PIA
Printing Industries Alliance

September 7, 2018

OGS PROCUREMENT SERVICES
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Mr. Sean Carroll
Chief Procurement Officer, Council Chair
New York State Office of General Services
38th floor, Corning Tower
Albany, NY 12242

Dear Mr. Carroll:

In anticipation of next week's Procurement Council meeting, we have had the opportunity to review documents posted on the OGS website. We have noted a number of inaccuracies and misstatements in a letter submitted by Mr. Sorrentino and have annotated sections of the letter on the following pages.

Very truly yours,

Tim Freeman, President
Printing Industries Alliance

cc: Mr. Thomas P. DiNapoli, NYS Comptroller
Ms. RoAnn Destito, Commissioner, NYSOGS
NYS Procurement Council Members
Interested Parties

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August 22, 2018

Mr. Sean Carroll
Chief Procurement Officer, Council Chair
New York State Office of General Services
38th floor, Corning Tower
Albany, NY 12242

Dear Mr. Carroll:

The Center for Disability Services is in receipt of a Position Paper dated July, 2018 written by Tim Freeman, President of the Printing Industry Alliance (PIA). The Paper expresses the strong opposition of the PIA to the Application of the New York State Industry for the Disabled (NYSID) to add digital printing *in connection with a mail fulfillment contract* to the Preferred Source Offering List. This would simply allow Preferred Source vendors performing Mail Fulfillment Services to receive mail documents electronically and reproduce them for mailing, [The practice of receiving documents electronically and reproducing them for mailing is called digital printing] rather than forcing procuring agencies to make other arrangements for reproduction of documents and delivering hard copies for mailing, which is the current practice. This is inefficient in terms of State cost, time and resources and does not reflect the needs and wants of procuring agencies, particularly with regard to document confidentiality.

The NYSID Application directly impacts the Center which, as you're aware, operates a Mail Fulfillment program with printing capabilities which exists to provide meaningful employment opportunities for individuals with disabilities in an accommodating and supportive environment that allows disabled employees to achieve their potential. Our employees' cognitive and ambulatory disabilities make finding employment extremely difficult. According to the U.S. Census Bureau's American Community Survey, almost 67% of individuals with disabilities in New York State are unemployed. The Paper specifically mentions the Center and we feel a need to respond to some of the assertions made therein.

Mr. Freeman in the Paper asserts that approval of the Application will result in loss of business and jobs to New York State printing companies and that MWBE printing firms in particular will be negatively impacted, however, our review of recent State printing contracts indicates that a substantial portion of the contracts, in terms of contract value, are actually going to out-of-state vendors. In addition, only one in-state and one out-of-state contract were MWBE compliant. [Several points to be made here. First, if approved, the application will extend preferred source status to "All State agencies, political subdivisions and public benefit corporations (which includes most public authorities), are required to purchase approved products and services from preferred sources in accordance with the procedures and requirements described herein." (Source: NYS PROCUREMENT BULLETIN PREFERRED SOURCE GUIDELINES found on the NYS Office of General Services website). This means that companies printing for their local towns, school boards, taxpayer supported tourist organizations, etc. will be impacted by this in the future as NYSID will inevitably act to expand this geographically and take in more elements of

the printing market, over time, if this is approved. This is already happening, across the state, in other economic segments where preferred source designations have been granted such as office cleaning, document shredding etc. Second, your comments about minimal MWBE participation illustrates the problem of the difficulties that these firms face and highlights the additional challenges they will encounter if this is passed. As noted in the New York State 2016 MWBE Disparity Study, New York State is already severely underutilized in terms of MWBE businesses as prime contractors for state purchases of various commodities. There are only 121 companies listed as MBE, WBE, or both on the Empire State Development website. This is a surprisingly small number considering the size of the industry and one that is certain to get smaller if this application is approved.] While not a direct comparison to MWBE objectives, the Center employs a substantial percentage of individuals who are both minorities or women *and* disabled and is a New York State employer.

The Paper states that the 2016 NYSID Application is essentially the same as a previously rejected application. The pending Application is exactly the same as the application from 2013, however, in 2016 the application was "tabled" - not rejected - at the May 25, 2016 meeting of the Procurement Council as the Council decided to defer the vote so that a workgroup could be formed to obtain the necessary information and explore ways to address the needs and concerns of all stakeholders. The workgroup, which was comprised of representatives from NYSID, the Center, PIA, and other Procurement Council members, worked on the issue for many weeks, and OGS staff felt it was very close to a consensus on July 8, 2016, as indicated by the attached OGS Preferred Sources Team Memo dated July 14, 2016 detailing the process noted above. However, PIA unexpectedly informed OGS on July 12, 2016 that it had decided to oppose the Application, which resulted in its remaining tabled.

[Several points here as well. You are correct and are reinforcing one of our main arguments. The pending application asks the same thing as the rejected 2013 application, only for a portion of the digital printing market instead of the 2013 request for the whole thing. We are hard pressed to understand why the rationale applied to the rejection of the 2013 application, by the Procurement Council and OGS Commissioner, is not in play on this one as well. Second, you are also correct in saying the 2016 application was tabled but you are incorrect in your assertion as to the reason. The workgroup had been formed several months prior to PIA withdrawing from the process. PIA attended several meetings including one at the Center for Disability Services printing facility where we were able to observe and ask questions about your printing operation. We withdrew from the process after the release of a highly critical audit by the New York State Comptroller's office involving the Preferred Source program. The audit was conducted as a result of a scandal involving NYSID, one of their associated corporate entities (Camelot Printing), and assertions that the Preferred Source program was being utilized to illegally obtain printing work in the Albany area. The application was tabled at the suggestion of the New York State Comptroller's Office with the request that State Education Department take steps to resolve the audit issues. At the time of our withdrawal from the workgroup, we notified OGS exactly why we did so.]

