



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

TRICIA L. FOSTER
DIRECTOR

December 4, 2019

The Honorable Shane Hernandez, Chair
House Appropriations Subcommittee on General Government
House of Representatives
P.O. Box 30014
Lansing, MI 48909-7514

The Honorable Jim Stamas, Chair
Senate Appropriations Subcommittee on General Government
Michigan State Senate
P.O. Box 30036
Lansing, MI 48909-7536

Dear Legislators:

Enclosed is a summary of the products and services purchased by the department from community rehabilitation organizations and submitted pursuant to the reporting requirements in Section 296 of Public Act 431 of 1984, as amended.

If you have questions regarding the information in the report, please contact Todd Culver, Chairperson of the committee on purchase of goods and services from community rehabilitation organizations, at (517) 484-5588.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Colangelo', with a long horizontal flourish extending to the right.

Jim Colangelo
Chief Procurement Officer

Enclosure

c: Senate Fiscal Agency
House Fiscal Agency
Bree Anderson, DTMB



**Annual Report of the
The Committee on the Purchase of
Goods and Services from Community
Rehabilitation Organizations
for Fiscal Year 2019**

Required by Section 296 of Public Act 372 of 2010

Introduction

Community rehabilitation organizations are mission driven businesses that provide employment opportunities for people with disabilities. People with disabilities currently experience a higher rate of unemployment than people without disabilities. Recognizing this fact, the Michigan Legislature enacted a Bill in 1978, amended in 2010, which created a "set aside" program whereby nonprofit community rehabilitation organizations would be given preferential treatment in providing goods and services to the state of Michigan. Contracts are then performed by community rehabilitation organizations, employing people with disabilities.

Partnership

The "set aside" program to purchase goods and services from community rehabilitation organizations serving people with disabilities represents an effective partnership between government (public) and the private, nonprofit sector. The provision of goods and services by community rehabilitation organizations to the state creates employment opportunities for Michigan residents with significant disabilities.

Procurement practices at both the state and federal levels have long been used to promote a variety of values and outcomes that society desires. In all cases, the major objective is to increase the target group's economic self-sufficiency.

The U.S. Department of Labor's October 2019 statistics indicate a 6.9% unemployment rate for people with disabilities – down from 15.0% in 2011. The unemployment rate is 3.2% rate for people without disabilities – down from 8.7% in 2011. The October 2019 Labor Force Participation Rate was 20.6% for people with disabilities, and 68.9% for people without disabilities. Community rehabilitation organizations will continue to meet the employment and training needs of individuals with disabilities throughout Michigan.

The core purpose of community rehabilitation organizations drives them to help people with disabilities maximize their productivity and employability. The ultimate goal of community rehabilitation programs is to transition their workers to the competitive labor force.

The Committee on the Purchase of Goods and Services from Community Rehabilitation Organizations.

The "set aside" legislation establishes a committee whose duties are outlined in §18.1296. The committee considers requests from community rehabilitation organizations for state contracts to be placed on "set aside." The committee also works with Department of Technology, Management & Budget (DTMB)-Procurement to establish fair market prices for goods and services placed on "set aside." Committee members are appointed by the Governor of Michigan, and serve without compensation; the Committee has no operating budget.

Program Impact, FY 2019

In fiscal year 2019, eight nonprofit community rehabilitation organizations participated in the Set Aside program; janitorial services were provided at locations throughout Michigan, and goods produced included trash can liners and onsite drug test kits.

Providing goods and services to the state through the "set aside" program resulted in

- 115 full time and 222 part time jobs for people with disabilities.
- Total wages of over \$3.1 million paid to people with disabilities.

Act No. 372
Public Acts of 2010
Approved by the Governor
December 22, 2010
Filed with the Secretary of State
December 22, 2010
EFFECTIVE DATE: December 22, 2010

**STATE OF MICHIGAN
95TH LEGISLATURE
REGULAR SESSION OF 2010**

Introduced by Senators Jansen, Nofs, Hunter, Basham, Van Woerkom, Garcia, Richardville, Birkholz, Pappageorge, McManus, Jacobs, Kahn, Brown, Allen and Kuipers

ENROLLED SENATE BILL No. 1529

AN ACT to amend 1984 PA 431, entitled "An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts," by amending sections 293, 294, 295, 296, and 297 (MCL 18.1293, 18.1294, 18.1295, 18.1296, and 18.1297).

The People of the State of Michigan enact:

Sec. 293. As used in this section and sections 294 to 297:

(a) "Committee" means the committee on the purchase of goods and services from community rehabilitation organizations created in section 295.

(b) "Community rehabilitation organization" means a nonprofit charitable organization or institution incorporated in this state that is operated for the purpose of carrying out a recognized program of employment and training services for people with disabilities.

(c) "Fair market price" means the price established by the committee for goods or services to be purchased from community rehabilitation organizations based upon 1 or more of the following:

- (i) Available information from reliable market sources.
- (ii) A market survey conducted by a person designated by the committee.
- (iii) Previous contract prices adjusted for market conditions.

(iv) The range of bids from the most recent solicitation, including a determination of the median price, average price, and any market conditions that have changed since the most recent solicitation.

(v) Cost analysis.

(vi) Other methods as determined by the committee.

Sec. 294. (1) To advance the employment of people with disabilities, community rehabilitation organizations shall have preferred status for the purposes of procurement in accord with the provisions of this section. The department's procurements of goods and services from community rehabilitation organizations are exempt from other competitive procurement requirements of this act and, to the extent possible, exempt from other competitive procurement statutes and executive orders. This subsection does not prohibit the department from applying competitive bid requirements to select among community rehabilitation organizations for the purchase of goods and services.

