

# **New York State Procurement Council**

## **Preferred Sources Modernization Report 2024**

Pursuant to Chapter 565 of the Laws of 2022,  
as amended by Chapter 91 of the Laws of 2023.

### **Overview**

In 2022, the New York State Legislature unanimously approved, and Governor Hochul signed into law, the Preferred Sources Program Modernization Bill (the “Act”). The legislation codified the first significant updates to State Finance Law § 162, which governs New York’s Preferred Source Program (the “Preferred Source Program”), since its inception in 1975. There were three changes to the law that comply with New York State’s Employment First principles. First, the term “workshop” was removed from the law replacing it with the term “entity” to describe the place of employment. The second change was removal of the term “severely disabled” replacing it with the term “disabled.” Severely disabled is an outdated term to describe an individual with an intellectual or developmental disability and the Preferred Sources work with people with all disabilities. The third and final change is to the required labor ratios. Guidance established for the Preferred Source Program previously required maintaining a ratio of 75% between direct labor of people with disabilities and total labor hours on all contracts. The Act reduces the required labor ratio to 50%. The 75% ratio was driven by workshop employment which the state has committed to phasing out. The Act further provides that the changes to the law made by Section 1 of the Act (which includes the decrease in the direct labor ratio) shall expire and be deemed repealed on October 4, 2025.

As required by the Act, the New York State Procurement Council hereby submits this Report to the Governor, the Temporary President of the Senate, and the Speaker of the Assembly on the direct labor workforce employed in the provision of preferred source commodities and services. This Report includes objectives for direct labor to be provided under a preferred source agreement by people who are blind, veterans, or by people with disabilities; participation levels of people who are blind, veterans, or by people with disabilities in preferred source contracts; and recommendations for improving partnering with preferred sources.

**NYS Preferred Source Program for New Yorkers Who Are Blind (“NYSPSP”) Direct Labor Workforce Data as Delivered to the State Procurement Council.**

Below are NYSPSP’s annual reporting statistics for 2019 through 2024. NYSPSP reporting is based on a 12-month review of hours worked, participants, and wages.

	2019	2020	2021	2022	2023	2024
<b>Non-Blind Hours</b>						
Commodities	27,048	32,385	20,614	19,753	43,019	41,728
Services	17,023	14,816	4,444	749	-	1,055
Total Non-Blind Hours	44,071	47,201	25,058	20,502	43,019	42,783
<b>Blind Hours</b>						
Commodities	136,526	122,300	115,689	104,226	127,631	140,049
Services	28,317	25,561	29,192	38,051	23,894	28,308
Total Blind Hours	164,843	147,861	144,881	142,277	151,525	168,350
<b>Total Hours</b>	208,914	195,062	169,939	162,779	194,543	211,133
<b>FTE’s</b>	370	356	387	440	355	412
<b>Blind Labor Ratio</b>						
Commodities	83.46%	79.06%	84.88%	84.07%	74.79%	77.04%
Services	62.45%	63.31%	86.79%	98.07%	100.00%	96.41%
Total	78.90%	75.80%	85.25%	87.40%	77.89%	79.74%
<i>Estimated Total Number of Individuals Working on NYSPSP Contracts</i>	565	548	440	371	549	514
<i>Estimated Total Number of Individuals Who Are Blind Working on NYSPSP Contracts</i>	445	415	374	323	427	409
<i>Total Blind Wages</i>	\$2,139,721	\$1,990,677	\$2,017,164	\$2,106,166	\$2,372,169	\$2,757,090
<i>Average Hourly Blind Wage</i>	\$12.98	\$13.46	\$13.92	\$14.80	\$15.66	\$16.38
<b>Data Source: NYSPSP 2024</b>						

Of note, for the reporting period:

1. Blind labor hours for commodities fluctuated over the period.
2. Blind labor hours for services remained relatively unchanged over the period.
3. Blind labor ratio remained around 80% over the period. The federal government still requires a ratio of 75%, and thus, NYSPSP agencies must meet this higher threshold when the same employees are used.

