

State Of Illinois
State Use Committee Meeting
Minutes
May 23, 2013

Video Conferencing sites:

SIU-C	CMS	CMS	IDOT
Morris Library 184-A Carbondale, IL	Room 715 Springfield, IL	JRTC, Room 9-036 Chicago	Room 120 Springfield

I. Call to Order

Chairman Sharla Roberts welcomed Committee and guests and called the meeting to order at 1:35 P.M.

II. Roll Call

Present at the meeting were the following members: (see attached)

Sharla Roberts, In Chicago
Seymour Bryson, In Carbondale
Christine M. Dickey, In Springfield
Richard W. Gloede, In Springfield
Curt Massie, In Springfield
Dan Strick, In Chicago
Audrey McCrimon, By phone

Chairman Roberts announced that there was a quorum present.

III. Approval of the Minutes of the April 19^h Meeting

Chairman Roberts called for a motion to approve the Minutes from the April 19, 2013 Meeting.

Motion to Approve: Member Chris Dickey

Second: Member Dick Gloede

Tally of Votes: Members unanimously approved the April 19, 2013 Meeting Minutes

IV. Review of and Vote on Proposed Contracts (see attachment for list of contracts)

All contracts for vote were read aloud by Brynn Henderson (See attached Vote Sheet)

Member Gloede: I noticed that there are two contracts that were on the original vote sheet distributed earlier. Now we are voting on an amended vote sheet with two contracts omitted. One with Bridgeway and one with RAVE. Is there a reason for this?

Chair Roberts: Yes there is. At this time, there were two companies that were removed from the vote sheet. Bridgeway and RAVE did not have all the information in the file that is required. There are three

standards to participate in the program. We are just making sure we adhere to the law. They are not disqualified.

Member Gloede: So it's a procedural issue.

Chair Roberts: Exactly.

Member Dickey: I have a comment. I don't know if other workshops are having the same issues that we are with our Department of Labor Certificate, but I understand that they are backlogged by 100 and there is a new DOL process now being required.

Chair Roberts: We are aware of that.

Member Gloede: Pending DOL certification does not necessarily disqualify them from the contract.

Member Dickey: The way I am interpreting it, is that rather than the agency getting the DOL sub-minimum wage certificate, it is almost being issued to the individuals. We have to get guardian signatures on document evaluations rather than agency wide information. We send in summaries of payroll status and production rates of individuals. There is talk they may request medical and psychological evaluations. We serve 140-150 people so that is a lot of paperwork. DOL claims they don't want to make this burdensome, but we will see what happens.

Member McCrimon: This is the first I have heard that they are asking for individual information which raises the question of confidentiality and accessibility. It seems like an interpretative difference and it affects all the workshops we do business with. I would ask that Member Dickey report back on any findings on this issue.

Chairman Roberts called for motion to approve contracts as read aloud.

Motion To Approve all contracts: Member Curt Massie

Second: Member Dan Strick

Tally of Votes: Members unanimously approved contracts as read aloud.

V. New Business

Chairman Roberts introduced Ben Bagby, Chief Procurement Officer for Higher Education

CPO Bagby: I am Ben Bagby, CPO of Higher Education. I am a graduate of SIUE in Sociology, and Carbondale Law School. I have been in state government since 1977 almost exclusively in contract procurement. During that time I helped establish the State Use Program with then Deputy Director Rosemary Bombella. I also helped establish the Business Enterprise Program and helped bring the old Small Business Contracts Act under the standard procurement policies. Over the years I have had various levels of involvement in those programs, not to run them, but to try to give advice on how best to make things work. Of course, during that time there has been different administrations. We always did our best

to move forward. Regarding SU specifically, I do understand and agree with the social goal of the program to help clients of the sheltered workshops. We need to do what we can to further that goal and at the same time I recognize that SU program is a statutory creation and as such we have to operate within the confines of the law. I don't think meeting the program goal while taking the law into account should present any particular difficulty.

Now section 45-35 of procurement code allows agencies to make purchases from sheltered workshops without bidding, subject to certain conditions. Because this is a process that is an exception to the normal process of competitive bidding, we have to clearly meet the conditions in order to use the exception for the program to actually work.

First, the workshops must meet certain conditions and requirements as set by law. The committee has the responsibility to ensure that only certified workshops enter into the program. The tests for meeting certification requirements are set forth in statute and are relatively straight forward and objective.

Agencies need an accurate updated list of certified sheltered workshops so they can help move the program forward. We also have a very selfish reason to have that accurate list. Agencies just can't take the risk of working with non-certified firms because they are then in violation of the procurement code. Now, if we can help in any way to make sure the workshop list is accurate and easy to use, let us know, we are here to help.

Second, the Committee has a specific duty to determine that the cost proposed by the sheltered workshop is not substantially more had the contract been competitively bid. It is clear to me that the General Assembly established price as an overarching factor in determining whether to go forward with a non-bid State Use contract. Meeting this requirement is a bit more involved than certification of the workshop, but price analysis is really a very basic procurement function.

