

**Purchasing from People with Disabilities Program
State Fiscal Year 2026 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 for 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 TWC's three-member Commission (Commission) to review the fee annually. Title 40, Texas Administrative Code (TAC), Part 20, Chapter §806.31(n) Purchases of Products and Services from People with Disabilities rule requires TWC to consider, as part of the annual review process, public comment from CRPs participating in the PPD program. Additionally, 40 TAC §806.31(b) requires TWC to approve the method of calculation of the proposed management fee.

Issue

On May 30, 2025, the following management fee rates for Fiscal Year 2026 (FY 2026), 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 on July 31, 2025, with three CRPs submitting comments. The comments and responses are summarized in the supporting materials of this discussion paper. 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:
$$\text{CRP Cost} \div (100 \text{ percent} - \text{Management Fee Rate}) = \text{Product or Service Selling Price}$$

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 of this discussion paper.

Recommendation

Staff recommends that the Commission approve the following proposed management fee rates and method of calculation for FY 2026:

- 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

- 1 • A calculation using the following method:
- 2 $\text{CRP Cost} \div (100 \text{ percent} - \text{Management Fee Rate}) = \text{Product or Service Selling Price}$