Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1	State of Arkansas	As Engrossed: H3/13/01 S4/5/01 S4/10/01	
2	83rd General Assembly	A Bill	Act 1718 of 2001
3	Regular Session, 2001		HOUSE BILL 2250
4			
5	By: Representative Salmon	1	
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7			
8		For An Act To Be Entitled	
9	AN ACT	TO ESTABLISH A WORK CENTER-MADE PRO	DUCTS
10	PROGRA	M; AND FOR OTHER PURPOSES.	
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12			
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14		Subtitle	
15	ТО	ESTABLISH A WORK CENTER-MADE PRODUCT	S
16	PRO	OGRAM.	
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19	BE IT ENACTED BY THE	GENERAL ASSEMBLY OF THE STATE OF ARE	KANSAS:
20			
21	SECTION 1. Arl	kansas Code Title 19, Chapter 11 is a	amended to add an
22	addi ti onal subchapte	r to read as follows:	
23	<u>19-11-901. Pu</u>	rchase required - Exception.	
24	<u>(a)</u> ALL suital	ble commodities and services, includ	ing small purchases,
25	<u>hereafter</u> procured in	n accordance with applicable state s	<u>pecifications by or</u>
26	<u>for any state depart</u>	ment, institution, or agency shall be	e procured from
27	<u>nonprofit work cente</u>	rs for the disabled in all cases when	<u>re such commodities</u>
28	<u>are available within</u>	the period specified and at the fain	<u>r market price for</u>
29	<u>the article or artic</u>	les so procured.	
30	<u>(b)</u> Services (offered by work centers shall be proc	cured by competitive
31	<u>sealed bidding as spe</u>	ecified by § 19-11-229, competitive s	<u>sealed proposals as</u>
32	specified by § 19-11	-230, or competitive bidding as speci	ified by § 19-11-234,
33	<u>subject to purchase e</u>	exceptions set forth in § 19-11-902.	
34	<u>(c)</u> This secti	ion shall not apply in any cases when	re products and
35	<u>services are availab</u>	le for procurement from any state dep	<u>partment,</u>
36	<u>institution, or agene</u>	cy, and procurement therefrom is requ	uired under the

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1	provisions of any law in effect on or after March 1, 1991.
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3	<u>19-11-902. Regulations.</u>
4	(a) The Office of State Purchasing shall be responsible for developing
5	regulations governing implementation of this subchapter.
6	(b) For purposes of this subchapter:
7	(1) "Commodities" means all property, including, but not limited
8	to, equipment, printing, stationery, supplies, and insurance, but excluding
9	leases on real property, excluding real property or a permanent interest in
10	real property;
11	(2) "Disabled individuals" means those persons who have a
12	medically or psychiatrically determined physical, mental, or developmental
13	disability constituting a substantial vocational handicap;
14	(3) "Arkansas Rehabilitation Services" means the Arkansas
15	<u>Rehabilitation Services Division of the Department of Workforce Education;</u>
16	(4) "Fiscal year" means July 1 of one (1) year through June 30
17	of the next year;
18	(5) "Ordering office" means any state department, independent
19 20	establishment, board, commission, bureau, service, or division of state
20	government and any wholly owned state corporation;
21	(6) "Products", for purposes of this subchapter, means
22	commodities or services wherein the price of the commodities includes at
23	least twenty percent (20%) value added when the work center is awarded a
24	contract using the ten percent (10%) preference and in the case of services,
25 21	that they are performed by the disabled;
26	(7) "Services" means the furnishing of labor, time, or effort by
27	a contractor, not involving the delivery of a specific end product other than
28	reports which are merely incidental to the required performance. This term
29	shall not include employment agreements, collective bargaining agreements, or
30	architectural or engineering contracts requiring approval of State Building
31	<u>Servi ces;</u>
32	(8) "Sheltered workshop" means a work center which has:
33	(A) Certification from the United States Department of
34	Labor as a sheltered workshop; and
35	(B) Been licensed by the Division of Developmental
36	Disabilities Services of the Department of Human Services or certification

