# Oregon Commission for the Blind

# Meeting Notice

**Notice of Fiscal Impact Advisory Committee Meeting,**

**for Proposed Rulemaking Related to the Business Enterprise Program**

### The Oregon Commission for the Blind will hold a fiscal impact advisory committee meeting for its “Division 15 - Business Enterprise Program rules”, which includes twelve individual program specific rules, on Saturday October 14th at 2:30 pm, at the Eugene Hilton, located at 66 East 6th Avenue Eugene OR 97401. For telephone access call (404)443-6397, enter participant code 943611.

*The meeting location is accessible to persons with disabilities. Requests for auxiliary aids for persons with disabilities should be made at least 48 hours before the meeting to Eric Morris, 971-673-1588.*

**Agenda**

**Fiscal Advisory Committee Meeting**

**October 14th, 2017**

**2:30 PM**

1. Welcome and Introductions
2. Overview of Proposed Rule
3. Gathering input from Committee members
4. Wrap Up and Next Steps

**Verbatim**

[Start at 00:00:00]

Morris: All right. Thank you for all agreeing for to… Thank you… I have a little…

[Laughter.]

Morris: I’m reading… I’m reading, which is never good for me to read off a… a document. But that’s what I’m gonna do today, just to make sure I’ve got this official. So, “thank you all for agreeing to participate in this Fiscal Impact Advisory Committee. This meeting is being recorded, which is not unusual for us, but we’re recording it. The recording will become part of the rulemaking record. OCB will review the… this recording and consider the Committee’s input as it assesses whether the fiscal impact statement for the proposed rulemaking adequately reflects the proposed rules’ fiscal impact. The Fiscal Impact Advisory Committee meeting has been covered – or convened, sorry – by OCB to discuss the fiscal impact of the proposed rulemaking related to the Business Enterprise rules. The rulemaking involves OAR chapter… Oregon Advised Rules [sic] chapter 15… er, 585, division 15. And that encompasses what most of you guys would think of as the handbook, but we’re setting up a whole bunch of individual [inaudible] for each section and that’s chapter 585, division 15 and that’s number 0 through 55, which covers the purpose, definitions, licensing, vacancies, set-aside funds, responsibilities, Business Enterprise Consumer Committee, dispute resolution, vending machine income, statement of full-time employment, subcontracting, and fair minimum return. OCB convenes this Fiscal Impact Committee after receiving objections from at least ten persons to the fiscal impact statement for the Business Enterprise rules. My name, for those of you who don’t know, is Eric Morris. I’m with OCB and will be observing and facilitating this meeting. I am not a member of the Fiscal Impact Advisory Committee and I will not be making… will not be taking part in the recommendations of the Committee members. I also cannot answer any questions related to the rules. Turn the page. The purpose of this committee… purpose of this committee meeting is to collect information, help assist… to help assist the agency determine whether the fiscal impact statement adequately reflects the proposed rules’ fiscal impact. Each committee member received a copy of the proposed rules in advance of this meeting. The goal of this meeting is to gather input from… from you folks, the meet… the committee members, regarding the fiscal impact of the proposed Business Enterprise rules.”

[Garbled noise from phone.]

Morris: Linda, can you hear me okay?

Jaynes: Yes, I can hear you.

Morris: Okay, good.

Hauth: That was Lin Jaynes, I think.

## Morris: Oh, sorry. “Uh… regarding this… uh… fiscal impact of the proposed Business Enterprise rules regarding the specific objections. There is certain information that the OCB needs to gather from the committee for the department to consider its assessment… the agency to consider its assessment, as to whether the current fiscal impact statement adequately reflects the fiscal impacts of the proposed rules, to make sure that OCB gets the information that it needs and ensure all committee members get an equal opportunity to talk and their… and here’s the procedure that we will follow: I will ask… I will ask the committee a series of open-ended questions. All of the committee members have received a copy of these questions in advance of the meeting. The questions relate to the various fiscal impacts that OCB must consider for the purposes of the fiscal impact statement. We will go one question at a time. I will pose the same question to each committee member. Each member will have three minutes to respond to the question presented. I will then ask the next committee member the same question. And so on, until all committee members have had a chance to provide their comments on the question. After each committee member has had a chance to respond to a question I will open the floor for a committee discussion that will be a chance to respond to comments from other committee members. There will be 15 minutes for the committee members to discuss the question. Once the discussion concludes, we will move on to the next question. We welcome all comments related to the fiscal impact of the rules. We are here to obtain the committee’s recommendations as to whether the proposed rules will have a fiscal impact and, if so, what the… what the extent of the impact will be with particularity as to the objections, which we will cover in the petition. This is not… This is not a forum to discuss the substance of the rules or to raise any issues unrelated to the potential fiscal impact of the proposed rules. If necessary, I may step… I may step in to make sure everyone has an opportunity to speak and to ensure that we stay on schedule. If you are disruptive, OCB may exclude you from the meeting. As a final reminder, my… as a final reminder, OCB cannot and will not respond to questions during this meeting. Before we proceed, are there any questions on how this meeting will be conducted?” [Silence.] All right…

StevensonA: Eric? Eric?

Morris: Yes, Art.

StevensonA: Um…

Morris: And, just real quick, before we go… just before we get started, just for the record, I want to thank specifically each committee member so we have it on record who’s here. So, Art Stevenson is here, and we’ll do other introductions in just a second, Art Stevenson, Vance Hoddle, Randy Hauth, James Edwards, Carla McQuillan, and Linda Haseman is on the phone. So, Art, you had a question.

StevensonA: Yeah, about the last two paragraphs that you read, I think that it would contain in it… I… I wasn’t clear on… on that… those… there was a particular statement that you made. So could you read maybe the last three paragraphs a little bit slower so I can…

Morris: The last three paragraphs?

StevensonA: Well, two or three.

Morris: Okay. Um, let’s see. So, one, two, three. “I’ll ask the committee a series of open-ended questions. All of the committee members have received a copy of these questions in advance of the meeting. The questions relate to the various fiscal impacts that OCB must consider for the purposes of the fiscal impact statement.” Good? Want me to continue, Art?

StevensonA: Yes, continue.

Morris: Okay. “We will go one question at a time. I will pose the same question to each committee member. Each member will have three minutes to respond to the question presented. I will then ask the next committee member the same question. And so on, until all committee members have had a chance to provide their comments on the question. After each committee member has had a chance to respond to a question I will then open the floor for a committee discussion that will be a chance to respond to comments from other committee members. There will be 15 minutes for the committee members to discuss the question. Once the discussion concludes, we will move on to the next question.” You good?

StevensonA: So, is that discussion to incorporate the recommendations of the committee? Are we… we supposed to give you recommendations concerning…? That’s… That’s one question. When we discuss as a group is the group supposed to give the recommendations of what we believe OCB should do? Or what the actual fiscal impact is?

Morris: I believe it’s your opportunity to discuss with the other committee members what the fiscal impact would be.

StevensonA: Okay. Keep reading, 'cause that’s one…

Morris: All right.

StevensonA: … one thing that might be…

Morris: Fair enough. We’re on the last paragraph.

StevensonA: Okay.

Morris: “We welcome all comments related to the fiscal impact of the rules. We are here to obtain the committee’s recommendation***s*** as to whether the proposed rules will have a fiscal impact and, if so, what the extent of the impact will be with particularity as to the objections in the petition. This is not a forum to discuss the substance of the rules or to raise any issues unrelated to the potential fiscal impact of the proposed rules. If necessary, I may step in to make sure everyone has an opportunity to speak and to ensure that we stay on schedule. If you are disruptive, OCB may ask… may exclude you from the meeting.”

StevensonA: Okay.

Hauth: I do have a question after you, Art.

StevensonA: So… So you made the statement that we will welcome all comments. If… If I, in the three minutes, am… am not through with comments that I think are relative, then… then… then I think I am, as a member of this committee, being curtailed from all… from some of the comments that I might make. And so I just want to state that for the record, that there is the possibility, with the limit of three minutes, that you aren’t welcoming all of our comments because we may have not been able to give them all.

Gunn Merrill: This is a…

StevensonA: So, anyways, thank you for clarifying that and… and, you know, I think…

Hauth: I… I do have a question around the process, or the procedure, the one you read there. And it’s also about welcoming all comments. Three minutes may be enough, may not be enough. I don’t know, in some instances. But as a legally blind, visually impaired person who has partial vision, going through and, I prepared for this meeting, and going through and trying to track appropriately may at times be an issue. I have created a document. How would I be able to submit that to you, for your consideration, as part of the comments?

Morris: I think you could email it to me.

Hauth: Okay, that’s fine. Okay. I just wanted to make sure.

Morris: Yeah.

McQuillan: Carla. Then do the rest of the committee members have access to that input? Because if it’s not being discussed here, it shouldn’t be part of the record, unless we have access to it and have an opportunity to respond to it.

Morris: That’s a fair point.

Hauth: Yeah, it’s not a secret. I’d be glad to send it to everybody.

McQuillan: But then we won’t have an opportunity to discuss it here.

StevensonA: Right. Right. And that, of course, gets back to the email I sent out that, you know, we wanted to be able to discuss all the different aspects. And, obviously, we may be talking about… Well, I know we will be talking about several agencies and the fiscal impact or the possible fiscal impact. And… And, therefore, to be able to articulate all of them, as Randy said, may not be… Well, so, to welcome all comments with a limitation, I just want to say… and, quite frankly, Randy and I are a part of this committee because we are both from the Elected Committee. That was, you know, part of the criteria. And so, we have definitely communicated because we are a part of one full body, we have talked about some of this stuff. And so we do have a lot of concerns about the different agencies. And, therefore, you know, in order to make sure that all of our comments are heard on any given question, would it be allowable to make sure that we are – “we” being the Elected Committee – possibly that I can yield to Randy my three minutes so we make sure that… that all of the comments and concerns…

Morris: Art.

StevensonA: … are addressed?

Morris: So, the one thing I think maybe you missed when I was reading it, the committee itself will have 15 minutes to talk about…

McQuillan: Yep.

Morris: … the specific question. So if, you know, you move through yours clear and concise and we go through the rest of the members, then you guys will have 15 minutes to discuss it. And if you want to, you know, share in that conversation with more information, then I would suggest you do it in that 15-minute period.

Gunn Merrill: This is Gretchen Gunn Merrill for the record and also for the… for the phone. So everyone knows, this is a Fiscal Impact Advisory Committee meeting and it’s set up pursuant to statute. And it has certain protocols that have to be followed and part of that is a requirement for the agency to make a good faith effort to ensure that the committee members are representative of potentially impacted folks. My understanding is, the agency sent over a hundred invitations to folks to see if they were interested in serving on the committee. The five, or I guess six folks who are here today are the ones who were… the only ones who responded and everyone is on the committee. As the… the agency trying to get a represent… representatives from the BECC as… as well as individual managers, it does not mean that you as an… that you are here representing the BECC. You are aware and you look at them as a representative entity… it is a representative entity that could potentially be impacted. But you are not here speaking on behalf of the BECC, you’re here to speak on behalf of yourself, on how you believe that you may be personally impacted, or those similarly situated may be fiscally impacted by the rules under the questions that are asked. And so, what that means is that no, you cannot yield your time to Mr. Hauth. Each person has the identical amount of time. As far as documents afterwards that, no, this is the time set for the meeting and the discussion. This is a protocol that has been followed by other state agencies in their Fiscal Impact Advisory Committees. And because we don’t want the situation where people don’t have a chance to fully discuss what is being raised, the discussion will take place here. The impact and any proposed recommendations will come out of this meeting. Of course, you still have the opportunity to testify. When is the rulemaking hearing?

Morris: October 23rd.

Gunn Merrill: October 23rd. And is that… What’s the last day for written comments?

Morris: 5:00 pm on that day.

Gunn Merrill: Okay. So… So, anything else that you want to say separately, you’re more than welcome to submit those documents on the record, either in writing or during that public hearing. So there’s ample opportunity for… for other types of comments if you want to make those.

Hauth: Sure. Thank you. I do have one final question. The… The process of not allowing for public comment, where did that…? Is that a part of the standard practice? Or how was that decided?

Gunn Merrill: Yes, that is a… This is Gretchen Gunn Merrill again. This is a standard practice. It… It’s… These meetings are not open to the public. It depends on to whom the recommendations are going. If it was the Attorney General’s Office or the Secretary of State and it was fiscal advisory commit… Fiscal Impact Advisory… excuse me… Committee, those might not be public meetings. But for this particular situation they are public meetings. That means they need to be properly noticed, there needs to be accommodations, there needs to be minutes taken, and the notice sent out to all interested parties. All of that occurred here so it’s in compliance with that. There is not a right to have public comment. And, in fact, this is the opportunity for the public to observe and listen to the work of the Fiscal Impact Advisory Committee. But you guys are the committee members and you get to… to make the decisions here and you get to provide the input here. So it’s about you and not about the public.

Hauth: Thank you.

[00:11:50]

StevensonA: May I ask one more thing? ‘Cause I am kind of curious about it. Fiscal impact and we were supposed to, you know, look at the fiscal impact… public entities. Were any of the public entities.. I didn’t see the whole list. I kind of asked about it. Were the public entities theirselves that could possibly have a fiscal impact advise of these rules and also invited to be a part of the process?

Gunn Merrill: My understanding is, there was notice sent out. Agencies may not have considered these particular set of rules to be the fiscal impact. If you review the fiscal impact statement, where agencies raised concerns with preference and priority. And, since those are not rules that are addressed here, then this is just guessing by me, but supposition that… that… because it’s possibly for agencies to… to come down on a weekend to a meeting that perhaps they decided that it wasn’t necessary for them.

[Silence.]

Morris: Okay. We ready to get started?

StevensonA: Um… You know, I… I heard what you said. And… And so… obviously, I do know that the preference and priority is not addressed in the actual rules and… but the public entities are. Because it’s quite clear in the state statutes what public entities are involved. And so I’m just trying to understand, just because there isn’t preference or priority language in the rules, the state statutes of course mandate that those entities are a part of these rules. And so, how was it determined that, just because there isn’t preference or priority language, that they actually shouldn’t have been involved in this process?

Gunn Merrill: That… That’s not what I said. I said I don’t know why. That was a guess of why they might not be involved.

StevensonA: Okay.

Gunn Merrill: The reality is that when the statutes were enacted there was… the legislative fiscal officer did a legislative impact statement. And in that statement, which is language that… a lot of the language is in the fiscal impact statement from the agency. There… There’s already an acknowledgement that there may be some fiscal impact on the state agencies. But why they would not want to be in this… involved in this is pure speculation and that’s… that’s up to them. So this is the committee that we have. And, Eric, you said you had a question?

Morris: I was just gonna… In the note that I sent out to the members, it… it’s broken down. There’s, like, question 1, question 2. There’s, like… Would this be one question, then another separate question? Or is it combined, like, what agencies may be impacted versus what the impact would be?

Gunn Merrill: Each one’s a question.

Morris: Okay.

Gunn Merrill: So they have a chance to…

Morris: Sure. Intrepreting that correctly.

Gunn Merrill: Yes.

Morris: All right. So, everybody good on the Q and A?

Hauth: Yep.

Morris: All right. So, we’re gonna start out with introductions and I’ll… I’ll go to the phone first because I know it’s tough to be on the phone. Linda, I… And, just to preface the meeting, is everybody okay with first names or…? I can definitely address you by your last name. Whatever everybody’s comfortable with. I… I would prefer to use what everybody’s comfortable with.

Hoddle: First names are fine.

SmithK: Can the young lady sitting next to you speak louder? She’s… I can’t hear her very well.

Gunn Merrill: Oh, I’m sorry. I’m shocked because usually everyone tells me I’m too loud. So. I will… probably because I’m looking over here instead of at you. And I will make sure that, if I… if I speak again, which maybe I won’t have to…

SmithK: Thank you.

Gunn Merrill: … that it will be directed over there. I apologize.

Morris: So, to get started, I’d like to begin by having each member of the committee state your name and briefly state your interest in these rules. So, Linda, we’ll start with you on the phone.

Haseman: Good afternoon. My name’s Linda Haseman. I’m an interested party stakeholder of the Oregon Commission for the Blind, as well as an Oregon taxpayer, Oregon homeowner, member of the public at large and also have experienced a background in state and federal fiscal budgeting and… and the human resources area. So my… I’m also a significant other of blind Oregonian Randell Hauth, who also is sitting on the committee. And, just for the record, I do want it to be known I do stand on my own merits, as Randy does. So, even though we are on this together, we do operate often as separate entities with our own opinions. So, thank you very much for having me.

Morris: Thank you, Linda. Art, would you like to go next?

