

SUBSTITUTE FOR  
SENATE BILL NO. 1529

A bill to amend 1984 PA 431, entitled  
"The management and budget act,"  
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:**

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

2           (a) "Committee" means the committee on the purchase of goods  
3 and services from ~~sheltered workshops and work activity centers~~  
4 **COMMUNITY REHABILITATION ORGANIZATIONS** created in section 295.

5           (b) ~~"Sheltered workshop"~~ **"COMMUNITY REHABILITATION**  
6 **ORGANIZATION"** means a **NONPROFIT** charitable organization or  
7 institution ~~conducted not for profit, but~~ **INCORPORATED IN THIS**

1 STATE THAT IS OPERATED for the purpose of carrying out a recognized  
2 program of EMPLOYMENT AND TRAINING SERVICES FOR PEOPLE WITH  
3 DISABILITIES. ~~rehabilitation for handicapped workers, which~~  
4 ~~provides those individuals with remunerative employment or other~~  
5 ~~occupational rehabilitating activity of an educational or~~  
6 ~~therapeutic nature.~~

7 ~~—— (c) "Work activities center" means a workshop, or a physically~~  
8 ~~separated department of a workshop having an identifiable program~~  
9 ~~and separate supervision and records, planned and designed~~  
10 ~~exclusively to provide therapeutic activities for handicapped~~  
11 ~~workers whose physical or mental impairment is so severe as to make~~  
12 ~~their productive capacity inconsequential. Therapeutic activities~~  
13 ~~include custodial activities, such as activities where the focus is~~  
14 ~~on teaching the basic skills of living, and any purposeful activity~~  
15 ~~so long as work or production is not the main purpose.~~

16 (C) "FAIR MARKET PRICE" MEANS THE PRICE ESTABLISHED BY THE  
17 COMMITTEE FOR GOODS OR SERVICES TO BE PURCHASED FROM COMMUNITY  
18 REHABILITATION ORGANIZATIONS BASED UPON 1 OR MORE OF THE FOLLOWING:

19 (i) AVAILABLE INFORMATION FROM RELIABLE MARKET SOURCES.

20 (ii) A MARKET SURVEY CONDUCTED BY A PERSON DESIGNATED BY THE  
21 COMMITTEE.

22 (iii) PREVIOUS CONTRACT PRICES ADJUSTED FOR MARKET CONDITIONS.

23 (iv) THE RANGE OF BIDS FROM THE MOST RECENT SOLICITATION,  
24 INCLUDING A DETERMINATION OF THE MEDIAN PRICE, AVERAGE PRICE, AND  
25 ANY MARKET CONDITIONS THAT HAVE CHANGED SINCE THE MOST RECENT  
26 SOLICITATION.

27 (v) COST ANALYSIS.

1 (vi) OTHER METHODS AS DETERMINED BY THE COMMITTEE.

2 Sec. 294. (1) TO ADVANCE THE EMPLOYMENT OF PEOPLE WITH  
3 DISABILITIES, COMMUNITY REHABILITATION ORGANIZATIONS SHALL HAVE  
4 PREFERRED STATUS FOR THE PURPOSES OF PROCUREMENT IN ACCORD WITH THE  
5 PROVISIONS OF THIS SECTION. THE DEPARTMENT'S PROCUREMENTS OF GOODS  
6 AND SERVICES FROM COMMUNITY REHABILITATION ORGANIZATIONS ARE EXEMPT  
7 FROM OTHER COMPETITIVE PROCUREMENT REQUIREMENTS OF THIS ACT AND, TO  
8 THE EXTENT POSSIBLE, EXEMPT FROM OTHER COMPETITIVE PROCUREMENT  
9 STATUTES AND EXECUTIVE ORDERS. THIS SUBSECTION DOES NOT PROHIBIT  
10 THE DEPARTMENT FROM APPLYING COMPETITIVE BID REQUIREMENTS TO SELECT  
11 AMONG COMMUNITY REHABILITATION ORGANIZATIONS FOR THE PURCHASE OF  
12 GOODS AND SERVICES.

13 (2) The department shall purchase goods ~~or~~ AND services ~~, or~~  
14 ~~both, either~~ THAT ARE manufactured or provided by sheltered  
15 ~~workshops and work activity centers~~ COMMUNITY REHABILITATION  
16 ORGANIZATIONS in this state pursuant to sections 293 to 297.

17 Sec. 295. The committee on the purchase of goods and services  
18 from ~~sheltered workshops and work activity centers~~ COMMUNITY  
19 REHABILITATION ORGANIZATIONS is created within the department and  
20 shall consist of 6 members appointed by the ~~director~~ GOVERNOR. The  
21 members shall serve for a term of 2 years. The ~~members of the~~  
22 committee shall consist of 1 member from the purchasing division of  
23 the department, 1 member from ~~the bureau of rehabilitation within~~  
24 ~~the department of education,~~ MICHIGAN REHABILITATION SERVICES, 1  
25 member from the commission on ~~employment of the handicapped within~~  
26 ~~the department of labor~~ DISABILITY CONCERNS, 1 member, who shall be  
27 ~~the chairperson from a~~ SERVE AS THE CHAIRPERSON OF THE COMMITTEE,

1 **FROM A STATEWIDE** nonprofit corporation concerned with **COMMUNITY**  
2 rehabilitation ~~facilities~~**ORGANIZATIONS**, and 2 members at large.  
3 Members of the committee shall serve without compensation.

