

KANSAS STATE USE LAW USAGE REPORT

July 2014 to June 2015

Since the 1960's, Kansas public policy has been that state agencies, state universities and Unified School District's (USD's) purchase products manufactured by blind and disabled Kansas citizens as a means for creating employment opportunities for these Kansans that otherwise may not exist. This public policy is set out in K.S.A. 75-3317 *et seq.* and is known as the Kansas State Use Law (SUL).

In 2004, several Kansas SUL Vendors (those who employ blind and disabled Kansans) joined together to form the Coalition for Opportunity (Coalition). Members of the Coalition committed themselves to updating and improving the existing SUL program for both vendors and required purchasers. In 2005, the Coalition successfully lobbied the Kansas Legislature to update the law as well as create a SUL oversight committee comprised of legislators, purchasers, vendors and a consumer representative. After updating the law, the SUL program saw a steady growth in the volume of sales as well as improvements in the relationships between required state purchasers and SUL vendors.

Collectively, the SUL vendors report employing over 400 blind and disabled Kansans, many who were afforded their first opportunity to earn a competitive wage, obtain access to health benefits and sustain viable employment because of the opportunities created by the SUL program. In addition, even more blind and disabled persons are helped by the dollars reinvested in the missions of the SUL not-for-profit employers. Without the Kansas SUL program and the accommodated work environments established by the SUL vendors, very few employment opportunities would exist for these blind and disabled Kansan citizens.

Part of the reform measures passed during the 2005 Legislative Session, requires that the SUL vendors prepare an annual report that summarizes the volume of sales for each SUL product or service sold as well as a summary of waivers requested and issued. In addition, the report highlights the activity of the SUL Committee as well as vendors efforts to grow the program. Below is the summary report submitted on behalf of the 2014-2015 SUL Vendors.

2014-2015 SUL Usage Report Highlights

- ✓ SUL Committee has continued to meet and look for opportunities to grow the SUL program. During the 2012 Legislative Session, SUL vendors worked with the Governor's office to seek passage of SB 444. This measure established incentives for private sectors companies to purchase SUL products and employee disabled Kansans. SUL vendors continue to work with the Department of Administration to establish the processes needed to implement the program and recruit businesses to participate in the program.
- ✓ SUL Committee and vendors continue to follow an agreed upon time-line for the production of the electronic SUL Catalog. This has simplified the process for both the Director of Purchases and the SUL vendors. The electronic catalog may be accessed at www.ksstateuse.org.
- ✓ During this reporting period, the sales within program saw a slight decrease slight decrease in sales. In FY '15, SUL sales decreased slightly to \$7.167 from \$7.350 million FY '14. The highest sales recorded for the SUL program was in FY '07 when it reached \$7.87 million.
- ✓ SUL vendors, with the assistance of the Director of Purchases, continued to sell their products through the state's contract for office supplies. This arrangement has made the SUL program more accessible for all state purchasers and has streamlined the purchasing of SUL products for many required purchasers. During this report period, the state contractor accounted for \$691,683.30 which is up from \$503,835.87 in FY '14.
- ✓ In FY '15, Kansas Regents accounted for roughly 25% of SUL sales which is down from 32% in FY '14 while USD's remain at 19%. The remaining sales can be roughly attributed at 56% for sales to State agencies including corrections and hospitals, which is up significantly from 30% in FY '14.
- ✓ Cartridge King has the highest sales in the SUL vendor in the program. In FY '15 they accounted for 48% of all SUL sales which was slightly down from FY '14.

- ✓ SUL requires all Kansas USD's purchase qualified items approved in the SUL program. In FY '15, 141 of the 262 reporting USD purchasing agents or 54% purchased something through the program. Of those who purchased, 32% of USD's purchased less than \$500 of SUL products. In FY'15 overall SUL sales decreased by the USD's by approximately \$92,002.72 from FY'14.
- ✓ USD 259 (Wichita) made the greatest SUL purchases in FY '15 totaling almost \$434,679.94, which is roughly 42% of the total USD purchases.
- ✓ Waiver requests from required SUL purchasers to the Kansas Office of Procurement and Contracts has consistently declined since the FY'08 report.

PARTICIPATING SUL VENDORS, PRODUCTS AND SERVICES

Business Technology Career Opportunities (BTCO)

Mission: An imaging and technology solutions company, providing superior customer services through a fully integrated workforce that promotes technical careers for people of all abilities. ***SUL service provided is document imaging.***

Cartridge King

Mission: To provide services to individuals with disabilities by promoting community inclusion, and employment opportunities with the maximum level of independence and dignity. ***SUL product sold is new and remanufactured toner cartridges.***

Cottonwood Industries

Mission: Since 1972, Cottonwood Industries has provided cost effective, high quality production, packaging, warehousing, and mailing services for big and small companies across the nation.

