

1 **Purchasing from People with Disabilities Program**
2 **State Fiscal Year 2025 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 for
8 the 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 TWC's three-member Commission
11 (Commission) to review the fee annually. TWC Chapter 806 Purchases of Products and Services
12 from People with Disabilities rule §806.31(n) requires that, as part of the annual review process,
13 TWC considers public comment from CRPs participating in the PPD program. Additionally,
14 §806.31(b) requires TWC to approve the method of calculation of the proposed management fee.

15 **Issue**

16 On June 21, 2024, the following management fee rates for State Fiscal Year 2025 (SFY'25), 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 on August 21, 2024, with two CRPs submitting comments.
23 The comments and responses are summarized in the supporting materials of this discussion
24 paper. Staff proposes that no changes be made to the rates or method of calculation based on the
25 comments received.

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

30 **Recommendation**

31 Staff recommends that the Commission approve the following proposed management fee rates
32 and method of calculation for SFY'25:

- 33 • 6 percent of the sales price for products
- 34 • 6 percent of the contract price for services
- 35 • 5 percent of the contract price for temporary services
- 36 • A calculation using the following method: $\text{CRP Cost} \div (100 \text{ percent} - \text{Management Fee}$
37 $\text{Rate}) = \text{Product or Service Selling Price}$