



Office of General Services

ANDREW M. CUOMO
Governor

ROANN M. DESTITO
Commissioner

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 - Transportation Field Work to the List of Approved Preferred Source Service Offerings

OVERVIEW

NYSID submitted an application for preferred source designation to provide Temporary Personnel - Transportation Field Work Services to the New York State Office of General Services (“OGS”) and Empire State Development (“ESD”) on March 1, 2018 and amended on April 4, 2018.

Goodwill Industries of Greater New York and New Jersey (“Goodwill”) will be the lead member organization providing this service through NYSID. Goodwill has been providing temporary personnel services involving field work for the Metropolitan Transit Authority (“MTA”) through NYSID for 10 years. NYSID maintains that in order to meet potential future demands of New York State, they have other member agencies that have the capability to offer Temporary Personnel - Transportation Field Work services in the future. The addition of Temporary Personnel - Transportation Field Work services as a NYSID preferred source offering will help ensure that the disabled workforce at Goodwill are provided with ongoing, meaningful, long-term employment.

BACKGROUND

NYSID has been providing Temporary Personnel - Transportation Field Work 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 - Transportation Field Work services, NYSID will no longer be able to provide transportation field workers to the MTA 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 employment for 131 individuals with disabilities who currently hold transportation field work positions that have been Preferred Source jobs for the past decade.

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 - Transportation Field Work, 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. The majority of the duties of temporary field workers are performed outside of an office, and with respect to the transportation sector, could occur at train stations, on trains, at bus depots or on buses or other transit locations determined by the procuring agency.

2. Market Information

NYSID has identified a specific need for these services by the MTA. NYSID calculated an annual spend of \$1,436,439 based on a contract to be let by the MTA. NYSID contacted several transportation authorities in New York State, including the Niagara Frontier Transportation Authority (“NFTA”), Capital District Transportation Authority (“CDTA”), Rochester-Genesee Regional Transportation Authority (“RGRTA”), and the Central New York Regional Transportation Authority (“Centro”) in their attempt to establish a potential statewide market for this service. NYSID also 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 - Transportation Field Work. 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 - Transportation Field Work services statewide, but the primary market is driven by the MTA contract. Currently, there is no NYS centralized contract that offers Temporary Personnel - Transportation Field Work.

3. Client Employment

NYSID maintains that a successful application will result in the preservation of employment for existing employees, and provide NYSID and Goodwill with a basis to provide new opportunities for ongoing employment for people that are significantly disabled. According to NYSID, individuals with disabilities will fill all titles and disciplines included in the application including all supervisory positions and NYSID will ensure compliance with the statutory requirements of the preferred source program. Many of the functions included in the supervisory positions overlap with the requirements of the counters, temperature survey takers, survey technicians, etc. It is NYSID’s intent to maximize employment opportunities for individuals with disabilities in all positions.

The contract between NYSID and the MTA will provide employment opportunities to 39.66 full-time equivalents (“FTEs”) (131 individuals) with at least 30 FTEs having a significant disability. This equates to a 77% disabled direct labor ratio and meets the requirement that at least 75% of the labor hours on a preferred member contract be provided by individuals with significant disabilities. 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 specific 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 the more than 300 individuals with disabilities who have been providing Temporary Personnel services to the MTA of which 131 serve in field worker positions.

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 temporary field work positions and perform functions for procuring agencies including, but not limited to the following:

- Count mass transit passengers and prepare reports
- Take temperatures on trains
- Distribute and collect surveys
- Purchase tickets to ensure proper procedures are being followed and that accurate fees are charged
- Record information on the performance of personnel and the condition of equipment, stations and depots
- Prepare and submit reports
- Assist with compliance to operations' rules

6. Direct Labor Workforce

NYSID estimates that the following annual direct labor hours will be generated through this service offering:

- Revenue Control Specialists: 1,638 hrs. or .84 FTEs
- Temperature Survey Takers: 8,700 hrs. or 4.46 FTEs
- Counters: 19,419 hrs. or 9.96 FTEs
- Survey Technicians: 26,913 hrs. or 13.8 FTEs
- Survey Technician Supervisors: 16,362 hrs. or 8.39 FTEs
- Field Specialist: 1,548 hrs. or .79 FTEs
- Service Analysts: 2,758 hrs. or 1.41 FTEs

NYSID estimates that individuals with significant disabilities will perform 77% of the direct labor required for these positions. This meets the requirement established in the Preferred Source Guidelines. NYSID also reports that clients working on the MTA contract will earn an average wage of \$15.93 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 131 individuals with disabilities. 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 Transportation Field Workers working on NYSID contracts work in an integrated setting, since they have regular contact with nondisabled co-workers, as well as the general public who are riding public transportation.
- NYSID Temporary Transportation Field Workers meet the value stated 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%." Eliminating the Field Worker jobs associated with the MTA contract for Temporary Services would deprive employment to 131 individuals with disabilities.

8. Cost/Price Data

In the absence of spending information from a New York State centralized contract, NYSID submitted market comparisons from the General Services Administration website. The chart below contains detailed information pertaining to the structure of NYSID's proposed bill rates supplemented with percentages calculated by OGS.

