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Agency for Blind's Vending Pacts Under Review by Attorney General

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HARTFORD -- A controversial contract between the state Board of Education and Services for the Blind and the Coca-Cola Bottling Co. of New England is being probed by Attorney General Richard Blumenthal amid complaints that the state agency is being shortchanged while administrators look the other way.

BESB officials, however, say there have been only minor problems with the contract and that they are certain the agency is collecting all of the commissions to which it is entitled. The deal, struck in 1999, gave the East Hartford-based soft drink company exclusive rights to sell its products from vending machines placed on property owned or leased by state or municipal governments in exchange for a 35 percent commission to be paid to BESB.

The contract, which resulted in \$2 million in earnings for BESB in 2002, technically expires this year but contains an automatic five-year renewal clause.

Blumenthal confirmed today that his office has been investigating "a number" of complaints about the BESB/Coke deal.

"We have a strong interest in the contract and the facts relating to it, and we will be continuing to pursue information," he said.

The attorney general did not specify exactly what complaints had been made in connection with the contract.

But sources close to the probe said allegations had been made that the BESB accounting office had not been made aware of significant revenue generated by a large number of vending machines. They also said that at least two top agency administrators might be involved.

Keith L. Maynard, BESB's deputy executive director and spokesman, today insisted there was "no substance" to such allegations.

He said he was aware that "a couple" of machines had been "reported incorrectly" by Coke, adding that he was "not really sure why we didn't get the correct reporting."

Maynard suggested the problem may have been tied to a recent price increase for 20-ounce bottles sold from the vending machines, and said he was certain Coke was not hiding revenue from machines that may have been placed in locations and not yet reported to BESB.

"I just don't see where we're getting shortchanged," he said.

Francis S. Sullivan, manager of BESB's Business Enterprise Program, which collects the commissions paid by Coke and uses them to fund blind entrepreneurs, said the incident Maynard referred to involved just two machines and noted that BESB had caught the error.

"I have no idea what anybody's talking about," he said, referring to those who complained to Blumenthal. "We haven't been to every town and every city, and there may be some machines out in park and recreation departments that we don't take commissions from, but that's because they support children's events and activities. Those are activity funds, which according to the law, is fine.

Coca-Cola officials could not immediately be reached for comment.

Blumenthal said his investigation was begun last year at about the same time a legislative committee issued a sharply critical report saying BESB had failed to adequately oversee the vending machine contract and that the agency could face a loss of its independence as a result.

The Legislative Program Review and Investigations Committee said BESB did not follow normal state procedures in awarding the contract, that it had failed to ensure the contract was operated uniformly, and that its oversight was "inconsistent and incomplete."

The report, prepared by the committee's staff and endorsed by the panel in late December, made 11 recommendations for monitoring the contract. They included establishing a comprehensive automated accounting system for all vending machine revenue, instituting performance evaluations, getting feedback from locations where machines are located,

and making random visits to check compliance, and securing written records of where machines are placed.

A state law passed nearly 60 years ago to aid blind World War II veterans gave blind people preference for providing food service, including vending machines, in government buildings as a way to get more of them jobs.

BESB didn't exercise its authority for decades, but by 1996, BESB had contracts with 70 vendors for 650 food and beverage vending machines in 200 locations, with most in state facilities.

The agency, seeking to increase revenues, began in 1997 looking for ways to cut the number of vendors while increasing the number of machines, and within two years had signed the contract with Coke covering 1,376 vending machines in 469 locations.