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

5 (A) **MEET AS OFTEN AS NECESSARY, BUT AT LEAST QUARTERLY, TO**  
6 **CARRY OUT ITS DUTIES.**

7 (B) ~~(a)~~ Coordinate and monitor the implementation of sections  
8 293 to 297.

9 (C) ~~(b)~~ ~~Aid in the identification of~~ **IDENTIFY, REVIEW, AND**  
10 **RECOMMEND APPROVAL OR DISAPPROVAL TO THE STATE ADMINISTRATIVE BOARD**  
11 **OF REQUESTS FROM COMMUNITY REHABILITATION ORGANIZATIONS TO PROVIDE**  
12 goods and services ~~to be purchased~~**FOR PURCHASE** by the department.  
13 ~~from sheltered workshops and work activity centers.~~

14 (D) ~~(c)~~ Establish eligibility criteria for participating  
15 ~~sheltered workshops and work activity centers.~~ **COMMUNITY**  
16 **REHABILITATION ORGANIZATIONS, INCLUDING CRITERIA THAT DEMONSTRATE**  
17 **THE ABILITY TO PERFORM THE REQUIREMENTS OF THE CONTRACT AND**  
18 **ESTABLISH THAT THE MAJORITY OF THE DIRECT LABOR HOURS REQUIRED TO**  
19 **FULFILL THE CONTRACT ARE PERFORMED BY INDIVIDUALS WITH SIGNIFICANT**  
20 **DISABILITIES AS THAT PHRASE IS DEFINED IN 29 USC 705(21)(A).**

21 (E) ~~(d)~~ At least annually, **IN COOPERATION WITH THE DEPARTMENT,**  
22 establish and review fair market prices **AND METHODS FOR**  
23 **ESTABLISHING FAIR MARKET PRICES** for goods and services to be  
24 purchased from **COMMUNITY REHABILITATION ORGANIZATIONS.** ~~sheltered~~  
25 ~~workshops and work activity centers.~~

26 (F) ~~(e)~~ Establish procedures regarding the functions and  
27 operations of the committee.

1           (G) ~~(f)~~ Prepare an annual report depicting the activities  
2 related to this section ~~which shall minimally include THAT~~  
3 **INCLUDES, AT A MINIMUM**, all of the following:

4           (i) A summary of products and services purchased by the  
5 department from **COMMUNITY REHABILITATION ORGANIZATIONS**. ~~sheltered~~  
6 ~~workshops and work activity centers.~~

7           (ii) The names of ~~sheltered workshops and work activity centers~~  
8 **COMMUNITY REHABILITATION ORGANIZATIONS** participating.

9           (iii) The impact of this section upon production, work  
10 stabilization, program development, and **THE** number of ~~handicapped~~  
11 persons **WITH A DISABILITY** served by **COMMUNITY REHABILITATION**  
12 **ORGANIZATIONS**. ~~sheltered workshops and work activity centers.~~

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

15           (H) ~~(g)~~ At least annually conduct a review of the prices paid  
16 by the department for the goods and services provided by ~~sheltered~~  
17 ~~workshops and work activity centers~~ **COMMUNITY REHABILITATION**  
18 **ORGANIZATIONS** and make any adjustments necessary to establish new  
19 fair market prices.

20           Sec. 297. (1) For the purposes of ~~initially~~ identifying those  
21 goods or services or both to be provided by ~~sheltered workshops and~~  
22 ~~work activity centers~~ **COMMUNITY REHABILITATION ORGANIZATIONS**, first  
23 priority of selection shall be given to those goods or services or  
24 both currently purchased by the department from commercial  
25 businesses outside this state. ~~Following the first year and~~  
26 ~~thereafter, priority of selection~~ **NEXT SELECTION PRIORITY** shall be  
27 given **TO** those goods or services or both purchased from commercial

1 businesses within this state. If upon review of the current bids or  
2 fair market price of both priorities of goods or services or both,  
3 the committee finds that ~~sheltered workshops and work activity~~  
4 ~~centers~~ **COMMUNITY REHABILITATION ORGANIZATIONS** can provide equal  
5 goods or services to the department within current bids or fair  
6 market price, then those goods or services or both shall be set  
7 aside for ~~the exclusive provision by sheltered workshops and work~~  
8 ~~activity centers~~ **COMMUNITY REHABILITATION ORGANIZATIONS** for  
9 purchase by the purchasing division of the department.

10 (2) All goods and services purchased by the department from  
11 ~~sheltered workshops and work activity centers~~ **COMMUNITY**  
12 **REHABILITATION ORGANIZATIONS** shall meet the specifications  
13 regarding quality, function, and quantity established and published  
14 by the department.

15 (3) This section does not prevent ~~sheltered workshops and work~~  
16 ~~activity centers~~ **COMMUNITY REHABILITATION ORGANIZATIONS** from  
17 selling goods and services to other governmental agencies or  
18 private businesses of their choosing.