

**Testimony
Joint Finance Committee
Office of Management and Budget Hearing
January 31, 2023**

Good morning, Rep. Carson, Sen. Paradee, JFC Members, Director Cade, OMB staff, and fellow Delawareans. I am Thomas Cook, Executive Director of the Ability Network of Delaware (A.N.D.). As the Central Nonprofit Agency certified under Title 16 Chapter 96 (the “State Use” law), A.N.D. holds set-aside contracts with the state for janitorial services and temporary employment services. A.N.D. is proud to partner with the state to provide employment opportunities for people with disabilities under the provisions of the State Use law. Under the terms of the janitorial set-aside contract, A.N.D. is responsible for ensuring that 75% of the labor needed to clean state-owned or -leased buildings is done by people with disabilities.

The last time an appropriation was granted to provide a market adjustment for the janitorial set-aside contract was in State Fiscal Year 2016. A.N.D. began working on the budget proposal for this appropriation after two of our subcontractors surrendered their cleaning assignments in 18 buildings due to inadequate pricing. Rather than requesting that the Commission for Statewide Contracts to Support Employment for Individuals with Disabilities remove the buildings from the set-aside contract, A.N.D. began providing the services directly on a temporary basis to preserve the jobs, until we could find a way to increase the reimbursement needed to meet the requirements of the State Use law.

Title 16, Chapter 96 requires that “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.”

Thanks to the work A.N.D. did with the Office of Management and Budget and Government Support Services in 2016, a \$300,000 appropriation was included in the state budget passed by the Joint Finance Committee. A.N.D. had made a request for \$500,000, based on a comparison to prices granted to another vendor, whose contract did not have a requirement to hire people with disabilities. Although the full amount we requested was not included in the FY 2016 state budget, it provided the funding needed for the Commission to approve price adjustments that saved 118 jobs for persons with disabilities in the janitorial contract. Prices for some sites were adjusted up by \$400,000 and others were adjusted down by \$100,000 for a net increase of \$300,000.

In March 2022, A.N.D. completed an updated comparison of the buildings that are

cleaned under the set-aside contract with the current contracts that are held by vendors who are not required to hire people with disabilities. If funding was made available to make all the price adjustments listed in the comparison that was made, the total appropriation needed for State Fiscal Year 2024 would be at least **\$876,080**. If the market adjustments for the very largest buildings in the state cleaned under the set-aside contract were based on the average price per square foot (\$2.31) found in the comparison done for the smaller buildings, the total needed would be **\$1,201,210**. As I understand it, there is \$367,500 that was included in the Governor's Recommended Budget (GRB) to cover the cost of the next minimum wage increase for the custodians who work under A.N.D.'s contract. Our request for \$876,080, which we presented to OMB during their hearings last November, is not included in the GRB.

A.N.D.'s subcontractors are referred to as CRPs, Community Rehabilitation Programs, in the federal laws that were originally passed in 1973 to help support the employment of people with disabilities. The CRPs have a mission like A.N.D.'s, which includes providing people with disabilities with employment opportunities. During the pandemic, the employees who cleaned the buildings under A.N.D.'s set-aside contract were deemed essential workers. They helped maintain a safe environment for state employees who continued to go to their offices. Now, they just want to be treated fairly, by receiving a market rate adjustment for the janitorial services they render to the state.

If the CRPs were to surrender some of the sites they clean, again, like they did in 2016, the fiscal consequences of putting the people with disabilities who they employ out of work would result in an increased reliance on government benefits by these individuals. Yet, because the state buildings would still need to be cleaned, when these services would be put out to bid, the new contracts would certainly result in an increase in payments to the vendors that would be selected – again, these are vendors that are not required to hire people with disabilities.

By including the funds to bring the rates up to a Fair Market Value in the Governor's FY 2024 budget, the state would continue its commitment to the employment of people with disabilities and would ensure that the CRPs would have the resources needed to do the best job possible in the buildings they clean.

We look forward to continuing our conversation with Joint Finance Committee members about the specifics we have outlined in our request.

Thank you for the opportunity to testify.