Job Title	Wage	Fringes	Fringe %	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
Field Specialist	\$ 16.25	\$ 2.85	17.5%	81.6%	\$ 19.10	\$ 3.40	17.8%	\$ 22.50	\$ 0.90	\$ 23.40	44.00%
Fieldwork Supervisor/Manager	\$ 21.00	\$ 3.68	17.5%	80.4%	\$ 24.68	\$ 4.85	19.7%	\$ 29.53	\$ 1.18	\$ 30.71	46.24%
Counters	\$ 14.73	\$ 2.58	17.5%	83.8%	\$ 17.31	\$ 2.55	14.7%	\$ 19.86	\$ 0.79	\$ 20.65	40.22%
Quality Control Specialist	\$ 15.53	\$ 2.72	17.5%	83.9%	\$ 18.25	\$ 2.67	14.6%	\$ 20.92	\$ 0.84	\$ 21.76	40.10%
Supervisor	\$ 16.25	\$ 2.85	17.5%	81.6%	\$ 19.10	\$ 3.40	17.8%	\$ 22.50	\$ 0.90	\$ 23.40	44.00%
Surveyor	\$ 15.25	\$ 2.67	17.5%	83.9%	\$ 17.92	\$ 2.61	14.6%	\$ 20.53	\$ 0.82	\$ 21.35	40.01%
Survey Technician Supervisor	\$ 16.25	\$ 2.85	17.5%	81.6%	\$ 19.10	\$ 3.40	17.8%	\$ 22.50	\$ 0.90	\$ 23.40	44.00%
Survey Technician Supervisor Trainee (Initial Pay)	\$ 13.75	\$ 2.40	17.5%	81.6%	\$ 16.15	\$ 2.89	17.9%	\$ 19.04	\$ 0.76	\$ 19.80	44.01%
Survey Technician Supervisor Trainee (Intermediate)	\$ 15.00	\$ 2.63	17.5%	81.6%	\$ 17.63	\$ 3.14	17.8%	\$ 20.77	\$ 0.83	\$ 21.60	44.01%
Survey Technician Tier I	\$ 13.25	\$ 2.32	17.5%	81.6%	\$ 15.57	\$ 2.78	17.9%	\$ 18.35	\$ 0.73	\$ 19.08	44.03%
Survey Technician Tier II	\$ 14.00	\$ 2.45	17.5%	81.6%	\$ 16.45	\$ 2.93	17.8%	\$ 19.38	\$ 0.78	\$ 20.16	43.97%

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 – Transportation Filed Work services are not currently available on the OGS centralized contract for Administrative Services. In the market information section of their application, NYSID reported that NFTA, RGRTA, and CDTA have indicated that they do not use temporary personnel to conduct fieldwork of any kind.

10. Preferred Source Suppliers

Goodwill, through NYSID, has been providing Temporary Personnel services involving field work 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 provide additional employment opportunities for individuals with disabilities. NYSID estimates a contract value of \$1,436,439 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 Field Work services Statewide, thus meeting the requirement that the preferred source offering be provided to more than one State agency.

Approval of this service offering will allow NYSID to offer these services to the MTA, thereby preserving employment opportunities to 39.66 FTEs with at least 30 FTEs having a significant disability. NYSID’s bill rates range from \$19.08 to \$31.71 per hour, depending on the job duties and level of responsibility for each position. Except for the Fieldwork Supervisor/Manager, all the proposed bill rates are between \$19.07 and \$23.40 per hour. The proposed hourly rates, see the Total Column above, can be deemed reasonable and statutorily compliant, based on OGS’s research of bill rates charged for temporary workers in the New York metropolitan area market.

The wage rates for the temporary workers range from \$13.75 per hour to \$21.00 per hour with a consistent fringe benefit rate of 17.5%. The wages are all above the current minimum wage for New York City and appear reasonable. The overhead percentage for each proposed bill rate ranges from 14.6% to 19.7% and the NYSID Fee is consistently 4%. The total markup from the wage rate is 40-46%, depending on the position. 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 between 81.6% and 83.9% of the proposed bill rates are comprised of the wages and fringe 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 §162.6(b).

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 procuring 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 \$1,436,439 and the prices proposed are within 15% of prevailing market price.

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 the NYSID application submitted to OGS and ESD on March 1, 2018, together with supplemental information and has determined that the application meets the requirements of Preferred Source Guidelines, § X.B. and § X.D.
2. This application is to add Temporary Personnel -Transportation Field 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 high percentage of disabled labor (77.78%), the number of jobs that will be preserved (39.66 FTEs with at least 30 FTEs having a significant disability), and the high percentage of each rate dedicated to the wages and fringe benefits of the temporary workers (81.6%-83.9%).

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 - Transportation Field Work Services to List D of the List of Preferred Source Offerings, and grant NYSID preferred source status for Temporary Personnel - Transportation Field Work Services referenced throughout this memorandum. 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 - Transportation Field Work Services as identified in this application. The checkmark (✓) will be added under the NYSID column on the List of Preferred Source Offerings.