

MEETING MINUTES
November 17, 2005

**GOVERNOR'S COMMITTEE FOR THE PURCHASE OF COMMODITIES
AND SERVICES FROM THE HANDICAPPED**

The meeting was called to order by Chairperson Lipscomb at 10:00 a.m. November 17, 2005 at the F. Ray Power Building, located at the West Virginia Division of Rehabilitation Services' office in Institute, West Virginia.

ATTENDANCE:

Committee: Donna Lipscomb; Brenda Morford ; Pete Cuffaro; John Liller; Everette Sullivan; Jan Smith, and Evan Williams (Executive Secretary)

WVARF Staff: Glenn McEndree; Chris Miller; Craig Greening, and Ken Kennedy

Public Attendance: Phyllis Cantrell-Massie, Gateway Industries, Ronceverte, WV;
Elizabeth Sampson, Custom Wood Products, Clay County Services
Unlimited, Inc., Lizemores, West Virginia;
Deana Thompson, Mercer County Industries;
Tim Morris, Pretera Center for Mental Health Services.

APPROVAL OF MINUTES:

MOTION#1

Mr. Sullivan made a motion to approve the August minutes and Mr. Liller seconded. Motion passed.

MOTION# 2

Ms. Morford made a motion to approve the September minutes and Mr. Sullivan seconded. Motion passed.

REPORT OF COMMITTEE CHAIR:

Chairperson advised the Committee that the approval of the budget is not on the agenda this morning. Mr. Miller was out last week and the person doing the audit has not completed his report.

Ms. Lipscomb advised the Committee that she is working on purchasing reform for the upcoming legislative session in January. A work group has been established and during the last meeting a couple of vendors were questioning Prison Industries and the state use program and the fact that they can't bid on any contracts. The vendors questioned whether there was any oversight of those programs because they didn't understand why the state was paying more money than another business could do it cheaper. Chairperson Lipscomb explained the program to the work group and advised there was a

committee which provided oversight. In light of the vendors concerns, the Committee needs to make sure we follow the fair market price rules.

Mr. Cuffaro inquired if the vendors were questioning the number of people with disabilities on the job? Chairperson Lipscomb stated they did have those concerns but she explained the requirement to have 75% of the people with disabilities on the state contract. Ms. Morford noted that all disabilities are not visible.

REPORT OF THE EXECUTIVE SECRETARY:

\$4,466.91	FY06 Annual Allocation
292.08	Outstanding unpaid expenses, travel, hospitality & other fees
298.23	Expenses paid-to-date
\$3,876.60	Unencumbered balance

REPORT OF CENTRAL NONPROFIT AGENCY:

Mr. McEndree advised the Committee that they have worked on the audit. Mr. Miller will have more information on his report regarding the audit.

Mr. McEndree passed out a draft of the annual report. He stated they tried to strike a balance and placed some pictures in the report. We also have a map on the back of the report showing the geographic distribution, workshops and counties they served and you can see from the map where they are located.

Ms. Morford questioned why the Committee members were not on the report. Mr. McEndree stated that since it is last year's report he did not know which members to put on it. Ms. Lipscomb indicated the new members should be on the report so if anyone wants to contact a Committee member they will contact the current members.

Chairperson Lipscomb questioned where the data came from that is included for the benefit study. Mr. McEndree advised that it came from SUPRA's brochure. Chairperson Lipscomb just wanted to assure it was supportable. Mr. Cuffaro questioned the SUPRA report and inquired about the NISH association. He is skeptical about the study that is provided in the 3-ring binder. Mr. McEndree explained that it was a completely different program. There are 33 states that have a State Use Program. They contracted with NISH to do the study. This is all data from the State Use Program.

Ms. Smith questioned the report when it saves an average of \$2,200 per worker annually, is that in West Virginia or National? Mr. McEndree stated they didn't have enough data for West Virginia. Ms. Morford believes it is hard to apply data to West Virginia. Our economic status is so much different from so many of the other states. It is better to stick with National data. Ms. Morford requested the report be revised to put National State Use Program in the title.

MOTION #3 Ms. Smith made a motion that revised report be sent to the Governor. Seconded by Mr. Liller. Motion passed.

FINANCIAL REPORT:

Mr. Miller provided the Committee with various financial reports and explained each one. The financial report is at the end of the minutes for incorporation. Mr. Miller stated that revenues per month for the last six (6) months are reflected on the report. Total revenues went through WVARF for last fiscal year. Second half receivables, as of Oct 31, 2005, total is \$538,452 which equates to 28.53%. In October '04, it was 25.2%, and in '03 it was 14%. Total guaranteed advance payments last year ending June '05, 2.5 million dollars guaranteed payments to CRP's.

Already for the 1st four (4) months current fiscal year, total advance payments so far this year \$1,020,547 Going back to accounts receivable \$538,000 which is comparably worse. This is a seasonal thing. Some of the usual agencies are behind, over 60.