StevensonA: Hi. My name’s Art Stevenson. I’m the Vice Chair of the Elected Committee. I’m also a licensed… blind licensed manager of the vending program for 31 years. Obviously, these rules affect me as a blind licensed manager. They will affect my income or potential income and also affect the possibility of transfer and promotion as a blind licensed manager. And so these rules, which will administer the Business Enterprise Program, will impact me financially and also, potentially financially in… in the future. Also, they could possibly affect me by losing my potentials…

Morris: Art, you’re getting a little…

StevensonA: Yeah. Anyway.

Morris: I think you’ve said it perfectly…

StevensonA: And… And… And I also, as far as education-wise, I have Associates of Science degrees in Business Administration and Marketing and also General Studies with a business emphasis.

Morris: Thank you, Art. Vance?

Hoddle: Hi, I’m Vance Hoddle. I’m the Regional Vice President for the Compass Group. So… and I’m a taxpayer. Boy, am I a taxpayer.

[Laughter]

Hoddle: Anyway, the rules impact, of course, a lot of the associates that work for my company. You know, there’s lost jobs that could be impacted, depending on where or what position is taken in regards to subcontracting because we’re obviously a major subcontractor. There are many franchisees also that are subcontractors. But, most importantly, these rules impact the lives of my business partners who are in this room with me: Mr. Jackson and Mr. Hauth, Mr. Stevenson, and so on and so forth. So, that’s it.

Morris: Very good. Thank you, Vance. Randy.

Hauth: Hi. Good afternoon. Randall Hauth and I am a Oregon resident. I am a consumer of the Oregon Commission for the Blind. I am a business owner. I’m a licensed blind vendor and I serve as the Chair of the Elected Committee of blind vendors and I also serve as President of Blind Employment Services of Tomorrow. And so my interest is in making sure that we uncover if there is a fiscal impact relative to these rules or not. So, thank you.

Morris: Thank you, Randy. James.

Edwards: James Edwards, President of the American Council of the Blind of Oregon. My interest in serving on this committee is… addresses my role as an advocate for the blind community, which these rules will most definitely have an impact on the group that we advocate for.

Morris: Thank you, James. Carla.

McQuillan: I’m Carla McQuillan, President of the National Federation of the Blind of Oregon for 19 of the past 25 years. I’m also the Executive Director of Main Street Montessori Association, an organization that I started back in 1993. And I’m here to make sure the blind of Oregon get the best deal they can out of this.

Morris: Thank you, Carla. We’re gonna tee up the first question here. And, just for the record, Kathy Ewing will be my trusty timekeeper today because I don’t want to try to multitask and keep time and everything else. So her… her iPhone is set to alarm at the three-minute mark, so I would ask you to respect that. And, like I said before, the commission has 15 minutes after everybody’s had a chance to go through and talk. And then we’ll move on to the next question. Is everybody ready?

McQuillan: Yep.

Morris: Kathy, are you ready?

Ewing: Yes.

Morris: She’s a long ways down there, so…. All right. Linda, we’ll start with you. And sorry, let me ask the question first.

[Laughter.]

Morris: Now I feel like I’m on Jeopardy. So, question number one is… it’s dealing with state agencies and it says, “Are any state agencies likely to be… Are any state agencies likely to be economically affected by the rule change? If yes, which ones?”

Haseman: Yes, I believe there are. Instead of [inaudible], rather than stating “Are there any other state agencies, clearly it should be just “any.” So I, for one, believe that the Oregon Commission for the Blind is economically affected by the rule. I also believe that there’s an economic effect on procurement, the area of the Department of Administrative Services. I don’t think I have to articulate anything further at this point. I think that probably comes with the next question. But at least those two agencies, and I believe there’s possibly several others.

Morris: Thank you. Art. I’ll read the question again. “Are any state agencies likely to be economically affected by the rule change? If yes, which ones?”

StevensonA: I agree that the Oregon Commission for the Blind will be economically impacted on these rules. I believe that the Department of Administrative Services also, as Linda had said. I do believe that possibly any of the entities that currently do not have vending facilities in them that are in the program but they do have existing vending facilities will be affected. And also that would include, you know, the Department of Human Services, the Oregon Department of Transportation, and State Capitol. You know, there’s a lot of quote unquote state entities that have existing vending facilities that are either in the program now with the Commission for the Blind or not in the… in the program where a blind licensed manager is assigned.

Morris: Thank you. Mr. Vance. “Are any state agencies likely to be economically affected by the rule change? If yes, which ones?”

Hoddle: Well, that… The answer is yes. It’s definitely yes, there’s gonna be an economic impact to state agencies in some form or another, for sure. I’m mean, it’s kind of… the way that the rules are written today, it kind of leaves results wide open for extensive litigation. I’m not sure which parties would bring that but it’s certainly a possibility. And then… That’s all..

Morris: Thank you. Randy. “Are any state agencies likely to be economically affected by the rule change? If yes, which ones?”

Hauth: Yes, I believe so. The Oregon Commission for the Blind, for one. The Oregon Department of Corrections and the state Corrections Department. Department of Administrative Services, the Oregon Administrative Hearings Office and the Department of Justice, to name a few.

Morris: Thank you. James. “Are any state agencies likely to be economically affected by the rule change? If yes, which ones?”

Edwards: I think the biggest concern that I have, as well as others, is the Oregon Commission for the Blind. And I will say I’ve had conversations with the Oregon Commission for the Blind and they… they do have a concern that it will affect them also. As far as others, you know, I can’t really state whether they will or not.

Morris: All right. Thank you. Carla. “Are any state agencies likely to be economically affected by the rule change? If yes, which ones?”

McQuillan: Okay, I’d like to start by saying that fiscal impact can be either positive or negative and I have not heard anybody state which side of that coin they think they’re landing on with the agencies. I’m assuming they mean adversely, but I’m not seeing evidence. I believe that the Oregon Commission for the Blind will have some economic effect. I think that it may start out being a fiscal impact that will drain some resources. But I think, in the bigger picture, that when we talk about the increased amount of set-aside that I believe is the result of the new rules, I think that that is gonna turn around. As for other agencies, since we’re not talking about preference and priority I don’t see how other agencies would be adversely or positively affected, either way.

Morris: Thank you. Okay. So we’re just getting into the cycle of working through these questions. So now we’ll open the floor for 15 minutes, if you need it, to deliberate amongst yourselves and talk about the issues that were… Just to talk. I’m not telling you what to talk about. So we’ll start the 15 minutes now and then… you’re free to discuss.

[00:22:39]

McQuillan: Can I get some clarification on the last point I made?

Hoddle: Adversely. [Laughs.]

McQuillan: How… but how? And… And give me some evidence.

Hoddle: So you’re… you spoke to the increased set-aside and I beg to very respectfully disagree with you there.

Morris: Just to interrupt for one second, the positive or negative effects are the next question. So this question is just focusing on which agencies. So the…

Hauth: That’s what I thought.

McQuillan: Oh, okay.

StevensonA: The question was just the agencies. And so the question was, “Is there a positive or negative” or any of that. That wasn’t part of the question.

McQuillan: Okay. So we’re going through each of those individual…

Morris: Yes.

StevensonA: Evidently, 'cause I thought they were gonna be…

McQuillan: All right.

StevensonA: I know what you’re saying, Carla, 'cause I thought they were gonna be asked all together and so, you know, obviously three minutes, if you’re breaking down each one, okay.

Gunn Merrill: This is Gretchen. I think for… I think I misunderstood what Eric was saying when he asked about each one and 15 minutes. It’s not the sub-questions that… it’s each question. So question number one has a couple of sub-parts to it. Question number two…

McQuillan: It’s agency-related.

Gunn Merrill: Yes.

McQuillan: The next one is all business or community or whatever the next one is.

Gunn Merrill: Yes.

McQuillan: Gotcha.

Gunn Merrill: Yes.

McQuillan: That’s what I thought.

Gunn Merrill: So that’s my error, is that I did not… I… You do not need 15 minutes for each sub-question…

Hauth: Thank you.

Gunn Merrill: … just the overarching questions.

Unknown voice: Whew!

[Laughter.]

Morris: So we can do three minutes for each of the sub-ones and they get to deliberate as a group for 15 minutes?

Gunn Merrill: Correct.

McQuillan: There you go.

Morris: All right. So that… that changes the tempo a little bit.

Gunn Merrill: Sorry about that.

Morris: No, that’s okay.

StevensonA: So, yeah… 'cause I was…

Morris: So what we’ll do is I’ll… the sub-question within that state agency question is – and Linda, I’ll throw it to you first – it says, and this is talking about the state agencies that are affected, “Can you provide an estimate of the economic impact on state agencies? If yes, what is the estimate? And is it positive or negative? If there is an economic impact but it cannot be estimated, who… why is no estimate possible?”

Haseman: Okay. Thank you. I believe there is a fiscal impact on the Oregon Commission for the Blind in determining that they have, at this current time, without the 915 vending machines that they would have to get up and get out and all the infrastructure that that would require, I’m estimating that that would be a $9.6 million feat for the agency to pull off. Currently, they have about $3.6 million that they were able to win in the 2015-17 biennium, leaving them about $6 million shy of that 9.6 estimate to get them to all the current managers. In addition, there’s gonna be… with this new rule it requires that there be a priority… I’m sorry. Under the new HB 3253, which the agency will have to move into effect under these rules, recruitment and selection of new managers is required. And so, even if you doubled the amount of managers that are currently in the program and hopefully move it greater than… greater than 30 managers, you’ve netted another 9.6 times 2 managers, likely. The ODOC I heard, the Oregon Department of Corrections being impacted, that brings an impact on to the Oregon Commission for the Blind to take over those commissaries. The Oregon Department of Corrections would be negatively impacted because I think some of that commissary money goes into inmate funds and other things and I think that that would no longer be the case for Oregon Department of Corrections. As far as procurement with the Department of Administrative Services, I know that when the procurement happened for the vending machines that were purchased under the re-allotment money, that became quite a… I guess the agency likes to call it “a heavy lift.” I know that a lot of time was expended, not only by the Commission for the Blind staff resources in that procurement, but also through the Department of Administrative Services. Even though it’s their wheelhouse it becomes a new area for them. And that became crystal clear through that process that that was a new area. So their staff resources were half. You take from a human resources perspective, when you take staff resources and have to re-account… re-allocate them to a new area, you start impacting fiscally the rest of your agency. And so you have to start making decisions as to what does or doesn’t get done. Or do you have to request new monies to get all of it done. So I hoped to [inaudible] my three minutes, but there’s an announcement for three minutes.

Morris: Thank you, Linda. Art, “Can you provide an estimate of the economic impact on state agencies? If yes, what is the estimate? And is it positive or negative? If there is an economic impact but it cannot be determined… estimated, why is no estimate possible?”

StevensonA: Okay. Well, the first fiscal impact with these rules would be definitely on the Oregon Commission for the Blind and with the possibility of litigation, Currently, many managers and programs, including myself, are allowed to subcontract. And if the agency so chooses to say that the blind licensed manager cannot subcontract then there will be a fiscal impact because a complaint will definitely be filed. Currently, as a blind licensed manager myself, I have an agreement with the agency that I can subcontract the… several of my locations. The state prison is one of those locations and I believe that it is that particular situation that is the best fit for me, that it’s the most profitable for me. And the current agreement with the agency is that I can do that. And if they go against that current agreement then, in my opinion, it’s a breach of contract that we currently have. And I would file a complaint with… against the agency for breach of contract. So, also, I feel that there’s a possibility of fiscal impact, a positive one, with the Department of Human Services because currently the unemployment rate for blind individuals is 70%. And if the agency does not create more jobs – because under these rules they have the possibility of creating more jobs, therefore getting many blind Oregonians off the social roles and… and taxpayers’ money will be not… they won’t have to be subsidized with housing, perhaps they won’t have to file for food stamps. They also basically wouldn’t need public assistance. And so, if they …

Ewing: Time.

StevensonA: … go to work. My time’s up?

Ewing: Yeah.

Morris: Thank you, Art.

StevensonA: God, three minutes goes fast.

Morris: Vance, “Can you provide an estimate of the economic impact on state agencies? If yes, what is the estimate? And is it positive or negative? If there is an economic impact but it cannot be estimated, why is no estimate possible?”

Hoddle: So, it’s negative. No estimate is possible, quite frankly, because we don’t know… The rules were written in such a way that they can be, especially around subcontracting, that they’re… they’re a little subject to, excuse the expression, the whim of the Oregon Commission for the Blind. So, if they take the tack of being supportive to the licensed blind vendors who are in the program, then there probably is no negative impact. If they take the tack that they’re gonna try to limit the rights or take away the rights of the small business people covered by the program, then there’s going to be significant impact.

Morris: All right. Thank you. Randy, “Can you provide an estimate of the economic impact on state agencies? If yes… Oh. Can you provide an estimate of the economic impact on state agencies? If yes, what is the estimate? And is it positive or negative? If there is an economic impact but it cannot be estimated, why is no estimate possible?”

Hauth: Sure. Clearly, time and resources are going to be applied to the Oregon Commission for the Blind, Department of Administrative Services, the Department of Administrative Hearings and the other state agencies that I’ve identified. If the agency limits – as it infers it is through the rules – limits subcontracting, you’re looking at purchase of vehicles, you’re looking at cost of repairs and you’re looking at re-occurring costs. So, just because you buy a machine doesn’t mean that machine will last forever. So you have to project out the life expectancy of machines, vehicle repairs. You have to look at the set-up to support a manager through his warehouse and then through his technology or her technology needs. You also have to look at set-aside. My position is, it will limit set-aside, it will limit profitability and the set-aside projected won’t… won’t occur. But, clearly, time and resources will be needed also by the agency to administer and to oversee this including, but not limited to, the 30-hour work laws and the other governing requirements. So. And cost of repairs to machines. So.

Morris: All right. Thank you, Randy.

Hauth: Yep.

Morris: James, do you want me to re-read the question, or are you…?

Edwards: Oh, go ahead and re-read it.

[Laughter.]

Morris: All right. Very good. I appreciate that. Well, it’s good for me.

Hauth: Gretchen told him he didn’t have to, but now he has to.

Morris: She said…

Gunn Merrill: This is Gretchen. I said, “It’s up to you how you guys want to do this.”

[Laughter.]

Gunn Merrill: Asking the same question over and over again.

Morris: One of my skillsets is not reading aloud via small text, so it’s good for me to get that. James, “Can you provide an estimate of the economic impact on state agencies? If yes, what is the estimate? And is it pos… is it positive or negative? If there is an economic impact but it cannot be estimated, why is no estimate possible?”

Edwards: Well, I cannot provide any estimate because there is not data to… to… to give us any indication of how it’s going to impact the agency. I believe we need data to… Once the… Once the agency implements this and… and tells the cost of implementing and sustaining this program then we’ll have some information, some good data to base a decision on how it will impact the agency.

Morris: Thank you. Carla…

McQuillan: No, you don’t need to read it again.

[Laughter.]

McQuillan: Is that okay?

Morris: That’s more than okay. Thank you.

McQuillan: Okay. So there… there appears to be a great deal of discussion around the subcontracting issue. I’m assuming this means at the cliff edge January 1 of 2020 and I would just suggest that, when I said earlier the set-aside, if individuals are currently just retaining a commission from some of the third-party vendors and then they take those facilities on themselves then their potential for set-aside is gonna increase because their income will increase. And that’s how I believe it’s going to positively impact the agency. Since we aren’t talking about preference or priority I don’t think we’re talking about other agencies at this point in time. And I think that, as far as hearings and cost of the agency having to defend themselves in court, as I understand it, for decades subcontracting, according to the Attorney General has been an unlawful act. And therefore the two-plus years that were granted in the bill that just passed was a gift to allow you to kind of get your ducks in a row and move towards working your own facilities instead of subcontracting. So I don’t know how, if what you’ve been doing is against the law, Art, that you could possibly raise an issue with the agency for breach of contract since the Attorney General said you shouldn’t have been doing it to begin with.

Morris: Thank you, Carla. So, this… this… these are the two questions around state agencies. So now I’ll open it up, we’ll have 15 minutes for you guys to discuss the issue… issues, and then we’ll move on to the next question.

Hauth: Well, I’d just like to, you know, discuss… I think what Art had mentioned earlier is the possibility of litigation. I think what Vance had mentioned, you know, the possibility of litigation, and what Carla had dismissed as, you know, “How would you litigate?” It’s clear that, in a recent review by Susan Gashel, that there appears to be grave concerns with these rules and I believe she even identified that there’s probable, good cause for challenging these rules and increased litigation. So, that’s one thing that I would raise and am concerned with, you know. So the other thing is, you know, how much does a complaint cost? I know there’s already been a complaint filed on these rules. So, even though the rules aren’t complete yet, there’s already showing signs of negative fiscal impact. So the form that was submitted or filled out relative to these rules were, I believe it said there’s no fiscal impact. I believe that’s, you know, certainly within question. But just wanted to touch base on that….