## NYS Industries for the Disabled, Inc. (“NYSID”) Direct Labor Workforce Data as Delivered to the State Procurement Council

Below are NYSID’s annual reporting statistics for 2019 through 2024. NYSID’s annual reporting is based on a 12-month review of hours worked, participants, and wages for July 1 through June 30. For example, 2022 numbers are July 1, 2021, through June 30, 2022. The 2023 and 2024 reporting years fall entirely under the Act. The 2022 reporting year falls partially under the Act.

	2019	2020	2021	2022	2023	2024
<b>Non-Disabled/Non-Veteran Hours</b>						
Commodities	15,868	13,012	15,161	12,835	12,102	17,091
Services	1,112,740	1,158,907	1,311,583	1,117,672	1,196,335	1,271,927
<b>Total Non-Disabled/Non-Veteran Hours</b>	<b>1,128,608</b>	<b>1,171,919</b>	<b>1,326,744</b>	<b>1,130,507</b>	<b>1,208,437</b>	<b>1,289,018</b>
<b>Disabled/Qualified Veteran Hours</b>						
Commodities	155,771	110,950	66,696	76,758	75,693	90,176
Services	3,971,572	3,677,499	3,522,631	3,427,178	3,573,974	3,602,273
<b>Total Disabled/Qualified Veteran Hours</b>	<b>4,127,342</b>	<b>3,788,448</b>	<b>3,589,327</b>	<b>3,503,936</b>	<b>3,649,666</b>	<b>3,692,449</b>
<b>TOTAL HOURS</b>	<b>5,255,950</b>	<b>4,960,367</b>	<b>4,916,071</b>	<b>4,634,443</b>	<b>4,858,103</b>	<b>4,981,467</b>
<b>FTE’s</b>	2,695	2,544	2,521	2,377	2,491	2,555
<b>Disabled/Qualified Veteran Labor Ratio</b>						
Commodities	90.76%	89.50%	81.48%	85.67%	86.22%	84.07%
Services	78.11%	76.04%	72.87%	75.41%	74.92%	73.90%
<b>Total</b>	<b>78.53%</b>	<b>76.37%</b>	<b>73.01%</b>	<b>75.61%</b>	<b>75.13%</b>	<b>74.12%</b>
<i>Estimated Total Number of Disabled Individuals/Qualified Veterans Working on NYSID Contracts</i>	5,583	5,292	4,418	4,644	4,785	4,758
<i>Estimated Total Number of Individuals Working on NYSID Contracts</i>	7,110	6,929	6,051	6,142	6,369	6,419
<i>Total Disabled/Qualified Veteran Wages (Millions)</i>	\$72.926	\$71.419	\$74.677	\$77.842	\$81.005	\$82.720
<i>Average Hourly Disabled/Qualified Veteran Wage</i>	\$17.67	\$18.85	\$20.81	\$22.22	\$22.20	\$22.40
<b>Source: NYSID 2024</b>						

Of note, for the reporting period:

1. Disabled labor hours for commodities decreased over the period.
2. Disabled labor hours for services decreased over the period.
3. Disabled labor ratios decreased over the period.

Additionally, people with intellectual and developmental disabilities have a higher prevalence of factors that render them more vulnerable in a public health emergency. Due to restrictions at social enterprises and corporate partners and a lack of staffing and transportation, many people with disabilities paused their work during the Covid-19 pandemic. People who were immunocompromised and/or suffered from chronic illnesses were at increased risk while participating in the workforce. NYSID employment stabilized post-pandemic in 2022, and hours worked have been on an upward trend.

## **Recommendations**

Based on the data provided, the Council recommends the following:

1. New York State and local governments should strengthen their training and compliance with the preferred source program as required under State Finance Law.
2. The changes to State Finance Law § 162 made by Section 1 of the Act, which are currently set to expire on October 4, 2025, should be continued.