

1 **Purchasing from People with Disabilities Program**  
2 **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  
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 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 management fee.

15 **Issue**

16 On October 6, 2020, TWC's three-member Commission approved for public comment the  
17 posting of the proposed management fee rates for State Fiscal Year 2021 (SFY'21), which are as  
18 follows:

- 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 These proposed rates are consistent with the rates applied in prior years.

23 The public comment period ended on January 8, 2021, with four CRPs submitting comments.  
24 The comments and responses are summarized in the supporting materials. Staff proposes no  
25 changes to the rates or method of calculation, based on the comments received.

26 The method of calculation of proposed management fee rates is as follows:  $CRP\ Cost / (100\% -$   
27  $Management\ Fee\ Rate) = Product\ or\ Service\ Selling\ Price$ . This method of calculation is  
28 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 to this paper.

30 **Decision Point**

31 Staff seeks direction on approving the following proposed management fee rates and method of  
32 calculation for SFY'21, as proposed by the CNA:

- 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:
    - 37 ➤  $CRP\ Cost / (100\% - Management\ Fee) = Product\ or\ Service\ Selling\ Price$
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