McQuillan: Carla.

Hauth: … that, for sure.

Haseman: Linda Haseman.

McQuillan: [inaudible]

Morris: I did. I was just trying to… 'cause I’m supposed to be driving this piece of the conversation. I’ll obviously recognize people to speak. That’ll work well. Carla, go ahead, then Linda we’ll get…

McQuillan: ‘Cause I don’t know how well she’s [inaudible].

Morris: Yeah.

McQuillan: I guess, one of the things I would say if there’s been a complaint filed, well how would we know that’s different now than practice for the past… as long as I’ve been at the State of Oregon and known this program. But I… I think that… I… I’d like to see this program move forward and I think that we have a responsibility to pass these rules no later than the 15th of November. I think the way it’s formatted, if there is a specific… Are they perfect? Probably not. But they have to get done and they’re in a format that’ll make it a lot easier to take one section at a time later if it requires revision.

StevensonA: Art.

Morris: Linda, go ahead. And then Art, we’ll go to you.

Haseman: Yeah, I’m not sure I’m clear on this portion of the fiscal impact committee. It almost sounds like it…

Hauth: Linda, you’re hard to hear sometimes. You need to be closer to the phone.

Haseman: Okay…

Morris: Kathy’s gonna turn it up.

Haseman: [Inaudible] impact committee that I’m serving on. It sounds more like it’s a debate about the rules rather than a debate about fiscal items that are occurring. So I’m gonna try and debate the fiscal items. I do know that, as far as [inaudible] percent set-aside that’s in the new draft rules, that will take forever at the rate of 11% to recoup the estimated $9.6 million that it would take to buy 1,915 vending machines and infrastructure. In fact, I don’t think the 11%, even if the managers make a higher profit, will ever allay that before you end up having to repeat the purchase of those vending machines to technology obsoleteness and other things. Also, I know it was stated earlier something about that the legal costs are… because something tied to, if I understood it right, the AG’s Opinion that the subcontracting was illegal. As I understand it, AG Opinions can be legally challenged and have been, that’s successfully legally challenged in this program recently through a federal court judge, where I sat in a hearing and the federal court judge said, “An AG’s Opinion is just that: an opinion. It’s not legally binding on anybody.” So I want to get kind of back to the fiscal component of this. And, to me, there is significant fiscal impact. Is there positive? Yes, there’s some positive to it. Is there negative? I think the negative impact, as I indicated earlier, outweighs the positive when you start running the numbers… pretty significant, as I have. So, thank you.

[00:35:56]

Morris: Art.

StevensonA: Okay. To the… To the remark of Miss McQuillan: yes, the actual law that was in effect, the administrative rules in the State of Oregon for the vending program did allow for subcontracting and that there was an agreement – actually, it was more of a forced agreement – that you will subcontract, Mr. Stevenson. And so there actually was… is law, right at this point in time, in place that subcontracting was legal. In fact, the Attorney General’s Office, before the Opinion – and it was just an opinion – took part in the process of creating a law – because the administrative rules are laws – that subcontracting was legal. These new rules do not mitigate the fact that a contract was made between me and the Oregon Commission for the Blind to do subcontracting. And these law… the new law clarifies some parameters in subcontracting but they also make subcontracting legal. And, therefore, the obligation of the agency… They cannot just arbitrarily and capriciously decide that legality that was existing and… and was in place is all of a sudden mute [sic] because of a… more clarification on what should occur between the blind licensed manager and the third-party contract. And now I, obviously, as a blind licensed manager, will comply with the law. However, if I’m denied the right, the legal right, to continue what I was doing before I will file litigation because I believe that’s my right. And the agency… agency should be responsible enough to continue with the contract that we had, that I could subcontract. Thank you.

Morris: Thank you, Art. Linda, are you still on the phone? We had somebody drop off. I just want to make sure it wasn’t you.

Haseman: Yes, I’m still here.

Morris: Okay. Thank you.

Hoddle: So, this is Vance. May I… May I comment?

Morris: Sure. Please do, Vance.

Hoddle: Yeah. So I think those of you familiar with the numbers have probably seen that the set-aside’s really grown in the last few years. Would that be correct? So I can tell you that Canteen sales, for example, have gone up 38% over the span of six years and I think my licensed blind vendor partners have all enjoyed that growth. And so, there’s one thing. So how did that happen? Well, you know, when a machine breaks down I have a group of people out there who can go fix the machine. We… We don’t necessarily make it 100% of the time but we’re there within two hours, so the machine doesn’t sit empty for days on end, waiting for parts. We’re… We have access to all the latest technology. And technology is changing at a rate that you can’t believe. Now, what used to take five years is now completely different four months from now. So, it’s just all… So cashless alone, and what that’s done to the industry is an amazing, amazing thing. So I would hate to see, you know, of course from my standpoint, I want my companies to be successful. But these… these folks are all enjoying the benefits of… of having technology available to them. And I would also say, I know that there’s a buying group that the blind vendors have access to, the Randolph-Sheppard something-or-another. But I can tell you that food buy, which is kind of [inaudible] and also with the small franchise vendors in Oregon, buys 10, 15% cheaper.

Hauth: Randy.

Morris: Go ahead, Randy.

Hauth: Okay. Yeah, I’d like to touch base on what Vance said. Technology – ever changing, right? Two years from now what we have now, as far as card readers and/or technology for accessibility for persons who are blind, may be obsolete. And then, looking at the projected $9 million that it would take to completely provide equipment for self-service operation in the state of Oregon, I couldn’t clearly define if that also included coin mechs and bill validators. But we also have to remember that there’s a lot of other stuff involved with that. And technology and card readers and databases around VMSs and also those charges, I think the Commission identified that they were going to be paying charges for the blind vendors over the first year. I could be wrong on that, but I recall that. So, I mean, you’re talking about another $100,000 projected. And so, just keep in mind, technology changes so rapidly that it’s certainly something to consider.

Morris: Thank you, Randy.

Edwards: James.

Morris: Go ahead, James.

Edwards: Art, I just want to clarify that what I’m hearing from you, denial of subcontracting, would have a fiscal impact on you and your business. And any litigation that you file would have a fiscal impact on the agency. Is that right?

[00:40:08]

StevensonA: Yeah, well, that… that is absolutely correct. And I will address the fiscal impact to me as a blind licensed manager when… when we get to that question. But my… my worry is, okay, that the agency is not taking into consideration that they have an existing contract with me, right now, to allow me to do subcontracting and they… they have to address that issue. They just can’t arbitrarily and capriciously say, “We’re… We’re nullifying the agreement just because now we have some different parameters on… on subcontracting.”

McQuillan: Like the law?

StevensonA: I have no… What?

McQuillan: Like the law?

StevensonA: Excuse me?

McQuillan: The law. The bill that was just passed. It was put in law that it’s gonna end as of January 1, which is all the rules say. They don’t say you can’t do it now; they say you can’t do it as of January 1.

StevensonA: No, the law does not say it… that I can’t do it. The law says that I *can* do it under the new…

McQuillan: Under certain circumstances.

StevensonA: … under… under the new parameters, as long as I do that. And what I’m saying is that the agency, okay, has a contract… I mean subcontract… I’m subcontracting right now under the law. And they… they agreed with me that… that I could subcontract. And… And I’m not willing, okay, to nullify the agreement that we had. I’m willing to comply with the new law and… and do the work thing. But we still have an existing agreement. And this law does not say that OCB has the right to nullify that agreement. It says that we have to change the way that our relationship changes the way that I subcontract. I have to… I have to fill out the thing. But it does not… it just…

Hauth: [inaudible]

StevensonA: Right. It… It… It changes how I do the subcontracting but it… but it does not… it doesn’t end, you know, the fact that we have an agreement that… that I can subcontract still. And that doesn’t go away.

Morris: We have about a minute and a half to go in this 15-minute time period.

Hoddle: I just wanted to mention one more thing: subcontracting is a widely used practice across the United States, in virtually… virtually all states. Actually, it has… had one state come to me and try to get that rolling in their state where… where they currently aren’t doing it, so they were looking for a little bit of advisement. Because…

McQuillan: But my understanding is…

Hoddle: … [inaudible] are obvious.

McQuillan: We’re one of the few states where there are several managers who don’t run any of their own facilities. That is not a common practice in other states.

Hauth: Mr. Morris, if we can try and keep this directed to the fiscal… you know, I think it’s kind of getting off-base and there seem to be debates about the law. And I don’t know that, you know… I know it’s a difficult conversation for us to wrap our minds around.

Morris: Sure.

Hauth: But let’s try and keep it strictly to the fiscal, as I understand it, what it’s supposed to be.

Morris: That would be my interpretation. So thank you for the reminder. You’ve about 15 seconds left and then we’ll move on to the next topic.

StevensonA: I might just say that there is subcontracting going on across the country in different aspects of vending facilities, not… not only vending routes, but also subcontracting for restaurants, cafeterias, snack bars. And it is widely used across the country. And so the claim that subcontracting isn’t going on across the country…

McQuillan: That’s not what I said, Art.

Morris: All right. Thank you.

StevensonA: Yeah.

Morris: All right. We’ll move on to the next subject. And it will seem like a familiar theme, only we’re switching which type of government we’re talking about this time. And the two questions involved in this are – and I’ll read them – but it’s… which elements of local government and how they’re affected. It’s almost identical to the… the state agency question. Linda, I’ll go to you first. And the first… the question is, “Are any… Are any units of local government likely to be economically affected by this rule change? If yes, which ones?”

Haseman: Yes, I believe that the… if I understand the local government component versus state agencies, I think jails fall into local government and they will be affected by it. And are we going on to answer the positive or negative? Or are we just taking this, like, just the one question and then moving on to the positive and negative?

Morris: Yeah, we’ll do…

Haseman: Like we did earlier?

Morris: We’ll do it just like we did earlier. And I just wanted to tee it up for you so you didn’t think we were going on to something different after that. So, yeah, just…

Haseman: Okay.

Morris: … which… which local governments will be affected.

Haseman: Okay. I think county jails will be impacted by it, economically. I also believe community colleges and universities will be impacted by it and I’ll explain that when we get down to the next portion of the number two question. Thank you.

Morris: Thank you, Linda. Art.

StevensonA: Local governments?

Morris: Oh, sorry, you want me to re-read the question?

StevensonA: Well… Well…

Morris: I definitely can. It’s only the second time, so don’t…

StevensonA: Yeah, it’d be nice if we rotate… read… but anyways, no, I’ll go second again. Yes, obviously, local governments will be affected. There are jails’ commissaries, which fall under the priority. And… And so there will be a fiscal impact, from what I understand. Also, county… city jails, county jails, 'cause there is two county jails. Any of the entities that we currently don’t have facilities that have facilities will be affected. Can’t say whether it’s positive or negative because I don’t know if they’re having to pay rent. And… And our current statutes say no rent and stuff like that. So those kind of things could take effect. But, you know, I don’t know what they’re currently receiving in the existing places until, of course, you see what’s… what is in the current contract and aren’t in our program.

Morris: Thank you. Vance. “Are any units of local government likely to be…”

Hoddle: You don’t have to read it.

Morris: Oh, okay.

Hoddle: Correctional institutions would probably be affected. Next.

Hauth: Okay.

Morris: Oh. Okay. I thought you were saying, like, “Next….” Okay, Randy.

Hauth: Yeah, I believe counties, cities, political subdivisions, townships… sure. I believe there’s going to be an impact.

Morris: Okay. Thank you. James.

Edwards: My opinion… or my opinion of what a local government is, I think, differs from what Art… Art’s talking about. So I really can’t see how it would affect a local government.

Morris: Okay. Thank you, James. Carla.

McQuillan: I think that there may be some impact, fiscal impact, but I think it’s probably likely to be negligible, at least up front. And according to what I read in the rules, elementary, secondary and university institutions are not affected by the preference and priority that were just established in the law. So, yeah, I’m not thinking that we’re gonna have significant impact.

Morris: All right. Thank you. Okay. So the next question in this category is, and Linda I’ll go to you on the phone first, “Can you provide an estimate of the economic impact on local government? If yes, what is the estimate, and is it positive or negative? If there is an economic impact but it cannot be estimated, why is no estimate possible?”

Haseman: Okay. Yeah, there’s… what they’re considered inter-agency governmental agreements that the Oregon Commission for the Blind signs with all these other types of entities and I know that likely those IGAs will need to be reviewed to make sure they’re in compliance with the new rules, or the draft rules, should they be adopted. Not only should they be reviewed by the Commission for the Blind, those other inter-agencies, as a party to the [inaudible] should be reviewing them, as well for accuracy and compliance purposes. And this is a lowball estimate: I would estimate that $25 per hour for those IGAs to be reviewed by those other local governments that are affected by the rule change. And it could take anywhere from, likely depending on the expertise of their IGA person, anywhere from half an hour to possibly two hours, to review those IGAs in compliance. In relationship to IGAs I know that community colleges – at least one, possibly more – have requirements within their IGAs that subcontractors on campus are utilized. I believe there’s… [inaudible] out to the campuses out in the Gorge, I can’t remember, I think they’re called Columbia Gorge Community College, has some type of tie-in where the person that runs that cafeteria ties in to handling the vending so that IGA would need to be adjusted if the agency limits subcontracting. In a case of a university, which I’m not exactly sure what quasi portion of the government they fall under so I’m putting them under local. There’s at least one university that went out with an RFP that ties a subcontractor and the agency together that a blind vendor has. And so, again, that would have to deal with that. As far as jails – and the $25 an hour was just an estimate for review. If there tends to be technicalities that conflict with the current rules you’re, of course, great… cropping into greater amounts of money in that area, getting legalities on fixing those IGAs or correcting them. As far as jails, I’m gonna refer back to… under… even, like, Oregon Department of Corrections jails have commissaries and there is inmate funds tied to that. And I think the money, if I understand it right, has been something that the jails, and even… under the state agency Oregon Department of Corrections have relied on as a funding stream in some manner or the other. And I think with this House Bill that funding stream likely is gonna go away or cause conflict with… in some manner how the agency, meaning the Oregon Commission for the Blind, handles that. Thank you.

Morris: Thank you, Linda. Art, do you want me to read the question again or…?

StevensonA: No. The counties and the cities, I understand the fiscal impact on them. Yes and, as I said, there are various factors in a contract… in the current contracts that they have. And… And so I don’t know everything that is in those contracts. I do know, like Linda said, the commissaries and other vending possibilities. Obviously, there is a rent exclusion and utilities exclusion in the state statutes and if the… in the current contracts that they have that are not in the vending program and they are receiving those revenues, obviously they would go away and… and those costs would revert to them rather than the individuals who are in the current contracts. So that is definitely a distinct possibility. And then, the process of making sure that they are in compliance with the state statutes now that there’s a priority… priority that, you know, the administrative costs of those agencies… I’m not sure what they pay them or any of those kind of things. But, obviously, those entities have to pay their employees to do the jobs to get into compliance with the laws. And so yes, there will be a fiscal impact in… in those areas and possibly more.

Morris: Thank you, Art. Vance, do you need the question again or…?

Hoddle: Nope. I’m fine.

Morris: All right. Thanks.

Hoddle: Nothing to add.

Morris: Nothing to add? Okay. Randy.

Hauth: Yeah. I’d like to say I believe that there will be both adverse and positive impacts. First, the adverse impacts to county government, or local government: time and resources. So, if there’s a subcontractor in a building and a manager goes… and is required to directly serve that they’re moving the machines in and out, right? So that has to be coordinated, just like the IGA has to be coordinated. So that would have to be coordinated with the appropriate staff member of that building. Also, badging and background check: if there’s a push over… or push out because of the rules, then that’s certainly a cost, as well. Time and resources, badging and background costs. Buildout: so, as… as we go forward and we create new opportunities for persons who are blind these local governments, as they do, at times assist in some ways, providing not only the space but also some of the buildouts for that facility. So the positive. Well, the community colleges are, at this time, exempted from this law so they’ll be able to retain and recoup commissions, which they shouldn’t be doing, they shouldn’t have been doing and, you know, won’t be able to do with, you know, with the… with the blind vendors because we won’t be in there and we’re exempt from things, you know, rent and commissions. And so I think that’s going to be a positive in that… that arena. And, yeah, so I think that is about it.

Morris: All right. Thank you, Randy. James, do you need the question again?

Edwards: No, I don’t. But I will say, I don’t have anything to add to it. But thanks to this discussion I understand more clearly now how it could have a local… impact on local governments.

Morris: Thank you, James. Carla.

McQuillan: No, I don’t need the question. And I believe there’s going to be some fiscal impact, as I said earlier. I don’t know that we know what that is without having more detail, but I think it’s negligible.

