



**Office of
General Services**

KATHY HOCHUL
Governor
JEANETTE M. MOY
Commissioner

July 28, 2025

Hard copy by U.S. Mail and via email to: mgoetz@osc.ny.gov

Melody A. Goetz
Deputy Comptroller
New York State Office of the State Comptroller
110 State Street
Albany, NY 12236

Re: Preferred Source Program
Response to Letter Dated June 23, 2025

Dear Ms. Goetz:

First and foremost, the Office of General Services ("OGS") would like to express its support for the Preferred Source Program and the important social and economic goals of providing meaningful employment opportunities for disabled individuals. OGS values our role in administering this program, and we are committed to meeting our statutory responsibilities as outlined in the New York State Finance Law ("SFL").

In response to your letter, dated June 23, 2025, OGS can confirm with certainty that we did not change our policy regarding the methodology for determining "market price" for the Preferred Source Program. OGS's policy for determining market prices for the Preferred Source Program has been and remains a comparison with the price on OGS centralized contract as the highest preference in the order of priority, just as it has been for many years.

As you know, OGS publishes on its website a "Preferred Source Checklist & Guide to Prevailing Markets," which includes a list of possible market comparison options that may be used to demonstrate prevailing market pricing for Preferred Source applications. This checklist is presented in descending order of preference, and the highest priority item on the list has been and remains OGS centralized contracts.

Recently, OGS updated the checklist merely to indicate that when using a centralized contract as the price comparison, we are looking at the lowest price for the same or equivalent service or commodity available on OGS centralized contract, but this has always been the case in practice going back many years. This update was made merely to memorialize what has always been the case in practice, and was only intended to reflect, more precisely, what the current and past practice has always been. To reiterate, there was no change in policy, procedure or practice.

To illustrate this point, enclosed please find a list of Preferred Source applications that have been approved by the Procurement Council over the last 5 years using this exact same methodology, i.e., using a comparison of the Preferred Source prices to the lowest price available on OGS centralized contract for the same or equivalent service or commodity.

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In addition, enclosed please find a letter dated August 11, 2009, from OGS to then President and CEO of NYSID, Mr. Kenneth J. Ringler, explaining the price review process for the Preferred Source Program. The letter explains:

"In order to determine whether the preferred source price is within 15% of the prevailing market, OGS's examination of the prevailing market rate is commenced with a review of existing New York State (NYS) centralized contracts. If there is an existing NYS centralized contract for the same or similar commodity or service, the price review would be conducted *against the lowest price offering* (emphasis added)."

The 2009 letter goes on to explain that if there is no existing centralized contract to use for comparison purposes, we would then proceed to examine whether there was a similarly situated state or federal government contract, and then if no comparison was found there, we would proceed to an open market review. In each case, as the letter explains, "the price review would be conducted *against the lowest price offering* (emphasis added)."

As you can see, the practice of comparing Preferred Source prices against the lowest price on centralized contract has been in place at OGS since at least 2009, and likely even longer. Clearly, this was not a policy change recently made by OGS.

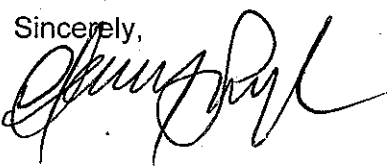
Your letter also questions why OGS would not have submitted our recently updated checklist document to the Procurement Council for its review and approval. The checklist is an OGS document that details how we implement the statutory mandates that we have been given under the SFL. As you know, we are charged under SFL § 162(6)(a) with the responsibility for conducting price reviews of Preferred Source offerings, and under § 162(6)(b), we are responsible for ensuring that such prices are "as close to prevailing market price as practicable, but in no event greater than fifteen percent above the prevailing market prices for the same or equivalent commodities or services."

To meet this statutory duty, and in an effort to be transparent in how we do so, we publish the "Preferred Source Checklist & Guide to Prevailing Markets" on our website and periodically update it as necessary. As this document relates to a statutory duty of OGS, and not of the Procurement Council, updates to this document have not historically been submitted to or approved by the Procurement Council. In fact, prior changes to this document, of much more significance than this recent update, have likewise not been submitted or approved by the Procurement Council.

For example, the most recent change of any significance to the checklist was the addition of items H1 and H2 in 2017, allowing the Preferred Sources to submit a narrative description and/or a paid quote from a private company to establish market pricing, if comparable contracts in items A through G are unavailable. This change, which significantly benefits the Preferred Sources, was not submitted to or approved by the Procurement Council, and there was no question from the Preferred Sources or any Procurement Council members as to whether the Procurement Council needed to approve the change or if OGS had the authority to make the change unilaterally.

OGS reiterates our support for the Preferred Source Program and the important social and economic goals of providing meaningful employment opportunities for disabled individuals. We look forward to continuing to support this program while also complying with our statutory duties.

Sincerely,



Melody A. Goetz
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Dhanraj Singh
Chief Procurement Officer
Chair, New York State Procurement Council

ENCLOSED: List of Preferred Sources Applications Approved by OGS and Procurement Council.

cc: Commissioner Jeanette Moy
Kim Hill, Chief Disability Officer
Assembly Member John McDonald, Chair Governmental Operations
Assembly Member Angelo Santabarbara, Chair People with Disabilities
Senator James Skoufis, Chair Investigations and Government Operations
Senator Patricia Fahy, Chair People with Disabilities
Michelle Heaslip
Julissa Gutierrez
Elizabeth Lusskin
Lisa Brooks
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