1	from Arkansas Rehabilitation Services; and
2	(9)(A) "Work centers" means any facility certified by the
3	<u>Arkansas Rehabilitation Services</u> where any manufacture or handiwork is
4	carried on and which are operated for the primary purpose of providing
5	<u>evaluation, training, and gainful employment to disabled individuals of</u>
6	Arkansas:
7	(i) As an interim step in the rehabilitation process
8	for those who cannot be readily absorbed in the competitive labor market; or
9	(ii) During such time as employment opportunities
10	for them in the competitive labor market do not exist;
11	(B) "Work centers" includes sheltered work centers;
12	<u>(c) Policy. All state agencies as defined in § 19-11-203 are required</u>
13	to purchase their requirements of needed available and suitable products and
14	purchase suitable services from nonprofit work centers for disabled
15	individuals unless such commodities and services are authorized by prior
16	legislation for production in another state agency, department, or
17	institution.
18	(d) Schedules of Work center-Made Products and Services. The Office of
19	State Purchasing shall issue to all agency purchasing agents a schedule of
20	work center-made commodities and services and the conditions under which they
21	are to be procured from the workshops. The schedule shall include the item
22	or service description.
23	<u>(e) Responsibilities of Arkansas Rehabilitation Services. Arkansas</u>
24	Rehabilitation Services shall undertake the inspection, on a continuing
25	basis, of the workshops certified by Arkansas Rehabilitation Services to
26	determine that they operate in accordance with the requirements of the
27	statute and the regulations of this section.
28	(f) Qualifications and Responsibilities of Work Centers.
29	(1) In order to qualify for participation in the program as a
30	work center, an organization shall submit an application to the Office of
31	State Purchasing. If required for all vendors, there should be included a
32	list of the commodities and services offered for sale to the state.
33	(2) Work centers shall:
34	(A) Furnish commodities and services in strict accordance
35	with the allocation and government order;
36	(B) Maintain records of wages paid, hours of employment,

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1	and sales;
2	(C) Make available pertinent books and records of the
3	agency for inspection at any reasonable time to representatives of the
4	Arkansas Rehabilitation Services; and
5	(D) Submit to the Arkansas Rehabilitation Services by
6	September 1 an annual report for the preceding fiscal year. This report
7	shall include data on disabled workers, wages and wage supplements, hours of
8	employment, sales, whether the workshop requires a facilities sheltered
9	workshop certificate from the United States Department of Labor and special
10	minimum rates authorized where such certificate is held, and such other
11	relevant information as may be required.
12	(g) Purchase Procedure. Where a commodity or service is identified in
13	the schedule of work center-made commodities and services as being available
14	through the Office of State Purchasing, it shall be obtained in accordance
15	with the requisitioning procedures of the supplying agency.
16	(h) Purchase Exceptions. An ordering office may purchase from a
17	nonworkshop source commodities or services listed in the schedule of work
18	center-made commodities and services in any of the following circumstances:
19	(1) Necessity requires delivery within the specified period, and
20	the work center cannot give assurance of positive availability;
21	(2) When commodities listed on the schedule of work center-made
22	commodities can be purchased from a non-work center source by the agency for
23	a price more than ten percent (10%) lower than work center-made commodities
24	included in the schedule;
25	(3) Services offered by any work center <i>shall</i> be procured by any
26	agency in accordance with § 19-11-902 at a price not more than ten percent
27	(10%) above the lowest price submitted from a non-work center source.
28	(i) Deliveries. Work center-made product commodities will be
29	delivered in accordance with the terms of the purchase order.
30	(j) Adjustment and Cancellation of Orders. Where a workshop fails to
31	comply with the terms of a government order, the ordering office shall make
32	reasonable efforts to negotiate an adjustment before taking action to cancel
33	the order.
34	(k) Violations. Any alleged violation of these regulations shall be
35	investigated by the Office of State Purchasing, which shall notify the work
36	center concerned and afford it an opportunity to submit a statement of facts