Morris: All right. Thank you. All right. So we’ll move on to the deliberation point here in the middle. So we’ll… I’ll start the clock at 15 minutes to talk about the fiscal impact on local governments. Anybody wants to begin, I’ll recognize them. Or not. Or…

[00:51:58]

StevensonA: Well…

Morris: Art.

StevensonA: Obviously, the agency has said there will be no fiscal impact and there is a fiscal impact. And… And, therefore, you know, I believe these entities may need to wave in on… weigh in on it or that. But I think it is important to know… to note that the agency, you know, had said there was not gonna be a fiscal impact and there was. And… And I don’t know all the logistics, or the legalities or the actual responsibility the agency has to make sure that, you know, those things are covered and people are aware of it and… and, of course, to then be allowed to weigh in on these administrative rules. So, that’s kind of my understanding of the… the simple fact of the matter.

McQuillan: Carla.

Morris: And, just as a reminder – and, Carla, you just did it – as you get ready to speak, especially in this open forum, please say who you are so that we can transcribe it correctly. Carla, please go ahead.

McQuillan: Well, I… like Gretchen said, his was noticed to the public and agencies have… and local governments have people who watch that stuff. If they wanted to be here they could’ve been here, they could’ve weighed in. So I don’t know that it is the agency’s responsibility to go beyond noticing them and letting them know that this is taking place. And I believe there’s a threshold at which something is so insignificant at a governmental level that it’s not worth calling a fiscal impact. So I don’t know that you can do anything without some sort of fiscal impact somewhere. But if it’s negligible, if it’s insignificant enough, I think that it’s not reported as a fiscal impact. So I’m not… It sounds like you’re suggesting that the agency was not accurate in its assessment and I disagree with that perspective.

Hauth: I was just…

Haseman: [Inaudible.]

Hauth: Go ahead. Oh, I’m sorry. Eric.

Morris: It was kind of a tie. So Linda, go ahead, please.

Haseman: Yeah, I didn’t… local government covers quite a bit of area. And, in watching the Commission for the last couple of years, I can tell you a lot of local governments care, whether they fall under airports or cities, states, townships, all of them have significantly battled the Commission and/or vending facility managers because they want to keep those revenues. So I’m of the belief that it’s more than insignificant; it’s going to be significant. However, whether the local agencies actually paid attention to the transparency website, I don’t know. Did the local agencies or government actually get the notice? I don’t know. Likely not, if they’re not on the interested parties/stakeholder list at the Commission. So what I… I’m speculating is that we’re not gonna know the repercussions of it or the… the depth of it until some of these agencies… whether the Commission starts noticing them that they’re taking over their vending and what’s gonna happen. That’s when we’re gonna actually see the depth of the fiscal impact to these agencies. I honestly think they’ve just chosen to maybe not… not take it on at this point in time, or they actually don’t know. So I think the fiscal impact is gonna be more than negligible and it’s just gonna be a matter of time until we find out what that is.

Hauth: And…

Morris: Go ahead.

Hauth: Randy Hauth.

Morris: Yeah.

Hauth: Yeah, I would just like to say, I believe the agency, I can’t find it right here, but I believe the agency identified that there would be no fiscal impact. So I think that’s what we’re here to determine. So.

Morris: Thank you, Randy.

StevensonA: And I… I agree with that.

Morris: Art. Say your name, please.

StevensonA: Sorry. Art! Art! [Laughs.] And… And so, yeah, that is the responsibility of the… this committee, to weigh in on… on impact, not whether it’s, you know, Ms. McQuillan’s interpretation of “negligible.” And a public entity, you know, that… that’s for them to decide. Obviously, with limited funding, obviously, you know, every dollar counts. They’re always saying, “Hey, we need more money” to do things that… that Ms. McQuillan’s interpretation of “nominal” is… is not necessarily an entity, a government entity… determination of nominal. Because every penny, as far as I know, in any part of government every penny counts. And if you don’t have $50 to do one thing, then that’s a negligible impact on that entity. And so, you know, there… in my opinion, there is going to be an impact. And… And, as Randy said, the agency said, “No impact,” which I believe is an incorrect statement.

Edwards: This is James.

Morris: James. Good to go.

Edwards: It just seems to me like any of this stuff that we’re discussing, without having any data to back it up, any proof of how much impact it… fiscal impact it would have on anybody is kind of moot until we do… I would think it would be up to each local government to make statements on their behalf.

Morris: Thank you, James. [Silence.] So, we’ve got about eight minutes left in this portion. So we could either wrap it up or, if there’s a need to continue I… either way would be fine. [Silence.] Is everybody in agreement that you’ve talked all you need to talk about local government?

Unknown voice: [Inaudible.]

Morris: Is there consensus?

McQuillan: Yes, I’m good.

Morris: Very good. All right. So we’ll move on to the next major question category, which is members of the public. This is set up very similar, almost identical; two-part question and then we’ll take a 15-minute collaboration session. The first question – and Linda, I’ll ask you first on the phone – “Are any members of the public likely to be economically affected by the rule change? If yes, which ones?” And, just to tee it up, the secondary question is positive or negative impact. So. But the first one is, “Are any members of the public likely to be economically affected?”

Haseman: Yes. In my opinion, blind Oregonians, taxpayers, private sector employees and unions. Thank you.

Morris: Okay, thank you. Art.

StevensonA: Definitely taxpayers, definitely the blind licensed managers. They’re members of the public, even though they are a part of the program. Blind Oregonians, most definitely. I agree with that 100% because these laws can either create more jobs or not create more jobs. And… let me see, private sector… Well…

Morris: Members of the public.

StevensonA: Members of the public. Obviously, all… all the people that work in the agencies and stuff, they’re members of the public, also. So we talked about that. But there’s a wide spectrum of members of the public. The taxpayers are definite. So I’d say they’re a lot of the public.

Morris: Thank you, Art. Vance.

Hoddle: Definitely blind Oregonians, licensed blind managers and the taxpayers [inaudible].

Morris: Very good. Thank you. Randy.

Hauth: Yes. Taxpayers, private employees of businesses and blind Oregonians, licensed blind vendors.

Morris: Thank you. James.

Edwards: I would have to wonder if these things that we’re discussing would have any effect on the pricing of the products that are being sold. And, if so, if the prices increased that would definitely have an impact on the public… the way they spend their money.

Morris: Okay. Thank you.

McQuillan: I’m with you, James. I’m thinking about it and I’m going, “Gee, well, if you have to be…

Morris: Carla. Do you have anything to add? Go ahead. [Laughs.]

McQuillan: I do. It’s my turn, right?

Morris: It’s your turn. Totally.

McQuillan: That’s why I jumped in. I… I can see blind Oregonians, particularly considering employment opportunities that should arise from the changes in the rules. But I don’t know how any of those other entities would be affected. I’m curious to hear what the rationale for taxpayers and people who work in agencies… 'cause I’m not… I’m not seeing that.

Morris: So the next question in this category, affecting members of the public, “Can you provide an estimate of the economic impact on members of the public? If yes, what is the estimate? And is it positive or negative? If there’s an economic impact but it cannot be estimated, why is the estimate not possible?” Linda?

Haseman: Yeah, thank you. First of all, I can see a positive impact if the agency successfully implements the draft rules, as House Bill 3253 requires, and recruits licensed blind vendors it’s projected to possibly increase the licensed blind vendors from 16 to 50.

Hauth: You have to get closer to the phone, Linda.

Haseman: I’m right up to it. Can you not hear me?

McQuillan: Yeah, you keep fading away.

Morris: Yeah.

McQuillan: We’ve got the volume up as high as it will go.

Haseman: Can you hear me okay now?

Hoddle: Better.

Morris: That’s a little better.

Hauth: Better.

Haseman: What I was saying – and I hope my three minutes can restart – anyways, what I was saying is I can see in this case, one situation of this case, a positive impact because with the implementation of House Bill 3253 is enacted correctly with recruitment, selection and licensing of blind persons in Oregon it should increase this program approximately 34 blind vendors. And at the average income of 45,654 a year, that would be an annual increase for blind Oregonians, at least licensed blind managers, increasing in the program by about $1.5 million. On the flip side to that, I can see that if the agency doesn’t do the recruitment, selection and licensing then we’re not gonna see that positive. We’ll just see a net zero positive on that for blind Oregonians. But I do see that as a positive. As far as taxpayers, they are members of the public, the money has to come from somewhere and it’s all about tax… tax and spend in the state. So if you’re gonna spend it in this program, gearing up the program with 9.6 million needed for just the current vendors, let alone add 34 more vendors to it at the tune of the same, you know, times another… about three times two of that, you’re looking at quite a bit of significant tax burden that has to come from somewhere. If it doesn’t come straight off the taxes some… it does filter through the government side of legislature off those tax revenues somewhere; another agency will be affected. And, again, all of it comes from the taxpayers somehow, through the public sector. The other thing is private employees through private companies, they’ll be affected. They’ll lose their jobs if the limitations of subcontractors, that the agency takes a hardline position on that, they’ll lose their jobs. And several of the subcontractors are union positions tied to Teamster local unions. So now you’re affecting unions. And the revenues to unions that those employees pay are upwards of, I think, like, 1200, no $4200 annually to those Teamster local unions when those positions are lost. And the employees that lose their jobs, well, I’m sorry, that’s a huge effect to those public… who happen to be public. Employees are public people. They’re gonna lose their positions and likely about 50,000 or so a year times the number of subcontractor employees that have to be… jobs have to go away or the restructure those companies. So, thank you.

Morris: Thank you, Linda. Art.

StevensonA: Well, you did a great job of, Linda, of talking about lots of people as members of the public. And that is absolutely correct. Putting more… If the Commission puts more blind Oregonians to work who are on public assistance, assisted housing, food stamps, etc. etc. etc. that’s gonna be a positive… a positive impact on the public because they are gonna have to pay less taxes to subsidize those individuals. So that is definitely a positive impact. And then I agree with the public sectors, people who are employed by the sub… the current subcontractors if, you know, they aren’t allowed to continue at the current rate, those people are going to become unemployed. If it’s extended unemployment that obviously costs… they’re lots of costs there. And so there’s going to be, depending on how this is all rolled out in accordance with the law, it could be negative impact on some and positive… of course positive impact on others. There will be a… an impact on the public because we are talking about a wide array of individuals who are, one way or the other, connected, or maybe soon connected, depending on what happens to this program.

Morris: Thank you, Art. Vance.

Hoddle: So, right now the entire re-investment in the Business Enterprise Program is… is funded by, you know, not all… not 100% of it, but a big chunk of it is funded by private business, of which, you know, the subcontractors are… are the people who are buying the equipment, they’re buying the vehicles, all of that now falls on the government. So, over the span of 15-20 years you’re gonna replace the equipment three times. So, let’s see, the taxpayers 4.9 million times three is 14.7 million over 20 years. Plus, I’m figuring roughly 40% of that number is needed to support infrastructure. So that’s another six million. So that’s 20.7 million over 20 years and that *you’re* paying for it, I’m paying for it, everybody in this room is paying for that. The impact on the taxpayers is gonna be immense. And add to that, of the amount that was allotted to buy vending equipment, very little of that has actually been spent. If it doesn’t get spent, where does that money go? I imagine, somehow or another… Let’s hope it doesn’t get wasted somehow. But somehow it should find its way back to the taxpayers. So that’s another, I don’t know how much of it hasn’t been spent, but certainly three and a half million of it, at least. So there’s another… So 24 and a half million is a fair number.

Morris: All right. Thank you, Vance. Randy.

Hauth: Yeah, so the positive impact is, like has been mentioned, growing the program through selecting, training and installing persons who are blind and allowing them remunerative employment opportunities through the program. That’s the good news. The negative impact is, on the heels of what Vance said and what Linda said, employees that potentially could be lost through our private sector who are taxpayers and who also earn a living wage. And also the cost of rolling out a personal direct service model and limiting subcontractors, gosh, what I’ve seen, what I’ve penciled out was, like, $9 million for the machines. And then you’re talking about the infrastructure and you’re talking about all the other supportive costs and then recycling that, you know, in ten years or whatever it would be. So, clearly a concern there by the taxpayers’ indebtedness to fund such a product. So. But I think that’s about… that’s about it.

Morris: Thank you, Randy. James.

Edwards: Well, we definitely have to have a concern about the employment issue, it is going to… how it’s going to affect the public and… and their jobs. And the other concern is, of course, the taxpayers’ money. The people… There are people out there who watch closely what… how the government spends their taxes and so on. So that could have a great impact on it, by the public.

Morris: All right. Thank you, James. Carla.

McQuillan: This is an employment program for blind people, which I’m happy about. I’d like to see improvements in opportunities for blind people to get work. It seems to me that people are operating on the notion that if we employ, as Linda estimated, 34 more blind managers in this program, but nobody’s recognizing that that would necessarily increase the amount of set-aside money that would come in. If those people are making the amount of money that Linda suggested then there’s going to be a significantly higher amount of money coming in for set-aside than we have right now. And that would be money that would help to pay for machines. I’ve talked to people in other states and their BE Programs are sustainable based on the amount of money that come in in set-aside. And maybe, if it’s not enough, maybe the increase of the amount of set-aside is something that needs to be considered. I know it was not, in the writing of these rules. In fact, there are incentives that actually have the opportunity to drop the set-aside for people who have certain circumstances in their business. And I… I don’t see how you can argue on the one side without recognizing that’s there going to be a reaction to more people employed, in terms of additional funding in the set-aside. So I don’t think it’s a taxpayer issue.

Morris: Thank you, Carla. All right. So I will open up the discussion for 15 minutes on the fiscal impact of the rules for the members of the public. So whoever wants to jump in first….

Hoddle: The only way you’ll end up with…

Morris: Vance.

Hoddle: …this. Sorry. The only way that you end up with [inaudible] vending around the term 34 more licensed blind vendors. The only way you end up with more licensed blind vendors is if you’re providing services to more facilities. And if you’re providing services to more facilities the set-aside’s gonna go up more than using subcontractors, if you’re able to use subcontractors, if you want to, then it would otherwise. 'Cause nobody’s gonna make a fiscal decision, Art’s not gonna make a fiscal decision that he doesn’t want to sub… to eliminate his own subcontracting if it’s negatively going to financially impact him. So… [inaudible].

McQuillan: Carla. Were… Were you done? I’m sorry, I didn’t mean to interrupt, but I… I’m not sure why the assumption is that it would negatively impact him. How much…? For example, what do you pay in commissions to the people whose… like Randy and Art, whose machines you service?

Hoddle: So Compass is… Compass is paying somewhere around 661,000 per year.

McQuillan: Okay, give me a per… Isn’t it based on a percentage?

Hoddle: 21%.

McQuillan: Okay, 21%. So it is not only fiscally advantageous for you to actually operate and service the machines for these guys. But, in addition to whatever profit you make, you can give away 21% of that. I’m having a really hard time believing that if they just did it themselves, they’d get that extra 21% that you’re giving away plus whatever income you’re making. I… I don’t understand how that math doesn’t work out to be, “Yes! I would love to go take on my own machines instead of subcontracting.” Because I think there’s potentially a lot more income there.

Hoddle: Well, that’s a great question. So, Art, I think, can explain why he likes subcontracting instead of doing it all himself. So the first thing is your… most of your, like, or your private industries are buying 10-15% better than you are. We have people operating with probably 70, 80, 90% more efficiency because we have the vending management systems and the expertise of people who have spent a lifetime in the business watching how frequently machines are serviced and going through all those equations and making business decisions every single day about… and using the best technology. So, frankly, yeah, they’re gonna make a lot more money using me and getting their 21% than they would… doing it themselves.

StevensonA: Right. And…

Morris: Art.

StevensonA: … And… I will… I will say that we are leveraging our third-party contractors’ ability in pricing, service, as… as Vance alluded to earlier. They’re usually at a place repairing the machine, because they have the capabilities, within a couple hours. Me, I’m not a service tech, I’m… I’m a business person. And so, therefore, I have to rely on… If I’m not relying on my third-party contractor to do the servicing I have to rely on an entity that it could take anywhere from one day, two days, depending on what’s scheduled with them. But Compass has more techs and… and is able to do that. And the pricing is… So you’re talking about leverage, Carla, pricing that I cannot get because I’m not big enough. I mean, you know, they buy for not only for our businesses but they also buy from the private sector businesses where they’re doing it. And so we get to take advantage of that pricing and that leverage. And so… because you’re not…

Hauth: I’d like to say something when you’re done.

StevensonA: Yeah. So, anyways.

Hauth: So, going back, Eric…

Haseman: [Inaudible.]

Hauth: Go ahead.

Morris: Go ahead, Linda.

