

## **SweatFree Procurement Forum for Purchasing Officials**

Conference Call #5 Minutes

July 24, 2008

### **Present:**

Sharon Overton, State of New Jersey  
Byron Johnson, City of Austin  
Jeff Baer, City of Portland, Oregon  
Greg Hopkins, State of Oregon  
Cheryl Oliva, City of Milwaukee, Wisconsin  
Diane Berndt, City of Milwaukee, Wisconsin  
Sam Dominguez, City of Austin, Texas  
Farshid Yazdi, City of Los Angeles  
Monica Wilkes, State of New York  
Betty Lamoreau, State of Maine  
Chip Gavin, State of Maine  
Bjorn Claeson, SweatFree Communities, facilitator  
Liana Foxvog, SweatFree Communities, note-taker

**Topic:** Cooperative contract for independent factory monitor and other sweatfree developments

**Next conference call: Thursday, September 25, 2pm ET / 11am PT**

**Guest presenter: Ms. Ros Harvey, Global Program Manager, Better Work, International Labour Office, Geneva, Switzerland (see : <http://www.betterwork.org/public/global>)**

Call: 218-486-1600

Access code: 873 5625

### **Summary of Betty Lamoreau's presentation:**

Participated in NASPO eastern states regional meeting in Portsmouth, NH. Impressed by the number of states represented in workgroup on independent monitoring contract: including Connecticut, Vermont, New Jersey, Pennsylvania, Maine, Massachusetts, Oregon, and Ohio. Pennsylvania is leading the effort on the sweatfree monitoring solicitation, which is based on Los Angeles independent monitoring contract.

The states are looking at complaints-based monitoring as the feasible way to start, rather than with a full evaluation of the supply chain, though the latter is the goal. There were lots of questions about how funding would work. The group is working in a manner to encourage people to join without having everything cast in stone in advance. The meeting focused on going through the details of the RFP and focusing on the scope of services. There was discussion about whether there would be single monitor or contract awards to multiple monitors; the group determined to leave that open. Overall, the meeting was good; participants left with homework, and there is a lot of commitment to continue working together on this. It will take some time before there is a public document.

### **Discussion**

Q: Is this cooperative purchasing or monitoring contract?

A: [clarification that discussion concerns a cooperative contract for independent monitoring]

Q: Is the group taking input on the evaluation?

A: There isn't yet anything ready for sharing. ... If Maine joins in on a cooperative purchase, then any agency eligible to participate with Maine in cooperative purchase should be eligible to participate in the RFP. Most states and local entities would be able to participate.

**Suggestion:** The scope of work and RFP should meet the needs of all local policies, because if it doesn't then others will need to do their own cooperative contracts.

**Betty Lamoreau:** The Maine Code of Conduct doesn't include payment of the living wage but the cooperative contract that we'll work on will include that because a lot of other public entities are working on that. We want the resulting contract to be usable by all the participating entities in the Sweatfree Consortium.

**Betty Lamoreau:** A working group did result. I will be happy to collect the names of people who are interested to review drafts of the RFP. ***If sending emails about the contract to Betty Lamoreau please use "Sweatfree RFP" in the subject line.***

**Q:** Was there a decision on the length of the contract for the independent monitor?

**Betty Lamoreau:** No decision yet. Speculation is that it would be 2-year contract with 1-year renewal.

**Monica Wilkes:** Prefers to set contracts for as long as possible that include price adjustment clause to adjust with inflation. Average contracts are 5 years. All contractors must meet terms and conditions. Contractors give maximum selling price.

**Betty Lamoreau:** During reporting-out session, other states in northeast region had a lot of questions about how funding would work. Maine has a funding mechanism of vendor fee of 1% of products covered by COC. There was a suggestion that vendors would put funds in escrow in case of a complaint against them. We steered away from that because we believed that most of our vendors are signing affidavits that are correct and appropriate, and that only occasionally there will be a vendor that needs investigation. We didn't want funding held in escrow because we wanted to make sure it was available for the investigations that will be happening. [Support for not using escrow was echoed by others on the call.]

**Monica Wilkes:** The apparel contracts could include language stating that if not in compliance they would be obligated to pay the fee for that. Also, if many members join on it probably won't be one size fits all. There may have to be more than one funding model.

### **Update on Sweatfree Consortium & discussion:**

#### **Bjorn Claeson:**

Four entities have committed to being part of the State and Local Government Sweatfree Consortium. These are State of Pennsylvania; Lucas County, Ohio; City of Berkeley, California; and City of Portland, Oregon.

