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February 12, 2014

The Honorable Terri Bonoff, Chair  
Higher Education & Workforce Development Committee  
Minnesota Senate  
State Capitol, Room 325  
St. Paul, MN 55155

The Honorable Jeremy Miller, Ranking Minority Member  
Higher Education & Workforce Development Committee  
Minnesota Senate  
State Office Building, Room 135  
St. Paul, MN 55155

The Honorable Tim Mahoney, Chair  
Jobs & Economic Development Finance Committee  
Minnesota House of Representative  
State Office Building, Room 591  
St. Paul, MN 55155

The Honorable Bob Gunther, Ranking Minority Member  
Jobs & Economic Development Finance Committee  
Minnesota House of Representatives  
State Office Building, Room 277  
St. Paul, MN 55155

Dear Committee Chairs and Ranking Minority Members:

The attached report as required in Minnesota Statutes 16C.155 "Janitorial Contracts; Rehabilitation Programs and Extended Employment Providers," is respectfully submitted on behalf of the Department of Administration.

Please contact my office if you have any questions or need assistance.

Sincerely,

A handwritten signature in black ink that reads "Spencer Cronk".

Commissioner Spencer Cronk  
Department of Administration

Attachment

cc: Legislative Reference Library (2)

**Fiscal Year 2013**

**Report Required by Minn. Stat. § 16C.155**

<b>Service</b>	<b>UNSPSC</b>	<b>Total \$ Spent</b>	<b>DEED/DHS \$</b>	<b>%</b>
Janitorial Services* Cleaning Services, Building/Domestic Maintenance	76111501	\$1,577,372	\$945,152	60.0%
Document Imaging and Scanning** Imaging Services/Scanning Services	81112005	\$574,606	\$545,741	95.0%
Document Shredding Destruction Services, Business Records	80161508	\$187,573	\$73,915	39.4%
Mailing, Collating, & Sorting Services*** Mailing/Collating/Sorting Services (without printing)	80141800	unknown	unknown	unknown

The data source for this report is the Statewide Integrated Financial Tools (SWIFT) system. Purchases in SWIFT are categorized by the purchasers into one of more than 50,000 possible commodity codes (UNSPSC codes). Review of the SWIFT data shows high percentages of incorrectly coded purchases.

The Materials Management Division (MMD) analyzed 11,475 purchases with relevant commodity codes in an attempt to improve the accuracy of this report. Items which were clearly miscoded or inapplicable were removed, as were items showing government entities as the vendor. The numbers in this report should be considered MMD’s best estimate.

\*This data excludes services performed for MnDOT by Greenview Inc., a company which provides employment for needy, elderly persons pursuant to Minn. Stat. § 160.282.

\*\* High DEED/DHS usage is the result of a mandatory use contract for these services. Four of the six vendors on this contract were DEED/DHS certified during FY2013.

\*\*\* The unknown expenditure on DEED/DHS certified providers is a result of the UNSPSC code being broad and including many functions that are not related to the services provided by DEED/DHS certified providers. The code fails to distinguish between mail services, shipping, postage, etc. and the tasks that DEED/DHS certified providers perform. As a result, the spending is hidden within the other tasks under the UNSPSC code.