Haseman: Yeah. I did… do want to address the set-aside that Carla mentioned. I have factored that in. But, as I stated several questions ago, the 11% is minimal as to what the number of years that it’s going to take, even with the increase of 34 blind managers at 1.5 million annually that I’m projecting they would bring in. That’s minimal of what it would take to pay off the machines, to purchase them for the new managers and be ready to purchase new ones when those become obsolete. I’m projecting it would take anywhere from 28 to 56 years at 11% set-aside to pay off the millions that it would take to purchase those… that equipment. So I’m of the mindset – coming from public, private, whatever you want to call it – I’m of the mindset that this program… give it the wings it needs and not hold it hostage to state funding, which is finite and tied to a biennium budget every year at the discretion of the legislators that what’s going on with a whole bunch of other state entities. I’m very much of the mindset that this program should have a variety of business models, whether it’s people that are running their own and [inaudible] run their own direct service. It should be also people could choose a model to run subcontractors that’d be accountable through their statement of work as to what they’re doing with their subcontractors and what… bringing that integrity back. But to try and say that the state can support and run a program with the priority given now that it does and think that it’s gonna flourish and bring in the blind Oregonians to work in it without subcontractors as an option or limiting subcontractors is, I think, quite a misnomer. The numbers just don’t add up. And 11% set-aside, you know, you can add that in but it’s going to take a long time before that money is ever recouped and ready also to repeat those purchases. So, thank you.

Hauth: Eric.

Morris: Thanks. Randy, go ahead.

Hauth: Yeah, sure. So, going… going back to the blind vendor and growing the program and to talk to what Carla said about how can it not make sense bringing in more income to blind vendors and bringing in more set-aside and talking a little bit about what Linda and Art and Vance said. And also throwing in, my understanding is the legislators, even though they provided some 300 or $400,000 to help offset the allocated money, that’s not gonna be there anymore. And it looks like even this year the allocated money’s getting tied up and getting directed to disaster relief. So even state agencies, as I understand it, aren’t even allowed to get the allocated money. So if you do the math it just does not add up. The cost of self-operation versus the cost of using a teaming partner or subcontractor, the math doesn’t work out. Sure, you can bring more people in and they’ll be earning more money, but the money that it costs to put those persons into facilities will never be recouped by the set-aside. And I don’t even know if that’s the intention of the program nationwide. Because if you look, it doesn’t make sense anywhere. However, the fiscal impact relative to these rules I’d like to address. In some instances, it’s smart and it’s good business sense for a person to run their own location. That’s why it went back to the choice. In some locations it works great, in some it doesn’t. I’m a blind person, I can’t drive. I have to duplicate those types of services, right? I can’t check the date stamp on candy bars or chips; I have to duplicate those services. There’s some locations out there where you have one machine, there’s some where you have 20. It’s not always advantageous or fiscally wise to set somebody up in a situation where they’re just mirroring somebody, you know. So there’s certainly a fiscal impact, you know, from what I believe and what I’ve said and what Art also talked about. So I jus wanted to throw my two cents in there.

StevensonA: Art.

Morris: Go ahead, Art.

StevensonA: Okay. And… And I heard you mention, Ms. McQuillan, other states are doing it and seem to be doing fine. And… And I agree with you that other states are doing it and doing it fine. Currently, in the Oregon program matching funds are not being reinvested… matching funds retained… received from the vending program are not being…

McQuillan: Is this on topic?

StevensonA: Huh?

McQuillan: ‘Cause I actually have something that is. I have a question.

StevensonA: I’m not off topic. You… You said…

McQuillan: The set-aside…

StevensonA: … sustainable and I am on topic because, obviously, running the program successfully – and you said other states are doing just fine and the reason they are is because they’re reinvesting the matching funds that they received from the set-aside into the program. And that way they are able to sustain their program better. The state of Oregon isn’t doing that and… and none of these rules say that they’re going to do that. And, therefore, sustaining the quote unquote policies that “Hey, we’re gonna do 100% without subcontracting,” it isn’t economically… it isn’t gonna happen economically here in the state of Oregon. And, unless they put in the rules that “Hey, we’re gonna reinvest all of the matching funds that we receive to do that”… and, of course, these rules do not cover it. So you mentioned the fact about other states and that’s a fact.

Morris: We’ll let Carla go. We’ve got about three and a half minutes left. Carla.

McQuillan: Okay. So the rules don’t specifically say you can’t reinvest the money. I don’t think it needs to be in the rules for the agency to do that. Two: Vance, didn’t you say earlier that you buy through the Randolph-Sheppard…

Hoddle: No. No. I said we buy through a company called Food Buy. So it’s a Compass affiliate.

McQuillan: Okay.

Hoddle: We buy substantially… Compass is the seventh… We’re not a small business, just breaking it to you slowly, but we’re the seventh-largest employer in the world and our Food Buy buys food, consumable products at rates that are so… and crazily better than the Randolph-Sheppard buying group could buy at. It’s amazing.

McQuillan: Okay. Then I misunderstood. I thought that you said that’s who you bought from.

Hoddle: I apologize for that.

Edwards: This is James.

Morris: Go ahead, James.

Edwards: I thought somewhere along the line we were talking about the impact to the public and the taxpayers.

Morris: You’re correct.

Edwards: And the way I do this, the cost to the taxpayers, is the scope of… the cost of implementing and sustaining this program in the direction the agency wants to take it, in regards to buying all the equipment and all the accessories that go with the vehicles, warehouses and product and that sort of thing.

Morris: We have about two minutes left on this segment.

[01:16:02]

Hoddle: I think that’s… that’s a good comment. It’s… Basically, you’re saddling the taxpayers with a bill that will last through their entire working life because vending equipment will have to continue to be purchased…

Edwards: My point, Vance.

Hoddle: … instead of… instead of the private sector funding the program.

Edwards: Yeah, that’s my point. Thank you.

StevensonA: And… Art, again.

Morris: Go ahead, Art.

StevensonA: Yeah, and not only in the vending is subcontracting and teaming viable, we’re going to… If we’re going to increase the program, create more jobs in the commissary realm, which I think is good, we… we need to look at those kind of things also. And, obviously, the leverage of teaming partners and subcontracting allows us to develop a program where we are creating more jobs for blind people. They are gonna be engaged in the employment aspect because the law states that we have to have a statement of work. And… And, therefore, if it makes logical sense that, hey we’re gonna make more money by leveraging subcontracting and teaming partners, then it shouldn’t be a “may.” It should be a “Yes, we’re going to do it.” Because that is the ultimate goal of this program, is to create more jobs for blind people and do it the most efficient and effective way, that there isn’t a… that there’s the least possible fiscal impact on the public and the taxpayer.

Morris: Thank you, Art. Right on time. So, if the committee is… is at a point where they feel like they’d like to take a break, 'cause we’ve been at it a couple hours…. So I would recommend, like, a 10-15 minute break, put us back at quarter to five, and got two more categories to go.

END PART 1 [01:17:31]

BEGIN PART 2 [00:00:00]

Morris: Welcome back, everybody. Just so we can kind of get re-centered on where we’re at, we’re about… we’ve got two more big chunks to do and then we will be finished. And I… I totally appreciate your guys’ efforts at hanging in there, providing great commentary. So the next category, category number four on the ones… the ones that I’ve sent you, deals with business and small business. So, Linda we’ll go to you on the phone first. And this is a little bit of a mouthful, so I’ll try to read it slow so everybody can understand. It says, “Are any businesses likely to be economically affected by the rule… by the rule change. If yes, what kind of business? More specifically, are any small businesses, independently owned and operated for the… for-profit businesses with 50 or fewer employees likely to be economically affected by the rule change? If yes, what kind of businesses and how many?”

Haseman: Okay. Yes, thank you. And I did look at the ORS, the Oregon Revised Statutes and it is clear that it does talk about businesses…

Hauth: Hard to hear, Linda.

Haseman: Okay. I did look up the Oregon Revised Statutes, checked it out and made sure that it did talk about businesses greater than just small businesses. It, in fact, does. So, in looking at that, I have projected that there would be 10 or more businesses, and those are vending businesses tied to subcontractors that would be impacted, of which I project that there’s anywhere from three to four larger businesses and four to seven smaller vending businesses of the subcontractors that would be impacted. And, of course, the smaller businesses have greater impact, as it takes more for them to absorb or rebound from any lost revenues. What they would be [inaudible] economically is, once they pull their vending machines they’ve lost any type of revenue after they account for all their expenditures, including any commissions that they pay out, they’ve lost any of their revenue to the company beyond what they [inaudible]. So that’s the… that’s the effect on them. There is an impact also to the vending facility managers, who are all small business owners. I don’t think any of them have greater than 50 employees. If they did, that’d be wonderful, but they don’t. And… And, even under this rule, I don’t see any of them going up to 50 or more employees. But this rule, especially if the Commission for the Blind limits the extent to which subcontractors can work with the vending facility managers, I see that it’s likely going to impact 10-15 small businesses. Because I don’t see, again, as I’ve articulated multiple times, where the Commission has the funding stream or would be able to obtain such a funding stream to support the 10 managers as it is with 1,950 machines to the tune of about 9.6 million, let alone going up to 50 more managers, if they were able to successfully recruit, select and place 31 more managers into this program. So the other impact – I’m gonna dive a little deeper in three minutes, if I can – is there… in addition to the impact to the vending facility managers is provisions within the rules that change equipment repair that I want to talk to a little bit more specifically when I have more time. There’s also some changes in the rule that deal with the number of repairs that the Commission will pay versus what they currently pay in the current rules. There’s also some requirements of record retention that are steeper than the IRS and that will have an impact, at least for storage and keeping those records…

Ewing: Time.

Haseman: … on the managers.

Ewing: Time.

Morris: Thank you.

Haseman: There’s also the requirement of the 30-hour work week law that I want to…

Morris: Thank you, Linda.

Haseman: … as well, and the impact…

Hauth: Three minutes.

Gunn Merrill: Time!

StevensonA: Time!

Morris: Thank you. Art, do you need me to read the question again, or are you good?

StevensonA: No. No no no no. Small businesses are definitely going to be affected. I agree with Linda that there are several of them. I don’t have the exact count. Obviously, if the agency does push forward the priority which we now have. There are several locations where vending facilities exist that are not being run by blind licensed managers. Implementing the priority, which is now definitely in the state statutes, that… that will occur. A perfect example of that is the Oregon State Capitol snack bar, which we currently do not have. It… It will affect that particular business. And also the Labor and Industries Building cafeteria, that’s a small business that we… a blind licensed manager isn’t currently operating. So that’s two. And… And there are several more. But it also… depending on if the rules are complete which, at this point in time, I believe they are not and should be. The other businesses will definitely be affected. But if we’re not defining in the rules the parameters for a cafeteria, you know, we will not be, possibly, procuring those, which… which concerns me a lot, not only, you know, litigation-wise by managers but also the fact that we aren’t doing what the new statutes intended them to do… intended to do, and that’s create more jobs for blind licensed managers.

Ewing: Time.

Morris: Thank you, Art. Vance.

Hoddle: Yeah, there’s definitely gonna be an adverse, negative impact on large business and small businesses. There are a few small businesses that are performing some subcontracting work for the licensed blind vendors. So they’re definitely going to be adversely affected. And there’s gonna be quite a bit of… you know, in my group it’s probably nine teamster jobs that are gonna go away. It’s the subcontracting rule [inaudible] made it. So you kind of apply the same… math to the smaller companies, in other words, you know, four, five, six employees probably collectively [inaudible]. That’s it.

Morris: Thank you, Vance. Randy?

Hauth: Yeah. Certainly there’s an adverse fiscal, potentially an adverse fiscal impact on small businesses. For the record, I will tell you that I’ve had conversations with NAVA and they also share their concerns as an organization that is assigned and associated with small businesses and large businesses, identifying that they could potentially lose employees, they could lose profitability, they could lose liquidity and assets. So, in a instance where a company is subcontracting, if they’re not allowed to do that, what do they do with their equipment? What do they do with their employees? What do they do with their stocks and resources. So, clearly, that’s a concern. The 30-hour for a person who’s a small business, which a blind vendor in this instance, the 30-hour work requirement would be… certainly a person who’s blind, if they’re required to fill up the work log, including surveying and being on-site at their facilities, many of these small businesses have many machines miles and miles and miles away so they’ll need drivers, they’ll need vehicles, they’ll need gas and service and all the resources to be able to do that if subcontracting is limited to that small business. In the rules, repair costs, as I believe Linda had identified, has proposed that they go from $70 to $100. And I believe it’s also identified that they’ll be limited by the amount of allowable repairs in a year. So that’s certainly a cost to a small business. And, again, the… just the limitations that that would impose. I believe that’s enough for me right now.

Morris: Thank you, Randy. James.

Edwards: Well, it seems… seems to me, and I may be wrong, but it seems to me that it would have a positive impact on some of the smaller businesses that could take advantage of supplying the vendors with their products. But, on the other hand, it would have a negative impact on licensed blind vendors because they couldn’t take advantage of Compass’ buying power. So I think there’s a win-win there. Or a lose-win-lose. However you want to look at it. [Laughter.] It affects most of them, I think. So.

Morris: Thank you, James. Carla.

McQuillan: Can I…? Sorry, can I ask you to read that question again?

Morris: Sure. So this is dealing with the business and small businesses and it says, “Are any businesses likely to be economically affected by the rule change? If yes, what kind of businesses? More specifically, are any small businesses – independently owned and operated for-profit businesses with 50 or fewer employees – likely to be economically affected by the rule change? If yes, what kind of businesses and how many?”

McQuillan: Okay. So I asked you to read that again because I believe, by definition, licensed blind managers are not independent business people. You are part of the Commission. It is supported employment. It does not… It doesn’t fall under the definition of an independent, for-profit business. Okay. So there’s that. So I think that those are discussions that don’t apply here, they apply to the next question that we’re gonna go into. Is there gonna be an impact? Yeah, I believe there is. I believe that, when we start moving more blind people into locations somebody has to walk out. And, even if you’re talking about keeping the… the subcontractors, you most likely would switch to someone like Compass and kick out whoever’s in there. But I think isn’t that everybody…? Everybody wanted blind guys to have the priority and the preference and that’s one of the things you take along with it. ‘Cause you can’t have it without it. So I don’t know what your… your argument on this one is, but I think, yeah, there’s gonna be an impact. It’s part of what’s gonna happen when we have the preference and priority and the rules have to reflect a support of the law that’s just been passed, which I think is what we’re talking about.

Morris: Thank you, Carla. All right. So the second part of this category around small businesses, or businesses and small business. And Linda, we’ll go to you on the phone first. And it says, “Can you provide an estimate of the economic impact on businesses and, specifically, small businesses? If yes, what is the estimate and is it positive or negative? Is there any economic impact but it cannot be estimated? And, if so, then why is no estimate possible?”

Haseman: So, I’m unable to estimate the projection or the impact, the negative impact on small businesses and large businesses 'cause I’m not privy to their data. They fall under different rules than public sector. So the best I can guess is it varies from company to company and, again, the small businesses would be impacted at a, I believe, a more significant level because it takes them longer to recover than a large business. A large business has a lot more ability to do some recovery [inaudible] a loss than a small business. I can project that, under the new rules, there is that $30 net increase per repair that the vending facility managers are going to be required to pay, so it’s increasing from 70 to $100. And, as far as the number of repairs, that’s an estimate, average per route, I guesstimated 20 repairs in a year, average, would be a $600 increase to a vending facility manager to absorb that repair cost. The one [inaudible] thing that I did want to talk about, under the 30 hours, is… I did bring it up multiple times during the other… I don’t know, the Business Enterprise Consumer Committee discussion. But 30 – and it [inaudible] again now by a legal expert – but the 30 hours work requirement and requiring a work log for those 30 hours may have been inadvertently placed the Oregon Commission for the Blind into a fiscal impact situation. So it could possibly be a fiscal positive impact to the licensed blind managers if they’re now to derive state benefits from that work hour requirement. Of course, it would be a negative for the Oregon Commission for the Blind. But, in keeping to the discussion on small businesses, it would be a positive to the licensed blind managers if that does catapult them into [inaudible] benefits. And that would be a positive, I think, roughly of about, if you figure $500 a month, and I know that’s a low-ball for state benefits, times 12 months times the number of managers, you’re looking at quite a bit of benefits, possibly, coming the way of the small managers… the small… the licensed blind managers, who do fit under the category of small business. They’re independent business owners, they’re limited liability companies through the Secretary of State’s Office. They file Internal Revenue Services under their company name. They don’t fall under the self-employment requirement or the business ventures tied to the Oregon Commission for the Blind. So, everything I’ve ever understood is that they are their own small businesses; they just happen to be in a program, an employment program under the Business Enterprise Program. Thank you.

Morris: Thank you, Linda. Art, you need me to read the question or are you good?

[00:11:14]

StevensonA: You want to read it again?