I understand and recognize that this Committee is part of CMS and there may be other ways to meet the price analysis requirement. I think each committee member should have documentation regarding price prior to each meeting, consider that Information individually, and make a reasoned determination that price is or is not "substantially more" had it been competitively bid before discussing and voting on each proposed contract. I do think that staff should be responsible for obtaining and providing a preliminary analysis, but the Committee is charged with making the considered determination. Staff should be doing this in conjunction of purchasing agents at CMS. Unless it is obvious that the documentation and analysis of price is lacking substance, these contracts should go through with little fanfare.

We stand ready to work with you to ensure this process meets everyone's satisfaction. Earlier I mentioned the BEP and Small Business programs. These are also statutory based programs. However, in my opinion, none of these programs take priority over any other. Having said that, some coordination of activities to help ensure each program is most effective is needed. We will be working to ensure this coordination happens.

It is the committee that is in charge based upon that information. One thing I do want to mention in hearing the contracts voted on today, some are small contracts \$4,680.00 for a janitorial contract. In my

opinion those don't have to go through State Use Committee to be processed. That is something for CMS legal to look into.

In my area, which is Higher Education, I do not have much structure in place to address these programs. However, I have redirected staff resources and have designated one SPO, Amanda Baylor, to have these various programs as a main focus. She has been spending time working with State Use staff and others to better understand the program and will be taking steps to make sure the program more visible to the universities. We want to work with you to help expand the program.

I have one last thing to mention. The procurement code says each CPO is to determine what supplies and services shall be given preference by State Agencies. What does that preference mean? To address this issue, I have asked Amanda to work with staff to get a better understanding of the workshops and what they currently provide. We want to work with you to best understand a preference policy that works. My default position is to work with the workshops within reason. I want you to know I do support the workshop concept, I always have. In conclusion I want to have my office have a very good working relationship with the staff, committee and everyone else. We want to work together so we can make a difference and make this program work as best as possible.

Chairman Roberts: Thank you. We will take your recommendations into consideration to make sure we do adhere to the law and make sure we have a transparent program working together with the small business program as well.

There is a state use exhibition in Springfield next week May 29th in the DOT Auditorium. Workshops will be there to help explain all that they do. We had one last quarter in Chicago and it was very successful. We want to fulfill our role of responsibility within the law.

Member McCrimon: The state use law came into being long before we had the SPO, CPO and all nine yards. The things we now are doing and I have to give credit to Sharla and committee. SU program began long before the measures that are now in place specific to the goods and services procurement process that allows a bit more flexibility in how it was approached. Small contracts are often the open door for an agency to get to know the provider and the work involved and often lead to larger contracts.

I appreciate the historical perspective namely Rosemary Bombella. That name resonates with me from my State history

I do have some concerns from the last meeting we had. I felt under attack last meeting. I also know interpretive perspective makes a difference in what procedures grow out of it. I was so concerned with perspective and the feeling I came away with about how we are trying to improve; how we as a committee are working and how we are trying to improve our work and I did allow myself to be drafted to be part of a subcommittee that looks at procedures to move forward. I have to say that the letter sent to the committee from Matt Brown on April 26th set the tone. The impression in the letter was really something I found that questioned my professionalism, my objections. I really did not appreciate that when there is a way to say we need to make improvements consistent with improvements being made with other like programs and that we are elevating all programs of this nature. I am all for consistency,

fairness and transparency and I really was so taken back by the tone of the written communication from Matt Brown. I just want to help people to understand the frustration that many of the State Use Committee members felt. We are willing to work on improvement and do it in the right way that is consistent with the statutes.

Chairman Roberts introduced Matt Brown, Chief Procurement Officer for General Services.

CPO Brown: I was not part of the original State Use Program like Ben. But a little about me: I have been the CPO for General Services for 2 ½ years since its inception under SB-51. Prior to that, I was Executive Director for the Procurement Policy Board for 14 years. The Chief Procurement Officer for General Services has the responsibility for procurement activity for roughly 60 State Agencies and many of those agencies have dealt with and seen State Use contracts in the past and I have very much been an advocate of the program and believe that it is an appropriate use of State time and resources. To that end, I just want to add that my philosophy associated with any State Program or State business is one about bringing confidence to decision making. In association with that is having confidence in the process and being able to get those who view programs either internally or externally or receive benefits from programs as valuable recipients that your serve are able to recognize and their families are able to recognize. Having confidence in all those areas is very important and when you are able to establish program confidence and don't get me wrong, nobody has lack of confidence in you or lack of appreciation for your efforts and advocacy. It is with confidence that I express my work product and try and help others in State procurement and various other preference programs that the state has and everyone feels well served. We have confidence established in these areas that allows for expansion and allows for individuals to be given latitude to do the most they can do with their programs.

One of the things we are trying to do with our introduction to the organization is work with you to find the level of confidence that everyone appreciates that brings the most out of the program and gets agencies users of contracts. Get everyone excited about the program to use contracts more.