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1	and evidence.
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3	SECTION 2. Arkansas Code Title 19, Chapter 11, Subchapter 5 is
4	repeal ed:
5	19–11–501. Creation.
6	(a) There is created a committee to be known as the Committee on
7	Purchases of Workshop-Made Products and Services, hereinafter referred to as
8	the committee, to be composed of a private citizen conversant with the
9	problems incident to the employment of the disabled and a representative from
10	each of the following:
11	(1) The Office of State Purchasing, Department of Finance and
12	Administration;
13	(2) The Department of Human Services, Division of Mental Health
14	Servi ces;
15	(3) The University of Arkansas for Medical Sciences;
16	(4) The Department of Human Services, Division of Children and
17	Family Services;
18	(5) Labor;
19	(6) A sheltered workshop;
20	(7) The Department of Education, Arkansas Rehabilitation
21	Servi ces;
22	(8) The Arkansas State Highway and Transportation Department;
23	and
24	(9) The Arkansas State Game and Fish Commission.
25	(b) The members of the committee shall be appointed by the Governor
26	and shall serve without additional compensation.
27	(c) The Arkansas Rehabilitation Services, Facility Consultation and
28	Planning Section administrator shall be chairman for the committee.
29	19-11-502. Duties.
30	(a) It shall be the duty of the committee to:
31	(1) Determine the fair market price of all products provided or
32	manufactured by the Arkansas disabled and offered for sale to the state
33	government by any nonprofit-making workshop for the Arkansas disabled
34	organized under the laws of this state. The committee shall not establish the
35	fair market price on services offered by participating workshops;
36	(2) Revise such prices from time to time in accordance with

1	changing market conditions; and
2	(3) Make such rules and regulations regarding specifications,
3	time of delivery, authorization of a central nonprofit-making agency to
4	facilitate the distribution of orders among the workshops for the disabled,
5	and other relevant matters of procedure as shall be necessary to carry out
6	the purposes of this subchapter.
7	(b) No change in price shall become effective prior to the expiration
8	of fifteen (15) days from the date on which such change is made by the
9	committee.
10	19–11–503. Purchase required - Exception.
11	(a) All suitable commodities hereafter procured in accordance with
12	applicable state specifications by or for any state department, institution,
13	or agency electing to participate in this process shall be procured from
14	nonprofit-making workshops for the disabled in all cases where such
15	commodities are available within the period specified and at the price
16	determined by the committee to be the fair market price for the article or
17	articles so procured.
18	(b) Services offered by workshops shall be procured by competitive
19	sealed bidding as specified by § 19-11-229, competitive sealed proposals as
20	specified by § 19-11-230, or competitive bidding as specified by § 19-11-234,
21	subject to purchase exceptions set forth in § 19-11-504(9).
22	(c) This section shall not apply in any cases where products and
23	services are available for procurement from any state department,
24	institution, or agency, and procurement therefrom is required under the
25	provisions of any law in effect on or after March 1, 1991.
26	19-11-504. Regulations.
27	The chairman of the committee shall be responsible for developing
28	regulations governing implementation of this subchapter.
29	(1)(A) "Workshops" means places, including any places certified,
30	regulated, or licensed by any division or office of the Department of
31	Education within the State of Arkansas where any manufacture or handiwork is
32	carried on and which are operated for the primary purpose of providing
33	evaluation, training, and gainful employment to disabled individuals of
34	Arkansas:-
35	(i) As an interim step in the rehabilitation process
36	for those who cannot be readily absorbed in the competitive labor market; or

