

**Purchasing from People with Disabilities Program  
State Fiscal Year 2024 Central Nonprofit Agency Management Fee  
Discussion Paper**

**Background**

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

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

**Issue**

On June 30, 2023, the following management fee rates for State Fiscal Year 2024 (SFY'24), as proposed by the CNA, were posted for a 60-day public comment period:

- 6 percent of the sales price for products
- 6 percent of the contract price for services
- 5 percent of the contract price for temporary services

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

The public comment period ended August 31, 2023, with two CRPs submitting comments. All comments were positive and supportive of the proposed rates. The comments and responses are summarized in the supporting materials. Staff proposes that no changes be made to the rates or method of calculation based on the comments received.

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

**Recommendation**

Staff recommends that the Commission approve the following proposed management fee rates and method of calculation for SFY'24:

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