Ms. Lipscomb stated that the Department of Administration is behind because General Services does not have the money. They are pushing real hard to get it.

Mr. Miller stated that they are in a situation where we have advanced a lot of money and we have not been paid yet. The transition on the Martinsburg contracts, they have advanced about a \$130,000 on that. We have about \$12,000 in the checking account. We have about 1 million in outflows and expenses a month. We have a line of credit, investment portfolio, commission on the back side. There are things we can do that we may have to look at. Part of this is guaranteed program. We are up against cash flow this year that we have never had before.

Ms. Smith explained how the guaranteed program works. Most of the expense for every CRP involved is paid immediately. We pay our workers immediately. WVARF has to have the ability to make those payments. Every time we take on a new contract, I have to look and see where I am going to get the payroll in 60 days. WVARF has to have the ability to make those payments. WVARF agreed to pay in advance. CRP's are not going to be able to take on these contracts.

Chairperson Lipscomb indicated the problem is compounded. Agencies have to get their federal dollars in. They have to get their Medicaid money in. It is compounded because everybody relies on somebody. With this program, you know the state is good for it and you will never be stiffed for the money but often during this part of the year they are behind. She questioned whether there is anything they can do internally. Mr. Miller stated he would probably have to draw on that line of credit by the end of November.

Mr. Liller stated that you are fighting a losing battle here. If you can't meet payroll, you may have to liquidate. Mr. Liller stated that as long as payment goes to CRP's, he doesn't have a problem with that. Ms. Morford agreed that in order to meet payroll because of lack of money from the state, they should be able to do that.

Mr. Cuffaro stated that the problem is we are dealing with Government. We are going to have to make some decisions. Ms. Lipscomb stated that she would continue to be a thorn in the side of Finance Division to try to get funds to them.

Chairperson Lipscomb requested that the Committee keep in mind that CRP's have the highest priority, and it has got to remain that way. CRP's need to be paid as they provide a service to the community.

Brenda, a lot of vendors can't work with state government because of these issues. There are vendors who choose not to work with state government because of that. We can't pay our bills right now and there are vendors who refuse to do business with the state. What there is right now is the investment portfolio. When the money is not there we need another plan.

Ms. Morford advised that the money is not there. This state relies on a lot of federal dollars. I don't want to see CRP's not meeting payroll for the State Use project.

Ms. Smith asked if the Committee needs to have a motion that we are directing WVARF to liquidate assets in order to continue the guaranteed payment program. Ms. Lipscomb believes if this committee approves a contract with the CRP for services or for commodities, if WVARF needs to take funds, we have already given that approval. They would not be required to get approval if it is to pay a contract that has already been approved by the Committee.

Mr. Miller went over the income statements and explained them to the Committee. He advised that the annual budget is 9,598,273. Year-to-date budget, 2,399,568. Should be through Sept '04 or ¼ of the total budget for the year. Year-to-date what we have experienced so far is 2,212,322. So, we are behind on what we have budgeted.

CONTRACT COMPLAINTS:

COMPLAINTS SINCE LAST REPORT TO THE COMMITTEE ON 10/21/05

	Verbal/Email	Formal
Janitorial	2	

WVARF04 COMPLAINT LOG SUMMARY FY 2006

	Verbal/Email	Formal
1st Quarter (7/1/05 to 9/30/05)	Janitorial – 10 Bottled Water - 3	0
2nd Quarter (10/1/05 to 12/3/05)	Janitorial – 1	
3rd Quarter (1/1/06 to 3/31/06)		
4th Quarter (4/1/06 to 6/30/06)		
Annual Summary	14	0

COMPLAINT SUMMARY FOR FY2006

FORMAL COMPLAINTS

None

COMPLAINTS VERBAL/EMAIL

Janitorial	11
Bottled Water	3

2 verbal/e-mail complaints
1 falls back into the previous quarter

Mr. Kennedy provided the Committee with a written report.

Item #1. Bottled water, WVARF had a meeting with all parties involved regarding water and came up with a plan that will improve production and distribution. Green Acres has a problem with not enough storage space to store empty and filled bottles. They are looking in the Charleston area for storage to get 500 bottles ahead. Hopefully, they will have something in place soon.

Item #2, we do have an application for State Use Program. WVARF staff met with them and it seems to be in order. One document needed a signature which was a minor thing. They are interested in services. They want to network with someone [for profit networking system] to get statewide coverage. They meet the criteria as an organization.

Autism Services Center, wants to network with a [for profit network system]. Mr. Liller has reservations regarding that.

CONTRACT PRESENTATION:

The following contracts are presented to the Committee for the Purchase of Commodities and Services from the Handicapped for their approval on November 17, 2005.