The Paper refers to "printing firms across the state who perform printing for any number of state agencies and other governmental entities and work with a mailing company to do the delivery." The Paper also states, "printing firms who don't do mailing, work with mailers. Mailers who don't do printing, work with printing firms." While he does not specify whether the mailing companies are Preferred Source vendors or not, to the extent that printing firms are working with non- Preferred Source mailers or who are performing mail fulfillment services themselves in connection with government work, they are doing so in violation of the Preferred

Source Law. While printing is not a Preferred Source offering, mail fulfillment ***is***, and should not be sent out to non-Preferred Source mailers. [We are fully aware of this. My point is that your argument that mailing companies must do printing that is being presented to the Procurement Council as the reason to approve the application is not true.]

The Paper asserts that, despite NYSID's claim that a rejection of this Application would lead to a loss of jobs for the disabled, and that the Center for Disability Services' employment operation would be in danger of closing down, two years after the tabling of the Application, the Center's printing operation continues in strong operation. What was said is that if printing associated with mail fulfillment work was not approved as a preferred source, then the mail would end up going to the print vendor and the Center employees would be out of a job. Since this application has not been approved, the State Office of Temporary Disability Assistance continues to print their own work, and the mail continues to come to the Center site for processing. [This doesn't make sense. Why wouldn't the OTDA contract with the private sector for printing and stipulate that the mail has to be done preferred source?] However, as Mr. Freeman noted in his position paper, it is "quite simple and seamless" for the print shops to use a mail house to do the mail. Obviously, they are doing it today, supporting the position that if printing for mail fulfillment work is not approved, procuring agencies will by-pass the Preferred Source Law [How would they and why would they? It's against the law!] requiring mailing fulfillment services to be bid through the Preferred Source process, bundle the mailing with the printing and the Center, with no contracts, will no longer be able to employ their disabled employees. [This is a very weak and convoluted argument.] We are already aware of several solicitations that were issued recently that included mail services with printing contract. [There are any number of printing firms in the Capital District who would be interested in working with the Center to do mailing projects. Why wouldn't they, the Center has one of the most sophisticated mailing operations in the area, outside of the post office. If mail fulfillment is a Preferred Source product, the mailing should be done at a preferred source.]

Mr. Freeman asserts that "adoption of the NYSID application will decrease competition and raise costs to the New York State taxpayer." This issue was addressed in 1974 by the NYS Department of Social Welfare, when the Preferred Source Law was amended. The memo stated "Governmental agencies benefit since the quality of such products is quite sufficient, and the costs are controlled by the Commissioner of General Services". Also noted in the amendment is the following, "This law has been on the books for 35 years, and provides an excellent opportunity for handicapped persons to be trained in an occupational skill and be returned to society as useful citizens". To that, Mr. Freeman, a price tag cannot be established.

Other non-factual components of Mr. Freeman's paper include his reference to the use of a digital press, which is not included in the Application before the Council. The Center does not own, and has never owned, digital printing presses. [I saw 4 of them in your facility, 2 capable of color printing and 2 single color only. I believe they were manufactured by Canon and Oce.] This assertion is baseless and inaccurate. As for capital investment made by the Center, all investment was to enhance the functionality of the mailing operation and to meet our current customer needs. [I guess our issue with this is, as a non-profit, you are utilizing grant funded equipment to pursue private sector work at the same time you are asking the state to recognize you as a preferred source provider for digital printing where you will receive a premium above the so called "market rate" which actually doesn't exist.] The Center for Disability Services did receive a grant from the Regional Economic Development Council, which to date has not been

funded by the State, and all objectives were met around employment of individuals with disabilities. This was a competitive grant, which any PIA member could have applied to receive, and should consider doing so. Obviously, PIA member Panther Graphics understands the grant process as they have invested $2 million dollars in new equipment through support from New York State and the City of Rochester, and amount which is seven times the value of the dollars the Center received from the Empire State Development grant.

In closing, Mr. Freeman characterizes this Application as a money grab, and an opportunity to take the rest of the digital printing market in the future. The Application stands on its own merit, limiting the duration and scope of the printing to mail fulfillment services and offering measurement targets to assure compliance with the Preferred Source Law. [We all know how this works, NYSID wants to get a foot in the door and then gradually expand the scope of the preferred source over time. This is just "Plan B" after the 2013 application was rejected.] Currently, state print contracts mandate percentage of participation for WBE and MBE vendors, and ignore the third protected class - workers who are disabled. By allowing this limited scope approval for preferred source, all protected class workers will have an opportunity to participate in meaningful work. Without this designation, as we heard from Mr. Freeman, the mail in a "simple and seamless" process will follow the print work outside of preferred source, and the disabled community will lose all opportunity to have gainful employment. [Unless the Procurement Council pulls mail fulfillment off the Preferred Source list, how could that happen?] There is plenty of opportunity for all workers, and we gladly welcome an opportunity to continue to work with the State Office of General Services and the Procurement Council to assure all protected class workers and private printers have their fair share.

Sincerely,

Gregory J Sorrentino
President/CFO