

Support Employment of People with Disabilities: Bring the State Use Set-Aside Contract Up to Date

In 2016 A.N.D. did a market study of the competitively-awarded janitorial contracts, comparing them with A.N.D.'s set-aside janitorial contract that employs people with disabilities under subcontracts with Chimes, Connections, Easter Seals, Fedcap, Goodwill, and Service Source. The study found that the janitorial set-aside contract was underfunded by roughly \$500,000. The JFC approved an increase in funding of \$300,000 for FY 2017. Another \$200,000 is still needed in FY 2019.

“The price of a commission-approved, contracted set-aside shall recover for a CRP or CNA the cost of raw materials, labor, overhead, and delivery.”

- TITLE 16, CHAPTER 96 OF THE DELAWARE CODE RELATING TO STATEWIDE CONTRACTS TO SUPPORT EMPLOYMENT FOR INDIVIDUALS WITH DISABILITIES

- The intent of the law and its implementing regulations is clear – participating Community Rehabilitation Programs should be paid at “fair market value,” i.e., at a rate that is commercially reasonable when compared to the open market.
- If this gap cannot be closed, as many as 60 people with disabilities could be at risk of losing their jobs cleaning government buildings, due to sites that could be surrendered by CRPs beginning in FY 2019.
 - These job losses would cause increased use of entitlement programs and decreased state revenue from payroll taxes.
- During FY 2016, **18 sites were surrendered** by two CRPs because they could no longer subsidize the cleaning of State buildings, which were being cleaned at a rate that was below fair market value. In other words, they were **not** recovering the cost of raw materials, labor, and overhead.
 - A.N.D. took over these sites at a loss while waiting for an appropriation to be considered by the JFC, in order to keep people employed.
 - When the JFC approved the \$300,000 for FY 2017, A.N.D. reassigned the sites to qualified CRPs and **82 jobs were saved**.
- If all the sites that could be surrendered in the future would be awarded to commercial businesses, they would be paid the market rate, i.e., prices would increase by the same amount as the appropriation request A.N.D. is making.