

1 **Purchasing from People with Disabilities Program**
2 **State Fiscal Year 2023 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 consider public comment from CRPs
13 participating in the PPD program. Additionally, §806.31(b) requires TWC to approve the method
14 of calculation of the proposed management fee.

15 **Issue**

16 On May 27, 2022, the following management fee rates for State Fiscal Year 2023 (SFY'23), as
17 proposed by the CNA, were posted for a 60-day public comment period:

- 18 • 6 percent of the sales price for products
- 19 • 6 percent of the contract price for services
- 20 • 5 percent of the contract price for temporary services

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

22 The public comment period ended July 31, 2022, with one CRP submitting comments. The
23 comments and responses are summarized in the supporting materials. Staff proposes that no
24 changes be made to the rates or method of calculation based on the comments received.

25 The method of calculation of proposed management fee rates is as follows: $CRP\ Cost \div (100$
26 $percent - Management\ Fee\ Rate) = Product\ or\ Service\ Selling\ Price$. This method of calculation
27 is consistent with the one applied in prior years. Examples of this calculation method using both
28 dollars and percentages are provided in the supporting materials to this discussion paper.

29 **Decision Point**

30 Staff recommends that the Commission approve the following proposed management fee rates
31 and method of calculation for SFY'23:

- 32 • 6 percent of the sales price for products
- 33 • 6 percent of the contract price for services
- 34 • 5 percent of the contract price for temporary services
- 35 • A calculation using the following method: $CRP\ Cost \div (100\ percent - Management\ Fee$
36 $Rate) = Product\ or\ Service\ Selling\ Price$