## 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		
3	Regular Session, 2001		HOUSE BILL 2250	
4				
5	By: Representative Salmon	1		
6				
7				
8		For An Act To Be Entitled		
9	AN ACT TO ESTABLISH A WORK CENTER-MADE PRODUCTS			
10	PROGRAM; AND FOR OTHER PURPOSES.			
11				
12				
13				
14		Subtitle		
15	TO	ESTABLISH A WORK CENTER-MADE PRODUC	TS	
16	PRO	OGRAM.		
17				
18				
19	BE IT ENACTED BY THE	GENERAL ASSEMBLY OF THE STATE OF AF	RKANSAS:	
20				
21	SECTION 1. Arkansas Code Title 19, Chapter 11 is amended to add an			
22	•	r to read as follows:		
23	·	rchase required — Exception.		
24	·	ble commodities and services, includ		
25		n accordance with applicable state s	<del>.</del>	
26		ment, institution, or agency shall b		
27		rs for the disabled in all cases whe	_	
28		the period specified and at the fai	<u>ir market price for</u>	
29	the article or articl	<u>.</u>		
30	<u> </u>	offered by work centers shall be pro	·	
31		ecified by § 19-11-229, competitive		
32	•	-230, or competitive bidding as spec	<u> </u>	
33	•	exceptions set forth in § 19-11-902.		
34	<u>-</u>	ion shall not apply in any cases whe		
35		le for procurement from any state de		
36	institution, or agend	cy, and procurement therefrom is red	<u>quired under the</u>	

\*JMB313\*

1	provisions of any law in effect on or after March 1, 1991.
2	
3	19-11-902. Regulations.
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	Rehabilitation Services Division of the Department of Workforce Education;
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	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	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	Servi ces;
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

from Arkansas Rehabilitation Services; and

2	(9)(A) "Work centers" means any facility certified by the		
3	Arkansas Rehabilitation Services where any manufacture or handiwork is		
4	carried on and which are operated for the primary purpose of providing		
5	evaluation, training, and gainful employment to disabled individuals of		
6	<u>Arkansas:</u>		
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	(c) Policy. All state agencies as defined in § 19-11-203 are required		
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	<u>i nsti tuti on.</u>		
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	(e) Responsibilities of Arkansas Rehabilitation Services. Arkansas		
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,		

36

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		
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	$\underline{ \text{the schedule of} } \ \ \text{work center-made commodities and services as being available}$		
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 shall 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		

center concerned and afford it an opportunity to submit a statement of facts

1	and evi dence.		
2			
3	SECTION 2. Arkansas Code Title 19, Chapter 11, Subchapter 5 is		
4	repeal ed:		
5	<del>19-11-501. Creation.</del>		
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	Admi ni strati on;		
13	(2) The Department of Human Services, Division of Mental Health		
14	<del>Servi ces;</del>		
15	(3) The University of Arkansas for Medical Sciences;		
16	(4) The Department of Human Services, Division of Children and		
17	Family Services;		
18	<del>(5) Labor;</del>		
19	(6) A sheltered workshop;		
20	(7) The Department of Education, Arkansas Rehabilitation		
21	<del>Servi ces;</del>		
22	(8) The Arkansas State Highway and Transportation Department;		
23	<del>and</del>		
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	<del>19-11-502. Duties.</del>		
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. 19-11-503. Purchase required - Exception. 10 11 (a) All suitable commodities hereafter procured in accordance with 12 applicable state specifications by or for any state department, institution, or agency electing to participate in this process shall be procured from 13 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 seal ed bidding as specified by § 19-11-229, competitive seal ed proposals as specified by § 19-11-230, or competitive bidding as specified by § 19-11-234, 20 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, institution, or agency, and procurement therefrom is required under the 24 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 regulations governing implementation of this subchapter. 28 29 (1)(A) "Workshops" means places, including any places certified, regulated, or licensed by any division or office of the Department of 30 Education within the State of Arkansas where any manufacture or handiwork is 31 carried on and which are operated for the primary purpose of providing 32 evaluation, training, and gainful employment to disabled individuals of 33 34 Arkansas: 35 (i) As an interim step in the rehabilitation process

