

1 **Purchasing from People with Disabilities Program**
2 **State Fiscal Year 2022 Central Nonprofit Agency Management Fee**
3 **Discussion Paper**

4 **Background**

5 The Texas Workforce Commission (TWC) administers the Purchasing from People with
6 Disabilities (PPD) program. Texas Human Resources Code §122.019 authorizes TWC to
7 contract with a central nonprofit agency (CNA) to perform certain administrative functions of the
8 program.

9 Sections 122.019(e) and (f) allow the CNA to charge a management fee for services provided to
10 community rehabilitation programs (CRPs) and require that the fee be reviewed annually. TWC
11 Chapter 806 Purchases of Products and Services from People with Disabilities rule §806.31(n)
12 requires that, as part of the annual review process, TWC must consider public comment from
13 CRPs participating in the PPD program. Additionally, §806.31(b) requires TWC to approve the
14 method of calculation of the proposed management fee.

15 **Issue**

16 On August 3, 2021, TWC's three-member Commission approved a 60-day public comment
17 period posting of the following proposed management fee rates for State Fiscal Year 2022
18 (SFY'22):

- 19 • 6 percent of the sales price for products
- 20 • 6 percent of the contract price for services
- 21 • 5 percent of the contract price for temporary services

22 The proposed rates are consistent with the rates applied in prior years.

23 The public comment period ended November 10, 2021, with three CRPs submitting comments.
24 The comments and responses are summarized in the supporting materials. All comments were
25 positive and supportive of the proposed management fee rates. Staff proposes no changes to the
26 rates or method of calculation based on the comments received.

27 The method of calculation of proposed management fee rates is as follows: $CRP\ Cost \div (100$
28 $percent - Management\ Fee\ Rate) = Product\ or\ Service\ Selling\ Price$. This method of calculation
29 is consistent with the one applied in prior years. Examples of this calculation method using both
30 dollars and percentages are provided in the supporting materials to this discussion paper.

31 **Decision Point**

32 Staff seeks direction on approving the following proposed management fee rates and method of
33 calculation for SFY'22, as proposed by the CNA:

- 34 • 6 percent of the sales price for products
- 35 • 6 percent of the contract price for services
- 36 • 5 percent of the contract price for temporary services
- 37 • A calculation using the following method:
 - 38 ➤ $CRP\ Cost \div (100\ percent - Management\ Fee\ Rate) = Product\ or\ Service\ Selling\ Price$