1	(ii) During such time as employment opportunities
2	for them in the competitive labor market do not exist;
3	(B) "Di sabled individuals" means those persons who have a
4	medically or psychiatrically determined physical, mental, or developmental
5	disability constituting a substantial vocational handicap;
6	(C) "Facilities Section" means that section of the
7	Arkansas Rehabilitation Services which exists to maintain an established
8	statewide plan for the utilization, construction, expansion, and improvement
9	of workshops and rehabilitation facilities in Arkansas;
10	(D) "Ordering office" means any state department,
11	independent establishment, board, commission, bureau, service, or division of
12	state government and any wholly owned state corporation;
13	(E) "Fiscal year" means July 1 of one year through June 30
14	of the next year;
15	(F) "Commodities" means all property, including, but not
16	limited to, equipment, printing, stationery, supplies, and insurance, but
17	excluding leases on real property, excluding real property or a permanent
18	interest in real property;
19	(G) "Services" means the furnishing of labor, time, or
20	effort by a contractor, not involving the delivery of a specific end product
21	other than reports which are merely incidental to the required performance.
22	This term shall not include employment agreements, collective bargaining
23	agreements, or architectural or engineering contracts requiring approval of
24	State Building Services;
25	(H) "Products", for purposes of this subchapter, means
26	commodities or services.
27	(2) Policy. All state departments and agencies electing to
28	participate are required to purchase their requirements of needed available
29	and suitable products and may purchase suitable services from nonprofit-
30	making sheltered workshops for disabled individuals unless such commodities
31	and services are authorized by prior legislation for production in another
32	state agency, department, or institution.
33	(3) Responsibilities of the Committee. It is the responsibility
34	of the committee to determine which commodities and services are suitable for
35	sale under the program, the fair market price of suitable commodities,
36	including revisions as appropriate, from time to time, and the applicable

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1	purchase procedures. The committee shall also make rules and regulations
2	regarding specifications, delivery, authorization of a central nonprofit-
3	making agency to facilitate distribution of orders among workshops, and such
4	other relevant matters that may be necessary.
5	(4) Schedules of Workshop-Made Products and Services. The
6	committee shall issue to the ordering office through the Office of State
7	Purchasing a schedule of workshop-made commodities and services and the
8	conditions under which they are to be procured from the workshops. The
9	schedule shall include the item or service description, specification
10	identification, price, and other pertinent information.
11	(5) Responsibilities of the Arkansas Rehabilitation Services,
12	Facilities Section.
13	(A) The Facilities Section is designated as the agency to
14	facilitate the equitable distribution of government orders among the
15	workshops and is delegated the responsibility of assisting the committee to
16	assure that these regulations are carried out.
17	(B) The Facilities Section shall undertake the following
18	functions and responsibilities:
19	(i) Issuance of allocations and clearances as
20	provided in subdivisions (8) and (9) of this section;
21	(ii) Inspection, on a continuing basis, of the
22	workshops to determine that they operate in accordance with the requirements
23	of the statute and the regulations of this section;
24	(iii) Maintenance of records of all participating
25	workshops and such necessary data as will enable the section to allocate
26	orders equi tabl y;
27	(iv) Submission to the committee of a comprehensive
28	annual report for each fiscal year concerning all of its operations,
29	including financial statements, significant accomplishments and developments,
30	a compilation of the annual reports received from the workshops, and such
31	other details as the Facilities Section considers appropriate or the
32	committee may request; and
33	(v) Entering into contracts with state government
34	for the furnishing to a state ordering office of commodities and services
35	offered by workshops.
36	(6) Qualifications and Responsibilities of Workshops.

