

1 **Purchasing from People with Disabilities Program**
2 **Central Nonprofit Agency Management Fees and Method of Calculation**
3 **Discussion Paper**
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5 **Background**

6 The Texas Workforce Commission (TWC) administers the Purchasing from People with
7 Disabilities (PPD) program. Texas Human Resources Code §122.019 authorizes TWC to
8 contract with a Central Nonprofit Agency (CNA) to perform certain administrative functions for
9 the PPD program. These functions include:

- 10 • managing and coordinating the day-to-day operation of the program, including the general
11 administration of contracts with Community Rehabilitation Programs (CRPs);
- 12 • helping CRPs complete and submit applications for the selection of suitable products and
13 services;
- 14 • facilitating the distribution of orders among CRPs;
- 15 • providing accounting and services related to purchase orders, invoices, and payments to
16 CRPs;
- 17 • providing marketing and marketing support services, such as:
 - 18 ○ assistance to CRPs regarding solicitation and negotiation of contracts;
 - 19 ○ direct marketing of products and services to consumers;
 - 20 ○ research and development of products and services; and
 - 21 ○ public relations activities to promote the program;
- 22 • recruiting nonprofit organizations that are managed by members of racial minorities, women,
23 or individuals with disabilities and assisting them with the process to qualify as a CRP;
- 24 • promoting an increase in supported employment opportunities for individuals with
25 disabilities;
- 26 • providing customer relations;
- 27 • providing education and training; and
- 28 • other duties designated by TWC.

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30 Subsections 122.019(e) and (f) allow the CNA to charge an annually reviewed management fee
31 for services provided to CRPs. A percentage of the fee is paid to TWC to reimburse the General
32 Revenue Fund for direct and reasonable costs incurred in administering the duties of the Texas
33 Comptroller of Public Accounts and TWC, including any costs associated with providing support
34 to the PPD program advisory committee. TWC Chapter 806 Purchases of Products and Services
35 from People with Disabilities rule §806.31(n) requires TWC to consider comments from the
36 public and CRPs participating in the PPD program as a part of the annual review process.

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38 For the State Fiscal Year 2022 (SFY'22) management fee approval cycle, staff proposes
39 management fees of 6 percent of the sales price for products, 6 percent of the contract price for
40 services, and 5 percent of the contract price for temporary services. These rates are consistent
41 with rates applied in prior years.

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43 The method of calculation for the proposed management fee rates is as follows:

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$$\text{CRP Cost}/100\% - \text{Management Fee Rate} = \text{Product or Service Selling Price.}$$

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2 This method of calculation is consistent with that applied in prior years.

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4 **Decision Point**

5 Staff seeks direction on approval to solicit public comment on the following proposed method of
6 calculation and management fee rates to be charged by the CNA:

- 7 • $CRP\ Cost/100\% - Management\ Fee\ Rate = Product\ or\ Service\ Selling\ Price$
- 8 • Management fee rate of 6 percent of the sales price for products
- 9 • Management fee rate of 6 percent of the contract price for services
- 10 • Management fee rate of 5 percent of the contract price for temporary services

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12 If approved, staff will solicit public comment on the proposed rates and method of calculation
13 from PPD CRPs before seeking TWC’s three-member Commission’s final approval of the rates
14 and method of calculation for SFY’22.