Envision

Mission: To enhance the personal independence of individuals whose blindness or low vision, often accompanied by other disabilities that impacts their opportunities for employment, success, and integration into community life. ***SUL products sold include can liners, seal closure bags, merchandising bags wiping towels, pens, office supplies and printing services.***

Goodwill Industries

Mission: Providing employment opportunities, vocational training and rehabilitation services to individuals with disabilities. ***SUL products sold include General Purpose Safety Vests and Professional Series Safety Vests (ANSI/ISO).***

KETCH

Mission: To promote independence to persons with disabilities through innovative learning experiences that support individuals' choices for working, living and playing in their community. ***SUL products include binders, air filters and safety products.***

OCCK

Mission: To promote and contribute to the success of their customers with a community, to exercise and/or influence leadership in the creation of quality communities and to ensure our financial success so that our customers can be successful. ***SUL products and services include promotional buttons, ice bags, comfort cushions and custodial services.***

TARC

Mission: Providing employment opportunities and work related experiences for persons with developmental disabilities. ***SUL products include document destruction services, all-purpose mailing services, custodial services***

TECH

Mission: The Training and Evaluation Center of Hutchinson is committed to assisting individuals with disabilities of all ages to live full and productive lives through advocacy, education and quality supports. *SUL products include commercial and residential outdoor furniture.*

TRI-VALLEY DEVELOPMENTAL SERVICES

Mission: Tri-Valley Developmental Services is committed to the ideal that people have a right to be active within their community. Our mission is to offer a wide range of choices, meeting individual needs, and providing opportunities for persons with disabilities to maximize their potential enabling them to achieve the quality of community life they seek. *SUL service includes secure document destruction.*

	<u>USD's</u>	<u>State Agency</u>	<u>State Hospitals</u>	<u>Corrections</u>	<u>Universities</u>	<u>Other</u>	<u>FY 2015 Totals</u>	<u>FY 2014 Totals</u>
BITCO	\$1090.76	\$937,706.02					\$938,796.78	\$854,355.51
Cartridge King								
Direct Sales	\$483,004.50	\$959,084.31	\$138,172.71	\$123,509.74	\$1,215,573.57	\$3,980.35	\$2,923,325.18	\$3,061,956.30
State Contract Sales	\$82,956.84	\$502,835.42				\$64,760.74	\$650,553.00	\$589,444.04
Center Industries Corporation								
Disability Supports								
Envision								
Direct Sales	\$570,731.01	\$284,630.40	\$156,437.70	\$284,037.71	\$314,980.85	\$58,301.94	\$1,669,119.61	\$1,547,644.26
State Contract Sales	\$73,597.36	\$157,818.62				\$974.38	\$232,390.36	\$96,743.09
Goodwill	\$146.04	\$75,506.74				\$4,863.38	\$80,516.16	\$54,927.76
Ketch								
Direct Sales	\$138,091.84	\$42,051.69	\$29,031.60	\$3,357.56	\$237,311.35	\$17,898.45	\$467,742.49	\$741,998.26
State Contract Sales	\$343.54	\$1,076.23				\$54.08	\$1,473.85	\$5,496.17
OCCK		\$119,358.36				\$29,336.73	\$148,695.09	\$352,333.31
TARC	\$9,042.44	\$43,871.35				\$1,391.68	\$54,305.47	\$45,237.97
TECH	\$0.00	\$0.00				\$0.00	\$0.00	\$0
Totals:	\$1,359,004.33	\$3,186,858.02	\$323,642.01	\$410,905.01	\$1,767,865.77	\$641,476.38		

FY 2015 SUL Grand Total Sales: \$7,166,917.99

FY 2014 SUL Grand Total Sales: \$7,350,136.67

WAIVERS

Current Kansas SUL allows waivers to be issued to required purchaser whenever a qualified vendor is unable to supply products or services needed or is unable to meet delivery requirements on any order or requisition. The SUL mandates that a written request for a waiver must be forwarded to the Director of Purchases by the state agency or USD and if the Director of Purchases approves the requested waiver, the state agency or USD is exempted from the SUL purchasing requirements for the specific order, request or requisition. At this time, USD's are not subject to auditing and therefore are not submitting waiver requests to the Director of Purchasing.

The 2005 Legislature authorized an additional waiver that allows a USD that has purchased or has entered into contracts for purchase of a substantial amount of a SUL product or products from qualified SUL vendors during a USD fiscal year, to petition the Director of Purchases for a waiver. Such waiver may be granted to a USD from any further compliance with the SUL for the remainder of the USD's fiscal year if the Director of Purchases, with the recommendation and approval of the SUL committee, finds that purchases have been made or contracts for purchase have been entered into for a substantial amount of such product or products from qualified vendors during the USD's fiscal year. In determining whether a USD has purchased or has entered into substantial amount of SUL products, the Director of Purchases and the SUL committee shall consider the overall need for such product or products by USD.

Below is a summary of waiver activity for period of July 2009 to June 2011. This information has been provided by the Director of Purchases.

REPORTS OF STATE USE CATALOG WAIVERS - FY 08 Per KSA 75-3322(a)

KSA 75-3322 (a) Whenever the qualified vendors are unable to supply the products or services needed or are unable to meet delivery requirements on any order or requisition, a written waiver shall immediately be forwarded to the director of purchases by the state agency, procurement officer or purchasing officer of the unified school district. If approved by the director of purchases, such waiver shall relieve and exempt the state or unified school district purchasing authority from the mandatory provisions of KSA 75-3317 to 75-3322, inclusive, and amendments thereto, in the case of the specific order, request or requisition.

At this time, USD's are not subject to audit by State of Kansas procurement, but are subject to individual financial audits by private auditors. Some auditors have begun to press the issue of waivers within the State Use Program. To date, USD's have submitted fewer than 10 waiver requests to the Director of Purchases since 2005. The remaining information is contained in spreadsheets detailing individual sales for those qualified SUL vendors that had sales during the 2012 fiscal year. The information has been compiled by the respective vendors and, if additional information is desired, please contact:

NONE REPORTED

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