Morris: Okay. Very good. This is dealing with small… businesses and small businesses: “Can you provide an estimate of the economic impact on businesses and, specifically, small businesses? If yes, what is the estimate and is it positive or negative? If there is an economic impact but it cannot be estimated, why is no estimate possible?”

StevensonA: Well, yes, there’s definitely gonna be an effect on small businesses because, if the priority is exercised and a location which qualifies under the state statutes has priority [inaudible], that small business, obviously, will cease to exist. And, as Linda said, she isn’t privy to the information and neither is I… am I but if it ceases to exist in that location then the impact would definitely be, you know… they’re not… they don’t have any sales and… and they don’t have any profit. And so that is a tremendous – even though I can’t give you a figure – a tremendous economic loss for them ‘cause it just won’t exist anymore. Also, obviously, if that business doesn’t exist, other small businesses that they could possibly be buying from – unless, of course, the blind licensed manager goes into that place, starts purchasing from that same company – they would lose the sales. So that would definitely be an economic loss on their part. And I… I agree with Linda also, the blind licensed manager, of course, is a small business. We do have a business license with the state of Oregon, we pay our taxes, just like everybody else. We just happen to be a part of the Randolph-Sheppard vending program. And so, yeah. And that would go with any of the other small businesses that we would take over. Of course, if we remain in business as a teaming partner with the smaller businesses that we are currently subcontracting or managers are subcontracting with… I happen to be, you know, working with Compass and so that’s a bigger one. But there are some that are working with smaller companies and so they, most definitely, would be adversely impacted financially. Because, obviously, they would no longer be doing either the one individual location or the several locations…

Ewing: Time.

StevensonA: … that the managers are.

Morris: That’s your time, Art. Thank you. Vance, do you need the question again, or are you good?

Hoddle: No, I’m fine. Yeah, so there’s definitely an impact on some of the smaller businesses who are subcontractors if subcontracting [inaudible] course on a larger business. You know, we have roughly… Compass would have roughly $300,00 plus worth of lost profits, which in probably the rest of the community, some of which wouldn’t qualify under that… under 50 as a small vendor and some which would probably half that. Is that a good guess? Anyway. So, that’s all I have.

Morris: Thank you, Vance. Randy.

Hauth: Yes, I do contend there’d be a adverse impact to small businesses. I know of at least three small businesses that engage with licensed blind vendors and more assuredly there’s more than three. But those are three that I know of. So if that blind vendor was limited in utilizing that company, of course, that’s a trickle down fiscal impact on that company, where employees are laid off and profits are lost as well. And, you know, again, I think there’s some crossover here. What… What Carla was suggesting earlier, I would respectfully disagree with it. I do believe that the blind vendor, I just want to say for the record, I do believe the blind vendor also can function in this capacity or her capacity as a small business. And so, I just hope you consider the comments that were made previously, in relationship to the impact also of the 30-hours. And, yeah, it’ll be interesting as we go through this. But thank you.

Morris: Thank you, Randy. James, do you need the question, or are you good?

Edwards: The question was, can I give you an estimate of the fiscal impact it will have on small business. The answer is no, I cannot, because I’m not involved in it enough to know what the impact would be, either negatively or positively. I do appreciate Linda Haseman delving into it the extent she did, giving us the information that she did. So. And Randy’s help. That’s my answer.

Morris: Thank you, James. Carla.

McQuillan: I… I don’t… I couldn’t make an estimate without more information.

Morris: Okay. Thank you. All right. So, now we’re at the point again where we can… you as a committee can talk amongst yourselves for 15 minutes, talk based on this… this conversation, which is businesses and small businesses, which… what are affected and how much they are potentially affected. So, go… whoever would like to start.

StevensonA: This is Art.

Morris: Go ahead, Art.

StevensonA: Obviously, the agency said there would be no fiscal impact. And… And, obviously, we just stated for the record that we know there’s going to be a fiscal impact on small business, not only the blind licensed manager but, as Randy said, small businesses that are currently doing business with blind licensed managers. If subcontracting was limited or eliminated those small businesses would definitely be… definitely be affected. Not privy to their books but I do know they exist because they… they are working for me. One of those small businesses is currently serving in some of my locations, the small vending machines that disperse for a quarter the candy or M&Ms or whatever. And, therefore, if we were not allowed to continue… and I know those exist in almost every location that I know of around the state. And so, that in come they’re receiving would definitely go away. So there’s negative impact, like I said, how much it is. But the simple fact of the matter is their statement that there would not be a fiscal impact with the filing of those… these rules is… is not an accurate statement.

McQuillan: Carla.

Morris: Go ahead, Carla.

McQuillan: First of all, I’d like to know where you get bag of M&Ms for 25 cents, Art. I mean, I have not…

StevensonA: No no no…

McQuillan: … paid 25 cents in years!

StevensonA: Carla…

McQuillan: No, it’s my turn. It’s my turn. You had a long time. I’m serious. And I think we’re talking, too, about an economy of scale. We are really talking currently about 15 managers in the program and most of what you said, all of you said would be the fiscal impact would be related to the subcontracting issue or the inability to do that from this point forward. And I think, of those subcontractors, we’re probably talking about a handful. And, again, when the state looks at fiscal impact there is a point at which there is a negligible amount that is, for all intents and purposes, considered not to be a fiscal impact. A dollar. I don’t know where… where the cutoff is but I know that a significant fiscal impact, to whatever extent, is necessary for it to be considered a fiscal impact.

StevensonA: Well, and… This is Art, again.

Morris: Go ahead.

StevensonA: I wasn’t talking about bag candies. I was talking about little machines that stand about table high and you stick a quarter in and you turn the knob and out comes a handful of M&Ms…

McQuillan: It’s really not that [inaudible]. [Chuckles.]

StevensonA: … or whatever product that are… that are in there. So, sorry you misunderstood what I said. I sure wish I could get a bag of M&Ms for a quarter. And… And I can tell you this, I know my subcontractor can get M&Ms for a heck of a lot cheaper than I can and that’s why I use that leverage and max my… what I think the profitability of my business is. It… So… And… It would be interesting to know. And you bring up a great question. Of course, we can’t ask any questions of Eric but I certainly am going to investigate. But your comment, Carla, on… on the fiscal impact thing that you can list a number if it’s at a certain level… so I… I, obviously, believe the fiscal impact is fiscal impact and that’s what this committee is supposed to talk about. And that a… an amount of money to a small business and they lose that… you may think it’s insignificant, but they don’t. And… And I think, you know, those things need to be explored and talked about.

Haseman: Linda Haseman.

Morris: Go ahead, Linda.

Haseman: Yeah, I can speak to that. First of all, I’ll speak to myself and only myself. I am talking greater than subcontractors. I spoke very, I thought eloquently, that I was speaking about vending facility managers as small business owners as well, the impact that they would have, which was greater than just the subcontractor impact. It was also to the repairs. And there’s another piece of the repairs. Currently, the agency would take up to, well, vending managers only have to pay up to two repairs per piece of equipment and the Commission for the Blind pays the rest or replaces the equipment at its discretion. And in the draft rules they’re putting the burden over onto the vending facility managers as small business owners to limiting that they will… the Commission for the Blind will only pay up to four repairs per piece of equipment per calendar year. So it’s shifted a lot of that burden over to the vending facility managers. As far as fiscal impact, negligible or not, I reviewed the ORSs pretty extensively regarding this type of impact tied to rules and I’m not finding anywhere that it’s lists a dollar figure that it just gets automatically waived as if it’s not anything that the state has to consider. It’s my understanding, as Art just said, is an impact – whether it’s a dollar, whether it’s five million dollars – it’s [inaudible]. And I don’t see anywhere in the Oregon Revised Statutes that breaks the state or the agency out of that with an impact… small businesses, businesses, or the like. So, thank you.

Hauth: Eric?

Morris: Thank you, Linda. Go ahead, Randy.

Hauth: Yeah, I’d just like to say, as far as how small businesses can also be impacted, wasn’t too long ago that the agency was in a litigation with a small business that was in a facility and they didn’t want to leave, right? So we remember that. Potential is, if a small business has agreements, or even large businesses, have agreements with contractors and the agency is intending to sever that relationship, there could be a potential legal fiscal impact on that… that business, you know, in order to take that litigation on against the state or even against the vendor, you know? So. Anyway, just wanted to throw that in there.

Morris: Thank you, Randy. Anybody else?

Hoddle: Just really quick – Cindy Justy, I had a letter in front of me, I don’t where it went, but Cindy Justy is the president of NAVA, also came out with a little statement I can send around to everybody…

Morris: Vance, you might want to say what NAVA is. I… I…

Hoddle: Oh, I’m sorry. Northwest Automatic Vendors Association. It’s an industry group, of which I’m on the board and Randy’s on the board. So, yeah, but she just made a statement supporting, kind of, subcontracting. And the larger national organization also took that position. So.

Hauth: Yeah. And it… Eric?

Morris: Yeah, Randy. Sorry.

Hauth: It does sound like we’ll have to introduce that, you know, through the process prior to the 23rd. So… but, yeah [inaudible].

Morris: All right. Thank you, Randy.

Edwards: James.

Morris: James, go ahead, please.

Edwards: So, this is a small group of people involved in this business but… but, as far as I understand, they do quite a volume of business. So anything they do is going to have an impact on somebody down the line, whether it’s them or small businesses or… somebody will be impacted, whatever they do.

Haseman: Linda Haseman.

Morris: Thank you, James. Go ahead, Linda.

Haseman: Yeah, another thing I wanted to speak to under this area is the impact to the licensed blind managers to set up an inventory and warehousing and the initial inventory debt that they’ll be occurring. I consider debt a fiscal impact. I think most Americans would consider it a fiscal impact. So, the projects are, for initial inventory for somebody with 200 machines, that would be about $40,000 that they’d be going into debt, that they have to pay back over 20 months. 20,000… 23,000 would be incurred in the change fund to set up those machines. So that’s about… paid back over 20 months. So that’s 63,000 right there, automatically snap of your fingers, 63,000 in incurred debt. Then on top of it, the licensed blind managers on their own accord, I would assume, because the initial inventory is just to stock the machines. There’s a $40,000 investment close to it that would need to clear up a warehouse to be ready too as those machines get depleted, refill that stock. So $40,000… it’s gonna have to roughly come out of some… one of… the blind licensed manager’s pocket somehow. I guess they go take a small business loan on top of their incurred $63,000 debt to the agency. Then there’s vending permit licenses required through the Oregon health… for vending machines and it escalates depending on the number of machines that you run and the warehouses that you run. You’re required to have that under the state, it’s a required Oregon Revised Statute. Then you’re also looking at, probably, first and last month’s rent on a warehouse. That’s at least another $2400 coming out of your pocket from somewhere. And then, as you’re transitioning machines you’re losing revenue while machines are unplugged, waiting for the new ones to be plugged in, the period of time to train your new staff, all starts ratcheting up pretty high on a licensed blind managers or vending facility manager, trying to get their route up and transitioned. So I want to take that all into account, as well. [Inaudible.]

Morris: Thank you, Linda. We got about three and a half minutes left on this section of the discussion.

Hoddle: This is Vance.

Morris: Vance, please go ahead.

[00:23:21]

Hoddle: Well said, Linda. That’s all.

[Laughter.]

StevensonA: This is Art.

Morris: Art, please go ahead.

StevensonA: Yes, there definitely will be a fiscal impact on… on blind licensed managers. I know because I am one. I know there was a little controversy that, you know, Carla said, you know, we’re not small businesses, but we are.

McQuillan: That’s not what I said. I can clarify, when you’re done.

StevensonA: Oh, okay. Well, that’s good. But the current situation… it will definitely have a fiscal impact on me, as Linda said. If I’m not able to continue the way I’m currently doing it… Currently, I do about 50/50, so that means I’m gonna have to pick up 50% of what I currently have and that is gonna cost me money. As Linda said, if I do it through the Commission, then I acquire debt and then I got to pay back that debt, which is a fiscal impact. If… If I choose not to go into debt and buy my… buy my inventory out of my current business pocket and not go into debt. That is a fiscal impact on me because I have to spend that money and I will not, you know, of course do that. And then, of course, it’s vested in the Commission and I have to maintain that. So there’s definitely a fiscal impact on small businesses and, you know, and… and it’s not just negligible.

Morris: Thank you, Art.

McQuillan: Do I have time to clarify my comment?

Morris: About a minute and a half.

McQuillan: Okay. There are… What the question asked was private, independent small businesses. I run a small business. It is a private non-profit, so it does not qualify under this. I have a business license, I do all the same things that you said, but I am independent. I can make my own decisions. I’m not dependent on the… The facilities you guys have are literally contracted by the agency and you use… That’s not independent. If you were, you could make all your decisions yourself and we wouldn’t be sitting here having this meeting. Hey, it’s not a slam against who you are, it’s just definitionally… I don’t believe that you are independent, private, for-profit businesses.

Hauth: Eric?

Morris: Thank you, Carla. Randy, there’s about…

Hauth: Yeah, I don’t know that any business person can make all the decisions on their own. You’re under a lot of autonomy… or, lack of autonomy yourself. So, you know, any business is. There wouldn’t be regulations and rules and laws if that were the case. So.

Morris: Linda, we got about 15, 20 seconds.

Haseman: Linda Haseman. I’m gonna just respectfully disagree with Carla McQuillan.

Morris: Thank you, Linda. And that, almost… got about 9 seconds left. But that’s…

StevensonA: Let’s put it in the can…

Morris: All right. Very good.

StevensonA: … and move on.

Morris: All right. Thank you, guys. So we’re nearing the end. It’s in sight, not to use a bad analogy.

[Laughter.]

Morris: In sight for some people who have good sight and for those of us, we’re using a magnifier. So.

StevensonA: The end is near.

Morris: So I will… I will preface this part of the conversation… we’re gonna take this as a block, like we’ve done the other pieces. But these five specific questions we’ll do the three-minute rounds on are all about the objections that were filed with the Commission on the rules. So there’s five separate ones. We’ll do each one on a three-minute rotation like we’ve done then we’ll do a 15-minute overview of all five. So.. and these are literally quoted right from the objections, so they’ll read a little differently, so please pay attention. And so, Linda, we’ll go to you first on the first one. “Can you… Can you estimate the following, and it’s the fiscal impact, including adverse fiscal impact to vending facility managers, small businesses needs to… small businesses’, possessive, small business needs to be determined relevant to continuing education training requirements in the OAR, which is the 0015 item C 1, 2, 3, 4, 5 and 6 and 7?”

Haseman: Yes, I can. Currently, within the new draft rules, there is now a continuing education training requirement that I think requires a licensed blind manager to attend one of those annually, just as a mandate or else they give up their bid opportunity rights – which I question whether than can even happen – give up their bid opportunity rights, unless they have approved leave or I guess hardship [inaudible] to the agency, along those lines. Anyways, however, the rules do not state at any point in time who pays for such a mandate in continuing education training. And, coming from the background I come from, that, any time you mandate somebody to do something, you’re taking on that responsibility [inaudible]. However, in the rules the Commission do not… does not state that they’re taking on that responsibility, at least [inaudible]. It doesn’t say [inaudible] fiscally managers, either. So I’m gonna assume the facility manager would have to take on that cost. And I project that that cost could be an annual cost for the vending facility managers as an impact to them $1,029.50. That’s based on average conference registration and average plane tickets, average three nights hotel for a conference and average three days of meals. Thank you.

Morris: Thank you, Linda. Art, do you need me to read the question again, or are you okay? [Silence.] How about I read it again?

StevensonA: Well, in… in all actuality, I will agree with Linda and basically leave it at that, except for the fact that I do know, you know, things are constantly changing in the industry. And the ability of a blind individual to, you know, have accessibility. Sometimes there is a problem there. And, no matter how you look at it, sometimes that does create a problem. And there are some things that create challenges that sometimes they can be overcome but sometimes they cannot, as far as the education goes. And each individual blind licensed manager has unique capabilities. Sometimes they can do things and sometimes they’re not so good at it, just like every other individual. Me, for instance, I’m horrible with technology and… and so, that’s just a fact. And, you know, I adjust. I make the decisions on how I go about… I think… I think that’s very important that me, as an independent person, need to be able to make, you know, evaluate my business, evaluate what’s best for my business and then… and then go from there.

Morris: Thank you, Art. Vance.

Hoddle: Linda’s done her homework. Next.

Hauth: If you would read… read the question one more time.

Morris: Sure. So, “can you… can you estimate the following: the fiscal impact, including adverse fiscal impact, to vending facility managers, small businesses’ needs to be determined… to be determined relevant to continuing education (CE) training requirements? And that’s under the OAR 585 015-0015 item C 1 through 7.”

