



MEMORANDUM

To: New York State Procurement Council
From: OGS Preferred Sources Team (as Staff to the New York State Procurement Council)
Date: April 11, 2018
Subject: New York State Industries for the Disabled (“NYSID”) Application to add Temporary Personnel - Bindery Workers to the List of Approved Preferred Source Service Offerings

OVERVIEW

NYSID submitted an application for preferred source designation to provide Temporary Personnel – Bindery Workers Services to the New York State Office of General Services (“OGS”) and Empire State Development (“ESD”) on March 1, 2018 and amended on April 6, 2018.

Goodwill Industries of Greater New York and New Jersey (“Goodwill”) will be the lead member organization providing this service through NYSID. They have been providing Temporary Personnel Services involving bindery workers for the Metropolitan Transit Authority (“MTA”) through NYSID for 10 years. NYSID maintains that other member agencies have the capability to offer Temporary Personnel – Bindery Workers Services in the future. The addition of Temporary Personnel – Bindery Workers Services as a NYSID preferred source offering will help ensure that the disabled workforce at Goodwill providing Bindery Services are provided with ongoing, meaningful, long-term employment.

BACKGROUND

NYSID has been providing Temporary Personnel – Bindery Workers Services to the MTA for 10 years, but the positions and duties included in this service are excluded from the approved definition of Temporary Personnel – Office Services, which NYSID is approved to offer as a preferred source service offering. Without an approved definition of Temporary Personnel – Bindery Workers Services, NYSID will no longer be able to provide this service as a Preferred Source. NYSID maintains that the addition of this new service category to the List of Preferred Source Offerings is necessary to allow NYSID to continue to provide this service to the MTA and avoid the potential elimination of 3,815 annual hours or approximately two full-time equivalents (“FTEs”) of employment of individuals with disabilities who currently hold bindery worker positions through Goodwill and NYSID.

LEGAL AUTHORITY

State Finance Law § 162(3)(b) provides that the Procurement Council may recommend the addition of services to the List based upon a review of relevant factors as determined by the Procurement Council “including costs and benefits to be derived from such addition and shall include an analysis by the Office of General Services.”

In addition, the Preferred Source Guidelines adopted by the Procurement Council contain detailed requirements for applications to add commodities or services to the List, set forth in Section X.D., Application Requirements. Such requirements include, among other things: (1) Service Specifications, including a recitation as to how the service is new or substantially different from the services already offered by the preferred source; (2) Market Information, including information on the potential market for the new service; (3) Client Employment, including the nature of the tasks workers with disabilities will perform; (4) Preferred Source, identifying of the specific preferred source member organizations that will provide the service; (5) Value Added, identifying the value added by the preferred source client labor to the service; (6) Direct Labor Workforce, identifying the number and hours of direct labor to be performed by people with disabilities, including the percentage of direct labor to be performed by workers with disabilities; (7) Cost/Benefit Analysis, including a summary of projected costs and benefits expected to accrue to the State and the preferred source, as well broader social and economic impacts on client employment and government costs; (8) Cost/Price Data, providing information sufficient for OGS to approve the price data and confirm that the price of the service will not exceed 15% above prevailing market price; (9) Current Suppliers, identifying the current suppliers or contract holders of the proposed service if known; and (10) Preferred Source Suppliers, providing the projected first year value of anticipated contracts, information on any proposed suppliers, and any information as to methods employed in selecting such suppliers.

NYSID APPLICATION INFORMATION

1. **Service Specifications**

NYSID has requested that Temporary Personnel – Bindery Workers, as defined in the attached document, be added to the List of Preferred Source Offerings. The functions, responsibilities, and job titles included in the proposed service are outside of the definitions of the approved preferred source service categories of Temporary Personnel – Office and Temporary Personnel – Warehouse.
2. **Market Information**

NYSID has identified a specific need for these services by the MTA. NYSID calculated an annual spend of approximately \$61,355.00 based on a contract to be let by the MTA. NYSID researched public information available through the Office of the State Comptroller’s Open Book website and Govspend.com to identify State spend on Temporary Personnel - Bindery Workers. NYSID was unable to identify any current spend for these services beyond the MTA. NYSID maintains that should demand increase, they will be able to provide Temporary Personnel – Bindery Services statewide, but the primary market is driven by the MTA contract. There is no NYS centralized contract that offers Temporary Personnel - Bindery Workers.
3. **Client Employment**