1	(A) In order to qualify for participation in the program
2	as a workshop, an organization shall submit an application to the Facilities
3	Section. It shall submit with this application information regarding work
4	force, and designating those who are disabled, plant facilities and
5	equipment, administrative management, and financial support available to and
6	in use by the agency. There should be included a list of the commodities and
7	services offered for sale to the state together with a certification as
8	provided in subdivision (D) of this subdivision (6). If a corporate body, it
9	shall include copies of its articles and bylaws; if an instrumentality of a
10	state, it shall submit copies of state laws and related documents showing its
11	authority and permitted activities.
12	(B) Within sixty (60) days after receipt of an application
13	for participation in this program, the Facilities Section shall inspect the
14	applicant organization and make recommendations to the committee regarding
15	the requested participation. If the committee approves, the Facilities
16	Section will include the organization on the schedule of workshops qualified
17	to receive allocation or orders. If the Facilities Section considers it
18	desirable, such organizations may be permitted to participate in receiving
19	government orders pending approval by the committee. Such participation may
20	not exceed a period of six (6) months without committee approval.
21	(C) Workshops shall:
22	(i) Furnish commodities and services in strict
23	accordance with the allocation and government order;
24	(ii) Maintain records of wages paid, hours of
25	employment, and sales, as well as files containing medical or psychiatric
26	reports of workshop employee disabilities, copies of which shall be available
27	to the Facilities Section;
28	(iii) Make available pertinent books and records of
29	the agency for inspection at any reasonable time to representatives of the
30	committee or the Facilities Section; and
31	(iv) Submit to the Facilities Section by September 1
32	an annual report for the preceding fiscal year. This report shall include
33	data on disabled workers, wages and wage supplements, hours of employment,
34	sales, whether the workshop requires a facilities sheltered workshop
35	certificate from the United States Department of Labor and special minimum
36	rates authorized where such certificate is held, and such other relevant

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1	information as may be required by the committee or the Facilities Section.
2	(D) A workshop shall not be qualified to furnish a
3	commodity or service for sale to the government until the Facilities Section
4	has ascertained that the workshop has adequate capability to manufacture the
5	commodity or deliver the service.
6	(7) Price Determination.
7	(A) In determining the fair market price of a commodity,
8	the committee will consider recommendations from the ordering offices and
9	workshops. Recommendations from the workshops shall be submitted to the
10	committee through the Facilities Section, which shall indicate its
11	concurrence or alternate recommendation in all instances of price
12	determination or change. Price recommendations may be subsequently submitted
13	by the committee to a government agency for analysis. Where the analyzing
14	agency does not concur with the recommendations, the committee chairman will
15	appoint a subcommittee of three (3) members of the committee to consider the
16	matter and recommend a fair market price to the committee.
17	(B) Unless otherwise provided by the committee in the
18	notice of price changes, prices in effect on the date of allocation by the
19	Facilities Section will apply to the purchase involved. However, in no event
20	may a change in price become effective before fifteen (15) days after the
21	change is made by the committee.
22	(8) Purchase Procedure.
23	(A) Where a commodity or service is identified in the
24	schedule of workshop-made commodities and services as being available through
25	the Office of State Purchasing, it shall be obtained in accordance with the
26	requisitioning procedures of the supplying agency.
27	(B) Where an item is not identified in the schedule of
28	workshop-made commodities and services as available from the Office of State
29	Purchasing, the ordering office shall submit its requirements to the
30	Facilities Section stating the product description, stock number, quantity,
31	and place and time of delivery, and request that an allocation be made. The
32	Facilities Section shall make allocations promptly and equitably, furnish
33	copies to the ordering office and to the workshop receiving the allocation,
34	and direct the ordering office whether to forward the order to the Facilities
35	Section or to the workshops. An allocation is a preliminary document and is
36	not a government order for the commodities or services described.