(2) The department shall purchase goods and services that are manufactured or provided by community rehabilitation organizations in this state pursuant to sections 293 to 297.

Sec. 295. The committee on the purchase of goods and services from community rehabilitation organizations is created within the department and shall consist of 6 members appointed by the governor. The members shall serve for a term of 2 years. The committee shall consist of 1 member from the purchasing division of the department, 1 member from Michigan rehabilitation services, 1 member from the commission on disability concerns, 1 member, who shall serve as the chairperson of the committee, from a statewide nonprofit corporation concerned with community rehabilitation organizations, and 2 members at large. Members of the committee shall serve without compensation.

Sec. 296. The committee shall do all of the following:

(a) Meet as often as necessary, but at least quarterly, to carry out its duties.

(b) Coordinate and monitor the implementation of sections 293 to 297.

(c) Identify, review, and recommend approval or disapproval to the state administrative board of requests from community rehabilitation organizations to provide goods and services for purchase by the department.

(d) Establish eligibility criteria for participating community rehabilitation organizations, including criteria that demonstrate the ability to perform the requirements of the contract and establish that the majority of the direct labor hours required to fulfill the contract are performed by individuals with significant disabilities as that phrase is defined in 29 USC 705(21)(A).

(e) At least annually, in cooperation with the department, establish and review fair market prices and methods for establishing fair market prices for goods and services to be purchased from community rehabilitation organizations.

(f) Establish procedures regarding the functions and operations of the committee.

(g) Prepare an annual report depicting the activities related to this section that includes, at a minimum, all of the following:

(i) A summary of products and services purchased by the department from community rehabilitation organizations.

(ii) The names of community rehabilitation organizations participating.

(iii) The impact of this section upon production, work stabilization, program development, and the number of persons with a disability served by community rehabilitation organizations.

(iv) An indication of the areas to which and the amounts for which the budget of the committee was allocated.

(h) At least annually conduct a review of the prices paid by the department for the goods and services provided by community rehabilitation organizations and make any adjustments necessary to establish new fair market prices.

Sec. 297. (1) For the purposes of identifying those goods or services or both to be provided by community rehabilitation organizations, first priority of selection shall be given to those goods or services or both currently purchased by the department from commercial businesses outside this state. Next selection priority shall be given to those goods or services or both purchased from commercial businesses within this state. If upon review of the current bids or fair market price of both priorities of goods or services or both, the committee finds that community rehabilitation organizations can provide equal goods or services to the department within current bids or fair market price, then those goods or services or both shall be set aside for exclusive provision by community rehabilitation organizations for purchase by the purchasing division of the department.

(2) All goods and services purchased by the department from community rehabilitation organizations shall meet the specifications regarding quality, function, and quantity established and published by the department.

(3) This section does not prevent community rehabilitation organizations from selling goods and services to other governmental agencies or private businesses of their choosing.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Richard J. Brown

Clerk of the House of Representatives

Approved

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Governor

FY19 CRO Set Aside Report

Organization	Contract Number	Building	Address	# Full Time Employees with Disabilities	# Part Time Employees with Disabilities	Total wages paid to people with disabilities on this contract	Disability hours	Total hours	Disability %	Contract Expiration Date	Options
Goodrich Industries of Southwestern Michigan	071B7700081	DHS Kalamazoo County Office	1312 Oakland Drive Kalamazoo, MI 49008	3	0	45,268.69	4,395.36	4,863.36	50.38%	12/31/21	One Year
Goodrich Industries of Southwestern Michigan	071B7700081	Kalamazoo Psychiatric Hospital	322 E Stockbridge Ave Kalamazoo, MI 49001	3	4	90,025.47	8,468.24	8,468.24	100.00%	12/31/21	One Year
Navigations, Inc.	180000001283	FCCEC (Fl. Custer Education Center)	2501 26th Street Bldg. 2900, Augusta, MI 49012	0	8	63,175.79	4,732.26	5,667.90	83.20%	9/30/23	Two (2) one (1) year options
Services To Enhance Potential	180000001203	MDOT- DOSC	1060 W. Fort St. Detroit, MI 48228	0	8	47,881	5,085.38	5,085.38	100.0%	8/31/22	One (1) one (1) year option
SVRC Industries, INC.	071B7700048	Jerome T. Hart Saginaw State Office Building	411 E. Genesee, Sag, MI 48607	0	7	\$44,772.95	4765	5279	90%	11/30/20	One (1) one (1) year option
SVRC Industries, INC.	071B7700048	Flint State Office Building	125 E. Union Street Flint, MI 48502	0	7	\$63,738.87	6812	6995	98%	11/30/20	One (1) one (1) year option
Grand Traverse Industries	071B7700156		Traverse City 3044 W. Grand Blvd - Detroit, MI 48202	0	78	\$23,912.78	2648.5	2648.5	100	9/30/20	Five (5) one (1) year options
JVS	180000000719	Cadillac Place		8	24	\$ 380,468.65	37584.36	42467	88.46%	6/30/23	2 - 1 year
Lakestate Industries	071B7700046	State Office Building Escanaba	305 Ludington Street Escanaba, MI 49829	0	13	\$25,019.15	1547	1625	95%	11/30/20	1 year extension
Peckham	071B7700138	Various	Greater Lansing	101	66	\$ 2,356,428.77	249,588.36	278,643.68	90.22%	4/30/21	One (1) one (1) year option
Peckham	071B7700185	Various	Greater Lansing	0	7	\$ 7,137.07	719.70	719.70	100.00%	9/30/20	Five (5) one (1) year options
			Totals	115	222	\$ 3,128,825.20	326,326.14	360,452.74	90.53%		