for those who cannot be readily absorbed in the competitive labor market; or

(ii) During such time as employment opportunities 2 for them in the competitive labor market do not exist; (B) "Disabled individuals" means those persons who have a 3 4 medically or psychiatrically determined physical, mental, or developmental disability constituting a substantial vocational handicap; 5 (C) "Facilities Section" means that section of the 6 7 Arkansas Rehabilitation Services which exists to maintain an established statewide plan for the utilization, construction, expansion, and improvement 8 9 of workshops and rehabilitation facilities in Arkansas: (D) "Ordering office" means any state department, 10 11 independent establishment, board, commission, bureau, service, or division of 12 state government and any wholly owned state corporation; (E) "Fiscal year" means July 1 of one year through June 30 13 of the next year; 14 (F) "Commodities" means all property, including, but not 15 16 limited to, equipment, printing, stationery, supplies, and insurance, but excluding leases on real property, excluding real property or a permanent 17 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: (H) "Products", for purposes of this subchapter, means 25 26 commodities or services. 27 (2) Policy. All state departments and agencies electing to participate are required to purchase their requirements of needed available 28 29 and suitable products and may purchase suitable services from nonprofitmaking sheltered workshops for disabled individuals unless such commodities 30 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 of the committee to determine which commodities and services are suitable for 34 sale under the program, the fair market price of suitable commodities, 35 36 including revisions as appropriate, from time to time, and the applicable

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

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1
                       (A) In order to qualify for participation in the program
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    as a workshop, an organization shall submit an application to the Facilities
    Section. It shall submit with this application information regarding work
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    force, and designating those who are disabled, plant facilities and
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    equi pment, admi ni strati ve management, and fi nanci al support avai lable to and
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    in use by the agency. There should be included a list of the commodities and
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    services offered for sale to the state together with a certification as
    provided in subdivision (D) of this subdivision (6). If a corporate body, it
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    shall include copies of its articles and bylaws; if an instrumentality of a
    state, it shall submit copies of state laws and related documents showing its
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    authority and permitted activities.
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                       (B) Within sixty (60) days after receipt of an application
    for participation in this program, the Facilities Section shall inspect the
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    applicant organization and make recommendations to the committee regarding
14
    the requested participation. If the committee approves, the Facilities
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16
    Section will include the organization on the schedule of workshops qualified
    to receive allocation or orders. If the Facilities Section considers it
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18
    desirable, such organizations may be permitted to participate in receiving
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    government orders pending approval by the committee. Such participation may
    not exceed a period of six (6) months without committee approval.
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                       (C) Workshops shall:
22
                             (i) Furnish commodities and services in strict
    accordance with the allocation and government order;
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24
                             (ii) Maintain records of wages paid, hours of
25
    employment, and sales, as well as files containing medical or psychiatric
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    reports of workshop employee disabilities, copies of which shall be available
    to the Facilities Section;
27
                             (iii) Make available pertinent books and records of
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    the agency for inspection at any reasonable time to representatives of the
    committee or the Facilities Section: and
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31
                             (iv) Submit to the Facilities Section by September 1
    an annual report for the preceding fiscal year. This report shall include
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    data on disabled workers, wages and wage supplements, hours of employment,
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    sales, whether the workshop requires a facilities sheltered workshop
    certificate from the United States Department of Labor and special minimum
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    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 has ascertained that the workshop has adequate capability to manufacture the 4 5 commodity or deliver the service. 6 (7) Price Determination. 7 (A) In determining the fair market price of a commodity, the committee will consider recommendations from the ordering offices and 8 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 agency does not concur with the recommendations, the committee chairman will 14 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. (B) Unless otherwise provided by the committee in the 17 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 may a change in price become effective before fifteen (15) days after the 20 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 workshop made commodities and services as available from the Office of State 28 29 Purchasing, the ordering office shall submit its requirements to the Facilities Section stating the product description, stock number, quantity, 30 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, and direct the ordering office whether to forward the order to the Facilities 34 Section or to the workshops. An allocation is a preliminary document and is 35 36 not a government order for the commodities or services described.