NYSID maintains that a successful application will result in the preservation of employment for two FTEs currently working for the MTA through NYSID and Goodwill. Approval will form the basis to provide new opportunities for ongoing employment for people that are significantly disabled. Currently, 100% of the 3,815 hours are performed by individuals with disabilities. NYSID states that they will comply with disabled labor ratio requirements on opportunities moving forward. The Preferred Source Guidelines adopted by the Procurement Council require 75% disabled labor on contracts with more than 10 FTEs and a majority of disabled labor for contracts with 10 or less FTEs. The MTA contract has more than 10 FTEs. Because NYSID was unable to identify additional immediate demand for this service, the employment figures provided are specific to the individuals working on the MTA contract.
4. **Preferred Source**

NYSID has successfully provided Temporary Personnel Services to State and local government agencies for over 20 years. Their members currently employ 1,121 individuals with disabilities in a variety of temporary positions with varying levels of experience and complexity. The experience that NYSID member agencies have in providing Temporary Personnel Services, particularly in the NYC market, demonstrates that this service offers people with disabilities excellent employment opportunities at competitive wages and benefits such as paid sick leave and health care, when applicable.

The NYSID member agencies currently providing temporary staffing services, or who possess the capability to offer the service, include:

 - Goodwill Industries of Greater New York & Northern New Jersey, Inc./GoodTemps
 - Fedcap Rehabilitation Services
 - Northeast Career Planning
 - Rehabilitation Support Services
 - The Corporate Source
 - Abilities, Inc.
 - Rochester Rehabilitation Center

NYSID has been meeting the Temporary Personnel needs of the MTA and its affiliate agencies for 10 years. NYSID’s primary objective with this submission is to preserve the existing employment of individuals with disabilities who have been providing this service to the MTA. NYSID intends to work with traditional non-profit member agencies for the provision of this service as it has for the past two plus decades, but would consider the possibility of corporate partnerships, should the opportunity arise to create additional employment opportunities for individuals with disabilities.
5. **Value Added**

NYSID has reported that individuals with disabilities will be placed in these temporary bindery worker positions and their functions and related tasks would routinely include:

 - Collate, fold, drill holes, shrink wrap, and stack boxes. Workers will possess knowledge of equipment for cutting, folding and drilling holes.

6. Direct Labor Workforce

NYSID estimates that 3,815 hours or approximately two FTEs will be generated annually through this service offering.

NYSID states that currently individuals with significant disabilities perform 100% of the direct labor required for these positions. This exceeds the Preferred Source Guidelines requirement of 75% disabled labor on contracts with more than 10 FTEs and a majority of disabled labor for contracts with 10 or less FTEs. The MTA contract has more than 10 FTEs. NYSID also reports that clients working on the MTA contract will earn an average wage of \$13.00 per hour in 2018.

7. Cost/Benefit Analysis

This application preserves opportunities for meaningful direct labor employment for individuals with significant disabilities. A successful application will maintain the employment of individuals with disabilities currently employed in temporary bindery worker positions. NYSID’s application states that this diverse workforce is a direct benefit to New York State and aligns with the Governor’s Executive Order 136 (“EO136”), which establishes New York as an Employment First State. A copy of EO136 is included in the application for reference.

NYSID provided the following points detailing how this application aligns with EO136:

- Sections B1 and D1 of EO136 establish the priority of “competitive integrated employment of individuals with disabilities.” Temporary Personnel - Bindery Workers working on NYSID contracts work in an integrated setting, since they have regular contact with procuring agency staff.
- NYSID states that their application for Temporary Personnel Bindery Workers meets the stated goal found in Section D1c of EO136: “Ensuring that the state’s workforce development strategy provides for individuals with disabilities, including strategies to maximize opportunities to hire individuals with disabilities in the private sector, the public sector, and in entities contracting with the state.”
- Section D1e of EO136: encourages “the use of data to measure employment of New Yorkers with disabilities.” NYSID records every job held by a person with disabilities working on a NYSID contract.
- The Executive Summary of EO136 says, “Specifically, the state aims to increase the employment rate of individuals with disabilities by 5%; decrease the poverty rate of individuals with disabilities by a comparable 5%.” NYSID maintains that eliminating the Bindery Worker jobs associated with the MTA contract for Temporary Services would deprive employment to 2 FTEs of individuals with disabilities.

8. Cost/Price Data

NYSID was unable to identify any NYS contracts requiring temporary bindery workers, so provided a General Services Administration (“GSA”) awarded contract for a Duplication Machine Operator, a position with similar responsibilities to a Bindery Worker, with an hourly bill rate of \$26.72. NYSID stated that their proposed bill rate of \$18.75 per hour for a bindery worker is within market. Please see the chart below containing detailed information pertaining to the structure of NYSID’s proposed bill rates supplemented with percentages calculated by OGS.