Hauth: Yeah, well, with my experience and training, I would project that there’s about $1,000 per person to comply with the training requirements that will be mandated. So, if there’s 15 or 16 managers in the program, we’d be looking at about a $16,000 annual. Now, if managers come in, if that mandate is still there and those costs still stay the same then, of course, that would grow. And, also, there’s small businesses. I think there was some trainings put on through Smitty’s Vending. I don’t know how those costs were associated but I know people flew in from across the land and did training. So I could see where maybe even small businesses would be adversely impacted. I can’t project what that would be, though.

Morris: Thank you, Randy. James?

Edwards: You know, I think… I think I’ll pass on this question. I think Linda, Art, Randy answered it sufficiently, as far as I can tell.

Morris: All right. Thank you, James. Carla.

McQuillan: Okay. I have several things on this. First of all, most professions require, to some extent, continuing education in order to maintain a license or whatever certification you have or to even hold the position that you are in. Linda, just an FYI, if it is a requirement of the job you are in, it is not the employer’s responsibility to pay for it. And, in fact, if an employee does not comply with the expectation for continuing education it is grounds for termination and they’re not going to be eligible for unemployment as a result. I’ve dealt with this personally. Secondly, I looked at the list of options for continuing education and, as I read it… First of all, there’s no set number of hours in the rules for continuing education requirement and there were several that can be done without a dime to the licensed blind manager. You’re only required to do three in a year. There are two agency in-services that are already covered. You can do Hadley School, that’s not going to cost you anything. There are a number of webinars. There are things you can do without traveling outside your home would meet that criteria, if that is what you want to do. So I… I think continuing education is essential and I don’t see that there’s any fiscal impact to the managers on this one. If you don’t want there to be.

Morris: Thank you, Carla. All right, we’ll move on to the next… the next one, which was another objection of the five that were raised. Linda, we’ll go to you on the phone. “Can you estimate the following? Can you estimate the fiscal impact, including adverse fiscal impact, needs to be determined for the vending facility’s small businesses relevant to the fulfillment of the statement – Got to turn the page. Sorry. – statement of full-time employment, inclusive of the average minimum of 30 hours per work… per week and the documentation of activities on a weekly log?” This is referencing OAR 585 015-0050, items 1 through 18.

Haseman: Yeah, I can speak to that, Eric. But can I ask a question? Are we not doing a 15-minute tied to that last question?

Morris: No. As we got this one started, we’ll go through these five and we’ll talk about them as a group for 15 minutes.

Hauth: Make notes.

Haseman: Okay, thank you.

StevensonA: Why wasn’t it split?

Haseman: [Inaudible].

Hauth: Get off speaker.

Morris: Yeah, we…

Haseman: As far as the 30 hours of work week, I already spoke to the benefit factor question that has been raised in the past and recently raised by a national legal expert as to whether that catapults into benefits being paid to licensed blind managers, which could be a positive to the managers and a negative to the Commission for the Blind. Fiscally, it’s that it does have to be paid out or comes into question. The other thing, somebody already spoke to it, was being required to do 30 hours of work week. That… Well, how I would speak to it is, you’re starting to drop into the employer category when you start having controls of 30 hour work weeks on these independent licensed blind managers. You’re starting to hit a control category as an employer. Also, individuals that currently don’t have vehicles would have to use a vehicle or utilize their driver’s vehicle and pay for not only the driver but the wear and tear on the vehicle. There would be fuel and service [inaudible] required on the vehicle. Rural routes and high traffic gridlocked areas could experience [inaudible] time out there on the road and would also incur time… travel that the drivers would have to be paid for those geographically large reach areas. There would be vehicle insurance if somebody doesn’t already have a vehicle within their family when they first… the vehicle, they would have to add insurance and some other requirements. There might be some additional vehicle or business licensing insurance that they would want the coverage to make sure if something happened with their driver being the driver that they’re covered and their business is protected. So, I think those are the two areas that [inaudible]. Thank you.

Morris: Thank you, Linda. Art. Did you need me to read the question again, or…?

StevensonA: Um.

Morris: This is dealing with the 30-hour work week.

StevensonA: Yeah. And the fiscal impact.

Morris: Yep.

StevensonA: Well, obviously, there is a fiscal impact because, you know, the law does mandate that I would have to keep the log and, therefore, my time is worth something. So, if I’m writing all that stuff down and not doing something else which I could be doing for the business… And so, there is a fiscal impact there. And if I do not meet the requirement of the 30-hour work week by some chance and it’s no fault of my own or any of the other blind licensed managers who are involved, according to the rules they could lose their job. And that is a tremendous financial impact, no matter how you look at it. So I believe that, definitely, the blind licensed manager has to be engaged and… and doing it. Mandating that it be a 30-hour work week when sometimes that does occur and sometimes not… so, you know… be, you know, a person who does some of my work myself and some of it I subcontract. It… It could be an adverse impact. And then, you know, relating all the expenses that Linda talked about are also there. And so, yes, the blind licensed manager should do what it takes to do their job. But to set a mandate and then to say, “Hey….”

Ewing: Time, Art.

Morris: Thank you, Art. Vance.

Hoddle: Looks like a lot of red tape to write it up and a lot of red tape to review it, to me. Next.

StevensonA: God, I wish I’d thought of that. [Laughs.]

Morris: Thank you, Vance, Randy.

Hauth: Yeah. So, I can tell you that, depending on what… what the full-time employment, which has transitioned to the 30-hour work requirement through the rules at this point in time, what that looks like… and I think around the discussions it looked like going out and surveying your facilities and inspecting your facilities. I know there’s been concerns brought forward by Derrick Stevenson. I can tell you Lin Jaynes, Derrick Stevenson, Gordon Smith, a number of other managers who have rural routes or maybe, in Derrick’s case, don’t have the closeness in proximity to his vending, again, they’re going to have to get a car. How’s that gonna happen? They’re going to have to hire a driver 'cause most blind people don’t drive. They’re going to have to have insurances on that. They’re going to have to have gas and service around that. And they’re also going to have to maintain those work logs. So that just doesn’t happen. It’s time and resources. And so I absolutely believe there is a fiscal impact on that. That said, Terry Smith and Susan Gashel both brought concerns around this item. Susan’s were more poignant but Terry did identify that, if you’re crossing over into an employee status, you could then become eligible for unemployment. And Susan identified that there’s also concerns around there. So I could see some real potential litigation or complaint action again, you know, with the manager having a fiscal impact to try and offset that or defend themselves or herself.

Morris: All right. Thank you, Randy. James.

Edwards: So, basically, a 30-hour work week is a good idea. But I can see, if a licensed blind vendor is out doing labor-intensive work, servicing his machines, and he’s out spending money to make money, buying gas for his car and buying product and spending his time out doing the actual work… And, if he’s sitting at home – and I would assume that a lot of your work is done on the phone, ordering supplies and that sort of thing – so… so I just wonder how you would differentiate between the physical and the non- physical work.

Morris: Thank you, James. Carla.

McQuillan: Okay. I have several things. First of all, I don’t know anybody who owns and runs their own business who doesn’t work at least 30 hours a week, particularly in certain times of the year and at the beginning of their business. I just don’t know. In fact, lucky to work fewer than 50 hours a week. That’s one. Two: this looked to me like a concession, for you guys who didn’t want to actually first-hand manage your own machines or your cafeterias; that this was a way that you could, as you’ve said repeatedly, that this is a way that, you know, you say you do manage your subcontractors, you’re on top of everything that goes on in your facilities. All of those things are listed. I don’t know… I don’t know where the car thing comes out in all those expenses. I… I don’t drive a car. I… I have three different school sites and I can manage my school sites without physically being present on each of them on a regular basis. I do a lot of work. All that’s counted, all that is in the list of things that you can justify your 30 hours in a week, is contact with your subcontractors or with the facilities manager of the building that you’re in. There’s a lot of things that are there, as James said, stuff on the telephone. A lot of that counts in, it’s listed there. I can’t… I’m baffled as to why this is a problem. I don’t see a fiscal impact. I think everybody ought to be working 30 hours a week. If you really are running your own business, I don’t know how you couldn’t.

Morris: Thank you, Carla.

Haseman: Can I speak? Just wondering if…

Morris: Linda, no, we’re not… we’re not in a rebuttal period, yet. So, we’ll have time to do that after we’re done.

Haseman: Well, I… I wasn’t gonna rebut. I was just gonna say that it sounds like Miss McQuillan is actually speaking to the individuals in the room, rather than…

Hauth: Yeah.

McQuillan: I’m speaking to the room.

Hauth: Shouldn’t be a philosophical discussion. It should be fiscal.

McQuillan: But can I just say that you guys have been using yourselves as examples. I’m not a manager.

Morris: Okay.

McQuillan: I’m just using examples.

Morris: We’ve been doing really good. And it is getting a little late in the evening. But you guys have been doing really good. So we’re… we’re gonna finish these next three topics, then we’ll have some open discussion and we’ll push through. So thank you for… thank you for being attentive, everybody. I appreciate it. Okay. The next… The next… The next point we’re gonna cover, it’s a little bit of a long one so, Linda, we’ll go to you first again. This is talking about estimating the fiscal impact… “the fiscal impact, including adverse fiscal impact, needs to be determined for the vending facility managers’ small businesses and for the public, such as to the contractors of vending facility managers relevant to the subcontracting criteria for approval.” And this is OAR 585-015-0055, items a 1, 2 and a - … a through b. [Silence.] Linda? [Silence.] Linda, are you there?

Haseman: Yeah, that’s okay. I heard you.

Morris: Oh, sorry. Okay.

Haseman: I’m actually looking over my notes and I think a lot of what I’d be able to say I’ve already said in previous statements. So I think, as some others have done in the past, I’m gonna defer my comments, as limited as it is, because I already spoke to it. Thank you.

Morris: All right. Thank you, Linda. Art.

StevensonA: Yes, sir?

Morris: You need me to read the question again, or are you good to go?

StevensonA: Well, um…

Morris: You’re going.

StevensonA: I’m gonna pass.

Morris: Very good. Vance.

Hoddle: The impact on small businesses and/or the public? I… Just that we’re talking about the process of being approved to be a subcontractor, is that…?

Morris: I think that’s actually later on. This is talking about fiscal impact, including adverse fiscal impact, needs to be determined to the vending facility managers’ small businesses and/or the public, such as to the subcontractors of the vending facility managers relevant to the establishment of a list of approved… No, wait a minute. Sorry. Sorry. I think I read the wrong one.

[Laughter.]

Morris: I did.

StevensonA: I’m going, “Wait a minute! I didn’t pass on that.”

[0041:03]

Morris: No no no. Sorry. I’ll… Fiscal impact… “Fiscal impact, including adverse fiscal impact, needs to be determined for the vending facility managers’ small businesses and/or the public such as to the subcontractors of the vending facility managers relevant to the subcontracting criteria for approval.” And this is OAR 585-015-0055, items a 1, 2 and a through b.

Hoddle: God. Well, who wrote that?

StevensonA: Eric… Eric… Eric wrote that.

Morris: I did not write that, Art. That’s directly quoted from the objections. So, Vance, would you like to comment?

StevensonA: From the objections?

Morris: Yes. Vance.

Hoddle: I don’t know what it means, so I have no comment.

Morris: Thank you, Vance. Randy.

Hauth: Yeah, I believe that objection was stripped out of the rules. So I believe that’s in the rules, though I could be wrong. I don’t know how it got there and I really don’t know what it means, other than what does the criteria mean?

So, being the criteria hasn’t been built yet, I think it’s impossible to conclude that. So, other than maybe some more time and resources and maybe some more red tape and maybe some limitations that might be imposed in the criteria, I can’t… I couldn’t identify what it… what the fiscal would be.

Morris: All right. Very good. Thank you, Randy. James.

Edwards: I’m not sure if I quite understand the question, or the statement, good enough to comment on it. So I’ll pass.

Morris: All right. Very good, James.

Edwards: Defer to Carla.

Morris: Carla.

McQuillan: Ditto.

Morris: Very good. All right, we’ll move on to the next one, which is the one I read wrong. But I’ll read it again. Linda, we’re gonna go back to you on the phone. And this is talking about “estimating the fiscal impact, including adverse fiscal impact, needs to be determined for the vending facility managers’ small businesses and/or the public such as to the subcontractors of vending facility managers, relevant to the establishment of a list of approved subcontractors.” And that’s OAR 585-015-0055, items b 1 through… b 1 through 14.

Haseman: Yes, I can speak to this. So, when you don’t… as to RFP or QFR requirements, there is costs associated with that. And so the subcontractors and/or the vending facilities – but mostly, like, the subcontractors – they would need to have a person either on staff that’s fully trained to complete an RFP, which I’m not sure some of the small businesses are, or would have to hire a staff person as a temporary to do it, or possibly a consultant to do that. So there is a negative fiscal impact on them, to complete an RFP or a QFR. Then there’s also a requirement normally within the RFP to attend an interview, submit data, business data, submit pro formas and answer a variety of questions. There’s usually some question and answer periods that happen out under the RFP. So all of that would take additional resources or new resources for… whether it be for businesses or even large businesses for them to complete that new criteria for… under the new draft rules. Thank you.

Morris: Thank you, Linda. Art.

StevensonA: Yeah.

Morris: Would you like me to read it again or…?

StevensonA: No no no no!

Morris: Okay.

StevensonA: Yeah. I might say that, being a part of the Elected Committee and actively participating, supposedly, in this process I, number one, do not recall a quote unquote conversation about developing that criteria and requiring me as a blind licensed manager to, you know, go through this process, if I’m understanding it correctly, on selecting who my subcontractor is going to be. And my understanding of the state statutes is the agency was going to develop a list of qualified subcontractors/teaming partners. And then the blind licensed manager was going to be able to make an independent business decision on which one of those qualified subcontractors was going to work best for his or hers individual businesses. And… And so, having gone through the process of developing this law and, you know, with the legislature and stuff that was what I thought we were doing here. I did not think that once an established list of qualified blind licensed managers was there that… that we could choose from those, and how we did that was up to us. So, yeah, there’s gonna be a fiscal impact on me because I just found out that, you know – and maybe I was asleep when I read the rules or jumped over that – but I didn’t realize that, in the rules, once a… a bunch of qualified subcontractors existed…

Ewing: Time, Art.

Morris: Thank you, Art.

StevensonA: Am I time again.

Ewing: Yeah.

StevensonA: See! I told you I needed more than three minutes on these dang things 'cause… But, anyways, that’s another story. Okay, Vance, it’s your turn, bud.

Morris: Vance.

Hoddle: The fiscal impact is probably to businesses, small businesses is probably negligible. This is another red tape thing with high annoyance factor but that’s not a big deal for me.

Morris: Thank you, Vance. Randy.

Hauth: Yeah, I would say, still not knowing what the criteria is, may, you know… a company like Vance’s is dialed in and they have the expertise to qualify for lists such as these. Smaller businesses don’t; may have to hire experts to assist them, you know, getting vetted through the agency. So, without that information, I don’t really know. I don’t think it will be a great fiscal burden but I think there’s still probably for some people going to be a fiscal impact. So.

Morris: Thank you, Randy. James.

Edwards: Well, it sounds as though they have or are going to create a list of qualified third-party vendors that could help… help these people service their businesses. And it’s… like, to me, it sounds like they could choose the one that would give them the best deal. That would be a fiscal impact on whoever’s doing it. So.

Morris: All right. Thank you.

Edwards: [Inaudible.]

Morris: Oh, sorry.

Edwards: That’s it.

Morris: Thank you. Carla.

McQuillan: Sounds like most government agencies that subcontract or contract with anybody. There’s typically an approved list. And I don’t see that this really is anything different. I don’t… I didn’t read that it took the final decision out of the hands of the blind licensed manager. So, I don’t see a major fiscal impact.

Morris: Thank you, Carla. All right. That brings us to the last bullet point, the last question and then we’ll open it up for a general discussion. Linda, we’re back to you on the phone. And this one deals with “estimating the fiscal impact, including adverse fiscal impact, needs to be determined for vending facility managers’ small businesses and/or for the public such as to the subcontractors of the vending facility managers relevant to the extent of subcontracting allowed… subcontracting allowed.” And that’s OAR 585-015-0055, items c 1 and 2.

Haseman: So, I think this has been talked about in lots of different places. But I think the bottom line is the relevance to the extent of subcontracting allowed. In this place we had talked about the extent of subcontracting allowed. In another place it thoroughly indicates plans to limit that. And so the discussion becomes a little bit gray because you don’t really know what is going to happen and… as to what the Commission decides. And I think that’s what’s making most individuals nervous, especially the ones that have subcontractors. And a majority of managers at one point did express they wanted choice and these things tend to take the choice out of it for the managers. And that wasn’t my understanding of the intent of the bill. I thought it was very clear that this was supposed to be a program-friendly bill. So anytime that you [inaudible] subcontracting you’re talking expense. I think that opens up a lot of fiscal impact. And when it’s gray like this and there’s not a clear understanding of what’s going to happen in the rules and so, in that sense, ambiguous. I think we’re talking a fiscal impact possibly in the court system because nothing should be gray in the rules. The whole reason for [inaudible] is to clear up any kind of ambiguity or gray areas or leeway that statutes gave. And I don’t find that these rules have done that yet. So I just think that the fiscal impact will be likely to [inaudible] vending facility managers that want to take on any litigation. And I know the intent was to prevent litigation. So I’d just encourage [inaudible] fiscal impact and get the rules right.