That is the approach I bring with my involvement. As one of your members just spoke in a very passionate way, she is very much an advocate and without advocacy on this committee it would not be nearly as effective as it is and that is an important think to recognize. So, I want to be able to through participation in your organization and following the statutory requirements of the State Use Act, the section of the state use act through the procurement code and related laws that may affect us externally.

I appreciate being here and look forward to working with all of you to increase the value of the program and get the State Use Committee more firmly seated with the State Agencies that rely on your contracts.

Member McCrimon: I appreciate your comments and willingness to work with the State Use Committee. A couple of things for clarification, after 37 years working in State Government I am used to bureaucracy and I think there is a way we can make bureaucracy work for people. State Use Staff has begun a process that is consistent with other set aside programs to insure transparency and legal requirements in accordance with the statutes. I certainly compliment the staff in working on ways we can improve. That spirit will continue to improve the partnership and I certainly appreciate the leadership the staff is taking in trying to address these challenging issues.

Chairman Roberts introduced Mitzi Loftus, Deputy Director of the Bureau of Strategic Sourcing

Deputy Director Loftus: I am Mitzi Loftus, Deputy Director of CMS Bureau of Strategic Sourcing. I have a couple extra things to add. Ben and Matt spoke about some of the same things the administration does internally. I want the Committee specifically to know that BOSS is committed to working with the committee. Making sure everything they are charged with in defending in the code, is up to par. We have already worked with some of the procurement compliance monitors and we have worked very well with them. Cleared up questions about the staff and we are working to come up with little tighter procedures and make sure we don't get behind the ball again. Just wanted to let the committee know we are here on the administrative side to protect you and make sure everything you are signing off on is accurate.

Member Bryson: Could you put some background on what are the internal issues that we are not aware of and do not understand.

Deputy Director Loftus: I probably should not have said internal issues at all. Some of the questions that the CPO's office wanted to have answers to are whether or not the price is competitive; as competitive it could be if it was competitively bid. Some of those things are a little bit hard based on the nature of the services and the nature of some of the staff. So a lot of times it has just been an expert in the industry that just knows because they are familiar with what a going rate is for that service or commodity. Sometimes that didn't always make it onto paper. So, we are making sure that analysis is making it onto a piece of paper and into the file now. It's not that it wasn't analyzed; it always didn't make it to the piece of paper. Those are the type of things. Just making sure we start doing, maybe every other year, some certification process with every one of the vendors out there. Making sure we are up to date on all of their certifications. There are several certifications that could drop off and we just need the additional paperwork. It is not that the vendor is out of compliance at all, it is just that we need that up to date piece of paper. All of the issues, I use that term loosely, have been very minor and not anything that has been wrong. Just making sure all the pertinent information is in the same place and contained with the contract.

Chairman Roberts asked if anyone wanted to address the Committee.

Public Member James Starns: I am James Starns and I am President of Bridgeway and I know that there have been some concerns about Bridgeway and what we do. I would like to talk briefly about Bridgeway and what goes on. I have been doing this a long time. I was sitting around these halls when we put together the State Use Law Program.

I was part of the steering committee that put the law together. Back then we called ourselves agencies and that is what we were. We were agencies and we were a different mixture. We have had contracts that go back almost thirty years and they have been under countless different names of corporations and I wanted to explain why that happens and what goes on. What happens within our business? One, the nonprofit business is one that has been very tenuous. There are many non profits that are going out of business. Bridgeway's history has been to go in when they are in trouble, take over their business. We provide money to help them. That's what we do. We are non profits. But in doing that we have created multiple corporations. So, we have multiple corporations that provide multiple functions within one agency. You walk into any of our offices that says Bridgeway on the door. You talk to any man or woman behind the counter, they ask I need a job, I need clinical training. They get it from the proper

company that's under the Bridgeway umbrella. When we file our tax returns, all of our affiliated companies are listed with each other. All of our affiliated companies meet all the requirements that company does.

In the last 18 months we have helped an organization called Illinois Growth Enterprises. 100% of their DHS money was taken away and they were three payrolls from going out of business. Unfortunately they had 200 some jobs with State Use. What did we do? We went in there and grouped their employees into Bridgeway. Kept the name on the door of IGE agency.

The model looks a little different, but it was done with the results of putting people to work. I assure you that everyone who works, works for a company that has a minimum wage certificate from both the State of Illinois and the US.Department of Labor. Thank you very much.

VI. Future Meeting Date

Chairman Roberts asked Committee for recommendation for future meeting dates.

Next meeting date: June 19, 2013 at 1:30 PM

Motion To Approve Meeting Date: Member Gloede

Second: Member Massey

Tally of Votes: Members unanimously approve the motion to host the next meeting on June 19, 2013.

Chairman Roberts announced that the motion passed to have the next meeting on June 19, 2013 at 1:30 P.M.

VII. Adjournment

Chairman Roberts called for motion to adjourn.

Motion To Approve: Member Dickey

Second: Member Gloede

Tally of Votes: Members unanimously approved the motion to adjourn.

Chairman Roberts announced the motion to adjourn was approved and adjourned the meeting at: 2:05 P.M.

Respectfully submitted,

Brynn Henderson