Job Title	Wage	Fringes	Fringe % of Wage	Wage and Fringe % of Total Rate	Sub-Total A	O/H	O/H % of Subtotal A	Sub-Total B	NYSID Fee (4%)	Total	% Markup from Wages
Bindery I	\$ 13.00	\$ 2.28	17.5%	81.5%	\$ 15.28	\$ 2.75	18.0%	\$ 18.03	\$ 0.72	\$ 18.75	44.24%

9. Current Suppliers

NYSID has reported data related to vendors who are eligible to participate on the OGS centralized contract for Administrative Services and other vendors who provided Temporary Personnel Services to the public sector in New York State over the past five years. It should be noted that the positions included in Temporary Personnel – Bindery Workers Services are not available on the OGS centralized contract for Administrative Services.

10. Preferred Source Suppliers

Goodwill, through NYSID, has been providing Temporary Personnel Services involving bindery workers for the MTA for 10 years. NYSID has reported Goodwill, along with six other member agencies will be able to meet the potential needs of other government entities. NYSID has reported that they plan on working with traditional non-profit members to provide this service, but would explore corporate partnership options if prospects arise to create additional employment opportunities for individuals with disabilities. NYSID estimates an annual value of approximately \$61,355.00 for the proposed contract with the MTA.

STAFF COMMENTS ON THE APPLICATION

OGS, acting as Staff to the Procurement Council, has reviewed the NYSID application and confirmed that the application meets the requirements of State Finance Law and the Preferred Source Guidelines, as set forth above. Although NYSID was unable to identify any current spend for these services beyond the MTA, NYSID will be able to provide Temporary Personnel - Transportation Bindery Worker Services statewide, thus meeting the requirement that the preferred source offering be provided to more than one State agency.

OGS reviewed the federal government's GSA schedule submitted as a market comparison with the application as well as the structure of the proposed bill rates provided by NYSID in the application. The GSA market comparison includes pricing for a bindery worker at \$26.72 per hour. OGS finds that NYSID's proposed hourly bill rate for this position is statutorily compliant and establishes reasonableness of price based on our review of comparable market pricing and the bill rate structure.

The wage rate for the temporary workers is \$13.00 per hour with a consistent fringe benefit rate of 17.5%. The wage is equal to the current minimum wage for New York City. The overhead percentage for the proposed bill rate is 18% and the NYSID Fee is consistently 4%. The total markup from the wage rate is approximately 44.24%. OGS research and prior experience has shown that private sector Temporary Personnel Services providers often have a markup between 35% and 50%.

Further analysis shows that 81.5% of the proposed bill rate is comprised of the wages and fringes benefits of the temporary employees. OGS finds that this demonstrates the reasonable costs of labor and overhead necessarily incurred by a preferred source under efficient methods of administration per New York State Finance Law §162.6b

The application is complete and contains specific service information, comparable pricing, labor cost, value added labor details, and sufficient information to confirm that the work being performed is meaningful, and will support the long-term employment of the disabled workforce at Goodwill with the availability to expand to other members and purchasing agencies as needed. Staff has confirmed that these services are to be performed by Goodwill, a preferred source member agency. If statewide demand increases, six other non-profit preferred source members are capable of providing these services. Annual sales for the services referenced within this application are estimated at \$61,355.00 and the price proposed is within 15% of prevailing market value.

EMPIRE STATE DEVELOPMENT REVIEW:

As of the date of this summary, OGS has not received ESD's recommendation regarding this application.

STAFF FINDINGS:

1. The OGS Preferred Source Team reviewed NYSID's application submitted to OGS and ESD on March 1, 2018, together with supplemental information and has determined that it meets the requirements of Preferred Source Guidelines, § X.B. and § X.D.
2. This application is to add Temporary Personnel – Bindery Workers as a new service category to List D of the List of Preferred Source Offerings.
3. OGS reviewed this application with particular attention to the proposed bill rate (\$18.75), the current percentage of disabled labor (100%), and the high percentage of the proposed hourly bill rate dedicated to the wages and fringe benefits of the temporary workers (81.5%).

STAFF RECOMMENDATION TO THE PROCUREMENT COUNCIL

Based upon the foregoing, Staff recommends that the Procurement Council approve NYSID's application to add the new service category of Temporary Personnel – Bindery Workers Services to List D of the List of Preferred Source Offerings, and grant NYSID preferred source status for Temporary Personnel – Bindery Workers Services. Upon approval of the Procurement Council, the List of Preferred Source Offerings, Section D will contain an additional checkmark (✓) to identify NYSID's Preferred Source Status for Temporary Personnel – Bindery Workers Services as identified in this application. The checkmark (✓) will be added under the NYSID column on the List of Preferred Source Offerings.