DEVELOPED PROJECTS – None

NEW PROJECTS

DMV	Janitorial – new building	Elkins	\$13,572.72	Randolph Co
Coal Heritage Highway Authority	Janitorial	Beckley	\$1,423.44	Integrated Resources

RENEWED PROJECTS

Insurance Commission	Janitorial	1124 Smith St, Charleston	\$31,902.84	GI – Kan. Valley
Medical Examiner's	Janitorial	619 Virginia St W., Charleston	\$34,590.84	GI – Kan. Valley
Parkways Authority	Janitorial	Beckley	\$11,969.88	Lillian James Learning Ctr

NEW PROJECTS:

The Department of Motor Vehicles in Elkins is moving into a new facility next month. This is about 2600-2700 square feet less than the old building, although same price per square foot.

WVARF got a call from an individual from Coal Heritage Highway Authority a week after she attended the Purchasing Conference saying they had been doing a contract for a long time with Integrated Resources and after attending the purchasing conference she discovered that they can't continue to do the contract. Integrated Resources will continue to do the contract under the WVARF04 contract.

RENEWED PROJECTS:

A lot of the regulatory individuals with Workers Compensation will be moving to the Insurance Commission. The Insurance Commission has been located at 1124 Smith Street for years. They are adding about 1/3 more space, perhaps more than that when it is all said and done. This will be an increase contract and will be some adjustment on the monthly basis as more space is taken over. This is an increase in the same space with the same agency. Nothing else changed, only the square footage.

Medical Examiner's needed more hours into the contract. Originally eight (8) hours a day and they wanted to go to twelve (12) hours and we were more than glad to accommodate that request.

Parkways Authority in Beckley, same contract, no change.

MOTION #4 Mr. Sullivan made a motion to approve the contracts and Mr. Liller seconded. Motion passed.

Mr. Greening provided the Committee with a ratio report for the first quarter of 06. There are two facilities who have not submitted their quarterly report yet.

The other reports in the Committee packet shows wages paid to individuals with disabilities. Overall ratio for the program is 3.8% and 564 people who have been identified rotate in and out for whatever reason.

OLD BUSINESS: None

PUBLIC COMMENTS/GUESTS:

Deana Thompson, CRP Director for Mercer County Industries, discussed her concerns about being able to make payroll. She indicated that the Division of Rehabilitation Services (DRS) have no money are no longer buying services from her CRP and are holding up quite a bit of money. She advised the Committee that a lot of CRP's out there are suffering. The payment program needs to be addressed.

Ms. Morford explained that they provide services on a fee for service basis. The agency is in dire economic straits. DRS didn't get DISH funding this year of 2 million dollars. They have lost probably 5 million in revenue in the past 2-3 years. Ms. Morford stated that DRS is covering what they have encumbered right now and we are not able to cover new things. Everyone is on hold until we get some new revenue in and it depends on the revenue. This is our very bad year because of the cost of living in West Virginia and the DISH funding that is not available. Next year will be a better year, we will get DISH funding next year.

Mr. Cuffaro asked if the money is federal money. Ms. Morford stated that it was federal money. Mr. Cuffaro indicated they may have to put pressure on the federal level especially for services that people need. We may need to contact Senator Robert C. Byrd, Senator John D. Rockefeller, and Congressman Alan Mollohan, to let them know what our problems are here. They need to hear our plea. With the small population of the state, we may need to talk to them.

Ms. Morford, this is based on COLA by the federal government and West Virginia keeps going down because of our loss in population. We also get reallocation dollars at the end of each federal year and they reallocate to the states that need it, but this year Katrina took practically all of that money. I think the answer is to lobby at the state and federal level for increases.

Ms. Elizabeth Sampson, Program Director with Clay County Services Unlimited, spoke to the Committee. She would like to meet with Harold Michael, House of Delegates member and/or Walt Helmick, West Virginia State Senator.

Mr. Liller suggests, strictly from a business standpoint, that WVARF encourage all their CRP's to look for other sources of revenue. Businesses go through this everyday and you have to adapt. This may sound cold and I apologize for that. If you are looking for one source of income and that source is drying up or slow in coming, then you have to look for other sources or close up. You need some other sources of income coming in.

MOTION #4 Mr. Sullivan made a motion to adjourn and Ms. Morford seconded. Motion passed.

WEST VIRGINIA ASSOCIATION OF REHABILITATION FACILITIES

LAST SIX MONTHS' GROSS REVENUES

Apr '05	May '05	Jun '05	Jul '05	Aug '05	Sep '05	FY 2005 Total *	FY 2004 Total *
\$949,777	\$877,257	\$917,699	\$866,759	\$890,879	\$903,191	\$10,465,483	\$9,733,958

AGED RECEIVABLES AS OF OCT. 31, 2005

Current	31 -60	61-90	90+ Days	Total
\$756,173	\$592,741	\$287,279	\$251,173	\$1,887,366
		\$538,452		
40.06%	31.41%	15.22%	13.31%	100.00%
		28.53%		

Comparative Figures (Acc. Rec Over 60):

	61 +	% of Total
10/30/04	\$396,257	25.20%
10/30/03	\$151,748	14.10%

