.*

* *The level of such coverage shall be at least equal to the level of benefits offered by the state employee benefit program established by K.S.A. 75-6501 et seq., and amendments thereto.*
* ***The department of administration shall require a certification of these facts as a condition to the certified business being awarded a contract pursuant to subsection (b); and***

***(D)*** *does not employ individuals under a certificate issued by the United States secretary of labor under subsection (c) of 29 U.S.C. § 214;*

Issue for consideration by the State Use Committee and the State Use Vendor community:

How to communicate sales to bidding entities that might request a bid preference based upon purchases from qualified vendors within the state use program.

* Sales must be “reported” in the period of a fiscal year
* Submit a report annual reflecting these sales
* Respond to individual inquiries when bid preference consideration is requested
* Qualified vendor create a “certificate” that they provide to the bidder which certifies their purchases in previous fiscal year
* Other Ideas?

**Kansas State Use Committee**

**Timeline for 2013 Catalog Submissions**

**On-going Collection of Price Comparison Info - USDs/State/Committee on Pricing Issues**

**August 9, 2012 State Use Committee Meeting – Lawrence, KS - Status Report**

**September 21, 2012 Submittal of Products and Pricing / New Vendor Requests**

**Begin Review of Submission/Price Comparison**

Copy of Offerings will be posted to a private Division of Purchases website for download by Committee members

**It is important that vendors clearly identify requested changes, additions deletions to the catalog offerings at this point in time, and identify all customer cost components.**

**October 4, 2012 Committee Members Feedback to Director of Procurement and Contracts**

**"Drop Dead Deadline"**

**October 11, 2012 State Use Committee Meeting – Wichita, KS - Status Report**

**October 23, 2012 Committee Conference Call – 10:30 am**

Final Discussion of Vendor Offerings

**October 26, 2012 Feedback provided to State Use Vendors**

**November 7, 2012 State Use Vendor Challenges to Decisions**

**November 16, 2012 Final Artwork - Drop Dead Deadline**

Communications with Secondary Suppliers (Staples, etc)

**November 30. 2012** **Complete work on spreadsheets for On-Line Sales App**

**December 13, 2012 State Use Committee Meeting – Wichita – Status Report**

**December 31, 2012 Publication and Posting of On-Line Catalog**

**On-going** **Promote On-line Catalog**