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                       (C) Upon receipt of an allocation, the ordering office
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     shall promptly furnish a suitable order to the Facilities Section or the
     workshops as directed by the Facilities Section. Where this cannot be done
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 4
     promptly, the ordering office shall so advise the Facilities Section and the
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     workshop. A government order should allow lead time sufficient for purchase
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     of raw materials, production, and delivery. Where it does not, the Facilities
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     Section or the workshop, depending on which agency received the order, may
     request an extension of the delivery date, which should be granted if
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     feasible. Where it is not feasible, the ordering office shall notify the
     Facilities Section or the workshop, as appropriate, and request the
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     Facilities Section to reallocate or to issue a purchase exception for
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     purchase from a commercial source as provided for in subdivision (9) of this
     section. A copy of each order issued to a workshop shall be sent to the
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     Facilities Section.
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                       (D) Workshop made commodities and services may be ordered
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     without requesting an allocation for each order providing prior arrangements
     have been made with the Facilities Section for sending orders for specified
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     items to designated workshops. Copies of those orders shall be submitted to
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     the Facilities Section by the aforementioned ordering office.
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                       (E) Requests for allocation shall be submitted to:
21
     Facility Consultation and Planning Facilities Section, Rehabilitation
     Services, 300 Donaghey Plaza North, Post Office Box 3781, Little Rock,
22
23
     Arkansas, 72203.
24
                       (F) If an ordering office desires packing, packaging, or
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     marking of products other than as provided in the schedule of workshop-made
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     commodities and services, the difference in cost thereof, if any, shall be
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     charged to the account of the ordering office.
                 (9) Purchase Exceptions. An ordering office may purchase from a
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     nonworkshop source commodities or services listed in the schedule of
     workshop made commodities and services in any of the following circumstances:
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31
                       (A) Necessity requires delivery within two (2) weeks, and
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     the Facilities Section cannot give assurance of positive availability;
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                       (B) When the Facilities Section has notified the ordering
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     office that commodities and services listed in the request for allocation
     cannot be furnished within the period specified. In such cases, purchase
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     action must be taken within fifteen (15) days of receipt of notice from the
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    Facilities Section or as may be further extended by the Facilities Section;
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                       (C) When commodities listed on the schedule of workshop-
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    made commodities can be purchased from a nonworkshop source by the agency for
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    a price at least five percent (5%) lower than workshop made commodities
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    included in the schedule. If any agency proposes to purchase commodities on
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    the schedule from a commercial source at a price five percent (5%) or more
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    lower than the price of the workshop-made product, the agency shall so advise
    the committee and offer the committee an opportunity to reduce the price of
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    the workshop made commodities to within five percent (5%) of the price of the
    products when purchased from a commercial source;
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                       (D) Services offered by any workshop may be procured by
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    any agency in accordance with § 19-11-503(b), provided that the procuring
    agency may purchase the services from any workshop submitting a price not
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    more than five percent (5%) above the lowest price submitted from a
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    nonworkshop source.
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                (10) Deliveries. Workshop-made commodities will be delivered in
    accordance with the terms of the purchase order. Bills of lading may
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    accompany orders or be otherwise furnished, but they must be supplied
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    promptly. Failure by an ordering office to furnish bills of lading promptly
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    may result in an excusable cause for delay in delivery.
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                (11) Adjustment and Cancellation of Orders. Where the Facilities
    Section or a workshop fails to comply with the terms of a government order,
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    the ordering office shall make every effort to negotiate an adjustment before
    taking action to cancel the order. Where a government order is cancelled for
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    failure to comply with its terms, the Facilities Section shall be notified
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    and, if practicable, requested to reallocate the order.
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                (12) Violations. Any alleged violation of these regulations
    shall be investigated by the Facilities Section, which shall notify the
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    workshop concerned and afford it an opportunity to submit a statement of
    facts and evidence. The Facilities Section shall report its findings to the
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    committee, together with its recommendations, including a recommendation as
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    to whether allocations to the workshops concerned should be suspended for a
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    period of time. In reviewing the case, the committee may request the
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    submission of additional evidence or may hold a hearing on the matter.
    Pending a decision by the committee, the Facilities Section may temporarily
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    suspend allocations to the workshop concerned.
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/s/ Sal mon