In addition, nine other public entities have committed to cooperate with other public entities in enforcing sweatfree procurement policies without specifically named the State and Local Government Sweatfree Consortium as the vehicle for that cooperation.

In purchasing power, this is 11 million (the four public entities) plus 15-20 million (the nine public entities). In addition, there are discussions happening in many other places.

On July 8, Governor Rendell issued a resolution stating: "I, Edward G. Rendell, Governor of the Commonwealth of Pennsylvania, do hereby commit the Commonwealth to participate in a State and Local Government Sweatfree Consortium for the purpose of pooling purchasing power and resources to monitor supplier factories and coordinate enforcement of sweatfree procurement standards." (The PDF of the resolution is available here:

[http://www.sweatfree.org/consortium/rendell\\_sweatshop\\_rls071108.pdf](http://www.sweatfree.org/consortium/rendell_sweatshop_rls071108.pdf))

Shortly before that Governor Baldacci reaffirmed his commitment to cooperate with other states and local jurisdictions to enforce Maine's code of conduct.

**Q:** Is \$100 million in purchasing power critical to getting the Consortium together?

**Bjorn Claeson:** \$100m is the "organizing" goal; that's the goal that helps galvanize us and bring us together. But we may be able to start the Consortium before that.

**Chip Gavin:** Maine is committed to collective action among states and local entities on this issue. The question on having stand-alone Consortium entity is something we continue to discuss. There has been a desire on Maine's part and on part of others to not define that too narrowly because it's our desire to develop it as other states express interest. We want those who want to participate to have a seat at the table to develop this together. Maine is committed to collective action but what that will look like is still fluid. I am very encouraged by the interest and enthusiasm that we've recently received, for example from Northeast NASPO, Ohio, and Oregon. We're glad to see this interest and Maine is committed to making progress.

**Greg Hopkins:** There seems to be uniform consensus that the model of carving out money from existing contracts is not feasible. So the funding model has shifted to how can we create a model of having the manufacturers pay for it. Is Consortium on board with this? Or is the discussion about getting states to pony up money from existing contracts?

**Chip:** Maine's view is that how each state figures out how to pay for this is up to each state, at least initially. We shouldn't enforce uniformity on how states come up with the amount of money. We have a rough benchmark of 1% relevant procurement of participating state. Potentially with thresholds and caps at request of larger states that don't want to be carrying the bulk of the burden. There could be a general funding line, vendor fee, grant money... Maine doesn't care what color of money states put into the pool as long as we're marching in the same direction. We'll get more participation if we don't set a rigid model.

**Jeff Baer:** Why should we even fund the Consortium if we're doing what we should be doing now?

**Bjorn Claeson:** It's not a question of NASPO contract versus Consortium. Rather it's a question of how these different entities work together. NASPO will promote collective action among public entities. The independent monitor has an important role of investigating working conditions. The Sweatfree Consortium would be the standard-setting body, and would also do marketing and education to expand the pool of participating cities and states. The Consortium would also provide organizing and administrative services to help further effective sweatfree procurement. We will address this question in the memorandum to City of Portland, and we can share this memorandum with any state that wants it.

**Greg Hopkins:** Our first hurdle is to figure out how much spending there is on garments and apparel. We still don't have an answer after putting in 40-50 staff hours. The vendors, if they have this info, haven't sent this to us. We're not sure if we could implement a policy without undue time spent.

[Chip Gavin offers to discuss this issue off-line]

**Byron Johnson:** In Austin, we have an ordinance and an affidavit. But we are having trouble getting payroll information. We don't have wiggle-room in our ordinance. How can we move forward if we can get the affidavit but not payrolls?

**Farshid Yazdi:** Does Austin have monitoring in place?

**Byron Johnson:** The city hasn't yet allocated funding for monitoring.

**Farshid Yazdi:** Why are you asking for payroll info at this point? It seems like you're asking for too much info. All we're asking for is factory location and contact info. During the monitoring process we will get other info, including wage info.

**Byron Johnson:** Agreed. That's why we're looking at revising the ordinance to allow us to do this.

**Cheryl Oliva:** In Milwaukee, we do require wage and benefits information. Some companies won't comply but for the most part they will.

**Bjorn Claeson:** If it is possible to obtain wage information from vendors by requesting base wages for factory workers, rather than payrolls, can Austin go that route as well? If there is any flexibility in the ordinance, this might be simpler than amending the ordinance.

**Ideas for future topics:**

- Discuss vendors' reaction to *Subsidizing Sweatshops*. Bjorn will send info by email.
- Possible guest presenter: ILO speaker on Convention 94 that addresses sweatfree procurement. The ILO has a new report on sweatfree procurement.