Morris: Thank you, Linda. Art, do you need me to read it again or are you okay?

StevensonA: No no no no! Limit the amount of the fiscal impact. Obviously, we have different size vending routes and different scenarios for vending because we have cafeterias and snack bars who have anywhere from four machines to almost a hundred, the cafeterias and snack bars, too. So the amount of fiscal impact, of course… and I brought this up with one manager I know has four machines in their location and fulfilling the requirements of the agency, if they say, “Hey, you have to do all of these machines… Obviously, depending on that particular location, and… and what they have, the quote unquote initial extra inventory and storage space they may or may not have and that’s definitely going to have a fiscal impact. And I know for a fact that part of the rules was – or the proposed rules – by the Elected Committee was that if a blind licensed manager was already engaged in full-time employment with a cafeteria or snack bar, that they absolutely had the choice to either service the machines or to subcontract the machines, whatever was best for them and their particular business situation. So, and… and I do know that that was the intent when the Commission started tying vending machines to different cafeterias/snack bars. And so, yes, that could have a positive aspect…

Ewing: Time, Art.

Morris: Thank you, Art. Vance.

Hoddle: So, I think, fundamentally, let’s not forget what the sponsors’ intent of the bill was, and that was to benefit the licensed blind managers, not… not to limit their options, to take away their fundamental business rights. Limiting the extent of subcontracting certainly has a significant financial impact on the blind managers. But I think, to Randy’s point earlier, this is… this is really important. We’re… We’re developing these rules or we’ve got these rules in place where one size fits all. There’s 15 licensed blind managers and every one of the shapes of their business is different. And we’re trying to stick them in one hole. It just doesn’t work. You can’t end up with a fair conclusion. You know, Derrick Stevenson is a classic example, you know. He’s down… He’s got a route… it’s not big enough to sustain him, really. I mean, maybe he works 30 hours a week, maybe he doesn’t. He’s a little concerned about documenting it. He’s got a different situation than Carole Kinney relies on the little bit of vending revenue she gets from us to help make ends meet. Steve Jackson kind of in a similar spot there. It’s trying to stick 15 different businesses under…. It just doesn’t work.

Morris: Thank you, Vance. Randy.

Hauth: Yeah, if you could read that again, please.

Morris: Sure. So this is talking about estimating the fiscal impact… and “the fiscal impact, including adverse fiscal impact, needs to be determined for vending facility managers small businesses and/or for the public such as to the subcontractors of vending facility managers relevant to the extent of subcontracting allowed.”

Hauth: Sure.

Morris: That’s under OAR 585-015-0055 items c 1 and 2.

Hauth: Okay. Well, again, I think there could be both. It’s not a one-size-fits-all. It should be about choice and determining how that profitability is. In essence, limiting subcontracting for one vendor could limit that vending facility manager’s profitability. In my instance, I absolutely can… would state unequivocally that, to limit my ability to have subcontracting would decrease my profitability and also decrease… well, decrease my profitability. Other managers, maybe it would increase theirs to be able to have that choice, depending on what the situation is. But certainly we’ve gone over a bunch of the reasons why. Again, as a blind person, many times we have to hire… we have to hire support staff to help the functions we don’t do and it doesn’t necessarily mean that we need them. So, going back to the fiscal impact, I… I would go back to what we stated today about a blind vendor having to hire a driver, having to rent a warehouse, having to hire support staff for the time that driver doesn’t show up, having to train your warehousing person or your driver or your route man, repairing your machines and paying for those repairs, making sure that all your permits are in place, all your insurances, to the extent now that much of it the subcontractor offsets are big reasons that I believe that the fiscal would be adverse mostly, overall.

Morris: Thank you, Randy. James.

Edwards: So, as I understand it, what started this whole conversation was the fact that there are certain people, legislators included, that say that they have concern that the licensed blind vendors are not visible to the public doing their work and that they’re sitting home collecting a paycheck without actually doing any work. So, if the 30-hour work week were implemented and they’re required to work 30 hours per week, then I think they should be able to contract to whatever extent it took to do the rest of the work they couldn’t do in 30 hours, whether it’s 70%, 75 or 10%. My… My view.

Morris: All right. Thank you, James. Carla.

McQuillan: So I believe that the Randolph-Sheppard Act and this law in the state is… it’s an employment program for blind people and I’m all for it. I am not opposed to people subcontracting facilities. I am extremely opposed to individuals who do not have hands-on, out in the public, as James says, operation of their facilities because I think that that is contrary to the law, the intent of the law. I think the intent, when… when this bill was passed through the legislature, was to make it an employment program again and not…. I mean, I know it’s a concern of the legislators that there are managers who do not operate their own facilities but they’re doing all their subcontracting. I think it would be better for blind people if we were out there doing stuff in the public. I think that when you go out and work you derive some satisfaction from the ability to serve your community and, at the end of a long day, you feel like you’ve accomplished something. And I think that’s really important, that the… the… I don’t think the employment, the actual work aspect, can be underestimated. I don’t think it’s all about money. I think that it’s… it’s beyond that. I think that’s what this particular program is about and should be about. And I think that, if it comes down to there are people working and they need to supplement their income with some subcontracting, and I believe that that should be something the agency has some say in because the facilities that are out there that are not subcontracted by an individual, then the revenue from those facilities goes into set-aside for the program and maybe pays for retirement benefits or health benefits or whatever else it is that you guys… or more machines, the repair of machines that you guys already have. That’s… That’s what I think the program’s about and I certainly don’t think that the… the restriction of the subcontracting is going to be an adverse fiscal impact on any of the managers if they are working.

Morris: Okay. Thank you, Carla. So, we’ll do the 15-minute discussion period. And what I’ll do is I’ll read back through, 'cause I know we covered a few things here, so everybody can have on the tip of the tongue what the discussion is going to be about, relevant to estimating a fiscal impact around the continuing education requirement, the fulfillment of a statement of full-time employment, including the average minimum hours of 30 hours per week, the subcontracting criteria for approval, the establishment of a list of approved contractors and, finally, the last topic we were just talking about, the extent of subcontracting allowed. So, I’ll go ahead and open up the discussion and whoever wants to jump in first.

Haseman: Linda Haseman.

Morris: Linda, go ahead, please.

Haseman: Hi. Yeah. I want to speak to the state certification since I was addressed individually from a committee member. Just so that individual does know, I do completely understand state certification requirements when it comes to continuing education. To begin with, those are normally set through an Oregon Revised Statute, through the Washington Administrative Code, or something like that and has the specific requirement listed normally on those person’s licenses or teaching certificates. For example, in the state of Washington, they’re required right on their certificate to complete 150 clock hours of continuing education within a certain allotted time between when their certificate was issued or re-issued or reviewed and when it expires. So I do completely understand. Currently, the licensed blind managers do not have a continuing education requirement [inaudible]. I am in no way saying it’s a bad idea. I believe in education; wholeheartedly do I believe in education. However, this committee was about fiscal impact and when that became a requirement in the new draft rules that became a fiscal impact to somebody. It was… if it’s gonna hinder somebody’s livelihood and they have to pay for it, that’s a fiscal impact for them to pay for. If it’s going to hinder… If the agency [inaudible] then it’s an agency impact. But either way, [inaudible], it’s a new requirement, it’s not a requirement for their licensure, as the others are under state certification set by state law. This is a new requirement and it’s a new fiscal impact. Thank you.

Morris: Thank you, Linda.

StevensonA: Art!

[00:58:11]

Morris: Art, did you want to say something?

[Laughter.]

Morris: Please go ahead.

StevensonA: I most definitely do. Okay, Now, first of all, let me say that, as a blind licensed manager, I have advocated and encouraged the agency, the state legislature and… and also work on it nationally, that there seems… there is a… a misnomer, a kind of stigma out there that if you use a subcontractor you’re… you’re somehow collecting a paycheck and not working. Therefore, I have worked diligently, including on the Elected Committee. And with the members of the Elected Committee and the blind licensed managers and with Vance and trying to work with the agency to say we have to get rid of this… this dang negative word. And… And we have to consider the individuals we’re working with as teaming partners and not subcontractors. There definitely needs to be a relationship where the blind licensed manager is in charge and does control, supervise and have the ultimate say on what’s going on in their vending facility and… and they work at that. And… And I can say, without objection, that Compass has wanted to do that also. We provide… When we’re working together, we provide a service that I know is awesome. We work together, we resolve problems, we make sure our customers are happy, we make sure the dang machines are repaired as quickly as possible and… and we discuss my teaming partner who is in Salem. We discuss issues, we work with… in the prison we work together with our contact there, Tanya, in… in creating a better environment, that our customers are happy. And… And that, you know, is a great thing as far as the scrip vending goes. Compass gets better pricing because they’re doing several prisons. The manager… if we split it up, it’s more costly to the manager, it’s more costly to the prisons because they have to do each account separate and they didn’t want to do that. And that’s why, in the first place, they said, “Hey, we only want, to the extent possible, one company doing the scrip vending. We don’t… Because it saves us money and it’s beneficial to the blind licensed manager.” So, we’re… we’re looking at a scenario here…

Morris: Art, you might want to focus on the fiscal impact.

StevensonA: Okay, the fiscal impact…

Hauth: How much time do we have left?

McQuillan: Yeah, can we…?

Morris: You got about nine minutes.

StevensonA: Oh, okay.

McQuillan: But…

StevensonA: And all that costs… costs extra money.

Morris: Art, that doesn’t mean you have nine minutes.

McQuillan: That’s right. Please.

[Laughter.]

StevensonA: Okay. Okay. I’m…

Morris: I think they’re being polite.

StevensonA: I’m done with that part.

Morris: All right.

StevensonA: Okay. I’ll shut up. But…

Hauth: Randy.

Morris: Randy, please.

Hauth: Yeah. So I wanted to circle back and talk – it’s kind of hard to track all this, right? -- and go back and then have the 15 minutes. But I’ll try and do my best. So, as far as the in-service, I believe in this proposed draft the in-service training is a mandate. So, if we’re talking about fiscal impact, it’s clearly an impact to vending facility managers. As far as training and choice and providing continuing education, I believe the items in there were provided as a choice, so people could have choices to make that. Clearly, if you choose to go to BLAST, if you choose to go to Sagebrush, that’s gonna be a cost. So there’s clearly a fiscal impact there. We talked about the work log. It… It’s sensible to ascertain that Gordon Smith, who has vending in eastern Oregon, wouldn’t simply be allowed by the agency or supported to sit at home and just call his vendor. So it’s clearly reasonable to deduce that he would need a car to drive over to eastern Oregon and inspect his machines and survey his machines. And so, all those costs that we talked earlier I believe are true costs in the… in the adverse impact.

McQuillan: Carla.

Hauth: And I think that is… Oh. Yeah. The other thing is, I think somebody said that, you know, House Bill 3253… and I just want to touch on this 'cause it’s been a constant topic today, about the legislators and about the House Bill. I was intimately involved in House Bill 3253, as was Gretchen and as I know you were, Eric. Not everybody supported 3253. Even people on this committee didn’t support it. But the intention was to put people to work, right? And to also address the subcontracting issue. The item around blind vendors sitting at home getting a check, what I can tell you is I believe managers need to be engaged in their business.

Morris: Randy, you want to keep this… We’re focusing on the fiscal…

Hauth: Yeah, I’m just addressing… I do believe they need to be involved in their business because it will help encourage profitability by doing that. So I just wanted to say that we don’t… You didn’t… You didn’t shut down Carla when she was talking about that, so just give me a minute, please.

Morris: Yeah.

Hauth: I do believe that it’s very important for managers to be faces of their business and be engaged in their business and be good business persons and be as profitable as they can doing so. Thank you.

Morris: Thank you, Randy.

McQuillan: Carla.

Morris: Carla.

McQuillan: A couple of things: you don’t have to have a fiscal impact, if you don’t want to, on the continuing education. There were several options that did not require a dime out of the managers’ pocket. If you want to go to Sagebrush, then you pay that out of your pocket. But it’s not an obvious fiscal impact because you don’t have to. Two: the 30-hour work week. I saw a list of things, including contacting and working with third-party vendors as well as… There was, like, 14 things on the list that were all legitimate reasons to write down on a 30-hour work week log. You just said, “I can’t imagine the agency allowing someone to use those as a reason for their work.” But they’re right there, in writing. I think you can justify that, if you are in eastern Oregon, it’s not reasonable that you’re going every day to travel around the state. That would be a great fiscal impact. But I don’t believe that that has to be. The 30-hour work week is not inherently going to cost people money.

Morris: Thank you, Carla.

StevensonA: So, can I… can I say something…

Morris: Go ahead, please.

StevensonA: … real quick. Because there is a fiscal impact, Carla, with attending in-service trainings. I’m spending my own money on several things. It… It does cost money. I’m also, while I’m here this weekend, I’m paying my wife’s wages. She is doing that. If I was at home doing it with her… But there is a fiscal impact. And so, to say that there is not is… is… is a misnomer. And… And so, some things, we don’t have any other choice and there is gonna be a fiscal impact. The Hadley courses, I don’t… I’ve been a manager for 31 years; I don’t need Hadley courses. The… There is gonna be a fiscal impact from it. And… And so, to say there isn’t is just a misnomer. Now, I’m willing, okay…

Morris: Art, just real quick…

StevensonA: Okay, I’m done.

Morris: … we’ve got about three minutes. We haven’t heard…

StevensonA: Go.

Morris: We haven’t heard from Vance and…

StevensonA: Go. Go.

Morris: … we haven’t heard from James.

StevensonA: Go. I’m done.

Morris: So if you guys wanted to speak up in the last few minutes…. And Linda… Linda I don’t think… has Linda talked during this period?

Hauth: Yes.

Morris: I’m losing track. Sorry. So Vance or James, if you’d like to comment…

Hoddle: You want to go first?

Edwards: Oh, lordy, I don’t know what to say anymore. So.

Morris: Very good. [Inaudible.]

[Laughter.]

Hoddle: I just want to remind again that there’s 15 different businesses, there’s 15 different people, there’s 15 different licensed blind managers and let’s not try and put them in… in one hole. The vending program can help people make ends meet who have a small café or a small stand, just to augment their income. And the other situations, I mean, it’s just… they’re all different and we can’t put a round peg in a square hole.

Edwards: And just to piggyback on what…

Morris: Thank you, Vance.

Edwards: … Vance just said, you know, each individual will be fiscally impacted in different ways. Some will have a major impact and some will have a minor impact. So.

Morris: All right. Thank you, James. Still have a couple minutes of somebody still wants to take up that time.

StevensonA: But to say there is no impact…

Morris: Go ahead, Art.

StevensonA: … is… is – Art. Sorry. – is… to say there is no impact is, you know, not a correct statement. Because I think throughout this meeting today we have proven that there is going to be fiscal impact. And those things most definitely need to be considered. And… And the rules that we make should definitely be beneficial for the program but also should be beneficial to the blind licensed managers. And it should be a joint decision-making process, okay? And the managers…

Morris: Staying on fiscal.

StevensonA: Right. The managers should not be… have to be forced to spend money defending their right to make business decisions. And… And, as a blind licensed manager, I am going to protect my rights if I have to, to make those decisions. And… And that is gonna be a fiscal impact. It’s going to happen unless, you know, we have, you know, that we weigh all the situations and make sure that we have rules, like Vance said, to make sure that each hole…

Morris: All right. Thank you, Art.

StevensonA: … is filled.

Morris: All right. So, that wraps up the… the process that I outlined in the beginning. And I wanted to recap, kind of, what I started out with because it’s been a little while ago. And so OCB will review this recording, and we’ll transcribe it, and consider the committee’s input as it assesses the fiscal impact statement for the proposed rulemaking adequately reflects the proposed rules’ fiscal impact statement. So that’s… that’s gonna be the process from here on out. I truly appreciate your guys’ time. This was not an easy process. It took… It took a while to get through it and I think everybody… And, Linda, great job on the phone. I know it’s very hard to do it via phone. I think you did a great job. And I really appreciate your guys’ time. Thank you for coming.

Hauth: Thank you very much.

Gunn Merrill: Thank you, everyone.

[End 01:07:42]

Transcription: Mark Riesmeyer