1	(C) Upon receipt of an allocation, the ordering office
2	shall promptly furnish a suitable order to the Facilities Section or the
3	workshops as directed by the Facilities Section. Where this cannot be done
4	promptly, the ordering office shall so advise the Facilities Section and the
5	workshop. A government order should allow lead time sufficient for purchase
6	of raw materials, production, and delivery. Where it does not, the Facilities
7	Section or the workshop, depending on which agency received the order, may
8	request an extension of the delivery date, which should be granted if
9	feasible. Where it is not feasible, the ordering office shall notify the
10	Facilities Section or the workshop, as appropriate, and request the
11	Facilities Section to reallocate or to issue a purchase exception for
12	purchase from a commercial source as provided for in subdivision (9) of this
13	section. A copy of each order issued to a workshop shall be sent to the
14	Facilities Section.
15	(D) Workshop-made commodities and services may be ordered
16	without requesting an allocation for each order providing prior arrangements
17	have been made with the Facilities Section for sending orders for specified
18	items to designated workshops. Copies of those orders shall be submitted to
19	the Facilities Section by the aforementioned ordering office.
20	(E) Requests for allocation shall be submitted to:
21	Facility Consultation and Planning Facilities Section, Rehabilitation
22	Services, 300 Donaghey Plaza North, Post Office Box 3781, Little Rock,
23	Arkansas, 72203.
24	(F) If an ordering office desires packing, packaging, or
25	marking of products other than as provided in the schedule of workshop-made
26	commodities and services, the difference in cost thereof, if any, shall be
27	charged to the account of the ordering office.
28	(9) Purchase Exceptions. An ordering office may purchase from a
29	nonworkshop source commodities or services listed in the schedule of
30	workshop-made commodities and services in any of the following circumstances:
31	(A) Necessity requires delivery within two (2) weeks, and
32	the Facilities Section cannot give assurance of positive availability;
33	(B) When the Facilities Section has notified the ordering
34	office that commodities and services listed in the request for allocation
35	cannot be furnished within the period specified. In such cases, purchase
36	action must be taken within fifteen (15) days of receipt of notice from the

1	Facilities Section or as may be further extended by the Facilities Section;
2	(C) When commodities listed on the schedule of workshop-
3	made commodities can be purchased from a nonworkshop source by the agency for
4	a price at least five percent (5%) lower than workshop-made commodities
5	included in the schedule. If any agency proposes to purchase commodities on
6	the schedule from a commercial source at a price five percent (5%) or more
7	lower than the price of the workshop-made product, the agency shall so advise
8	the committee and offer the committee an opportunity to reduce the price of
9	the workshop-made commodities to within five percent (5%) of the price of the
10	products when purchased from a commercial source;
11	(D) Services offered by any workshop may be procured by
12	any agency in accordance with § 19-11-503(b), provided that the procuring
13	agency may purchase the services from any workshop submitting a price not
14	more than five percent (5%) above the lowest price submitted from a
15	nonworkshop source.
16	(10) Deliveries. Workshop-made commodities will be delivered in
17	accordance with the terms of the purchase order. Bills of lading may
18	accompany orders or be otherwise furnished, but they must be supplied
19	promptly. Failure by an ordering office to furnish bills of lading promptly
20	may result in an excusable cause for delay in delivery.
21	(11) Adjustment and Cancellation of Orders. Where the Facilities
22	Section or a workshop fails to comply with the terms of a government order,
23	the ordering office shall make every effort to negotiate an adjustment before
24	taking action to cancel the order. Where a government order is cancelled for
25	failure to comply with its terms, the Facilities Section shall be notified
26	and, if practicable, requested to reallocate the order.
27	(12) Violations. Any alleged violation of these regulations
28	shall be investigated by the Facilities Section, which shall notify the
29	workshop concerned and afford it an opportunity to submit a statement of
30	facts and evidence. The Facilities Section shall report its findings to the
31	committee, together with its recommendations, including a recommendation as
32	to whether allocations to the workshops concerned should be suspended for a
33	period of time. In reviewing the case, the committee may request the
34	submission of additional evidence or may hold a hearing on the matter.
35	Pending a decision by the committee, the Facilities Section may temporarily
36	suspend allocations to the workshop concerned.

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3	/s/ Salmon	
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6	APPROVED: 4	4/17/2001
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