

ECONOMIC IMPACT OF THE PURCHASING FROM PEOPLE WITH DISABILITIES PROGRAM ON TEXAS

Analysis of Contributions, Costs, and
Effectiveness of the State Use Program
on the Texas Economy

*Prepared for the
Texas Workforce Commission*

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IMPACT BY THE NUMBERS

2019



\$304.4 million

of output added
to Texas' state gross



\$167.3 million

of total personal income
generated in the state



Over 9,400

jobs created, including
those both directly and
indirectly supported



\$7.5 million

in additional state and local
sales tax revenue generated
by program spending

IMPACT BY THE NUMBERS

2020



\$296.6 million

of output added
to Texas' state gross



\$162.8 million

of total personal income
generated in the state



Over 8,800

jobs created, including
those both directly and
indirectly supported



\$7.3 million

in additional state and local
sales tax revenue generated
by program spending

Total Economic Benefits of the State Use Program

2019 and 2020

The following table summarizes the State Use Program's impact on the Texas economy in 2019 and 2020:

Impact	2019	2020
Output	\$304,390,336	\$296,632,846
Income	\$167,320,514	\$162,756,691
Employment	9,425	8,873

0. Executive Summary

The Texas Purchasing from People with Disabilities program was first implemented in 1978 with the goal of enhancing the lives of Texans with disabilities by providing them with employment opportunities and ways to achieve independence. The program is overseen by the Texas Workforce Commission (TWC), but its daily operations are administered by WorkQuest (formerly known as TIBH), a non-profit agency. The program, commonly known as the “State Use Program” establishes the process whereby state agencies purchase certain goods and services from Community Rehabilitation Programs (CRPs), which hire people with disabilities to produce and supply those goods and services.

The Department of Economics and Finance at Stephen F. Austin State University (SFA) was engaged by TWC staff to perform a study of the program’s contributions to the Texas economy, specifically addressing issues and concerns raised in the 2015 Sunset Advisory Commission report. The current report is the result of this study which uses data provided by WorkQuest, Texas Comptroller’s Office, TWC, individual CRPs, and several state agencies.

In fiscal year (FY) 2019, the State Use Program:

- Added approximately \$304.4 million of output to Texas’ state gross domestic product (SGDP).
- Generated roughly \$167.3 million of total personal income in the state. Each in-state dollar of income directly paid by the program translated into a total of \$2.23 in personal income for Texas residents.
- Created over 9,400 jobs, including those both directly and indirectly supported; this means that for every one program job, an average of 1.29 other jobs were created in Texas.
- Spending by the program generated about \$7.5 million in additional state and local sales tax revenues.

In FY 2020, the program:

- Added approximately \$296.6 million to Texas’ state gross domestic product (SGDP).
- Generated about \$162.8 million in total personal income; each in-state dollar of income directly paid by the program translated into a total of \$2.20 in personal income for Texas residents.
- Created nearly 8,900 total jobs, implying that for every one program job, 1.29 additional jobs were created.
- Spending by the program generated about \$7.3 million in additional state and local sales tax revenues.

The following table summarizes the State Use Program’s impact on the Texas economy in 2019 and 2020:

Table E1: Total Economic Benefits of the State Use Program in 2019 and 2020

Impact	2019	2020
Output	\$304,390,336	\$296,632,846
Income	\$167,320,514	\$162,756,691
Employment	9,425	8,873

Regionally, the program had the greatest impact in the following areas:

- In the Capital, Gulf Coast, Metroplex, and South Texas regions, the program generated the most output and income for both fiscal years 2019 and 2020; in these areas, the program also employed the highest number of individuals in 2019.
- In fiscal year 2020, the greatest number of individuals were employed in the Capital, Central, Metroplex, and South Texas regions.

In addition to the immediate economic impact on the state and regional economy of Texas, the program benefited Texans in other ways. In particular, it:

- Generated an additional influx of federal funds into the state through earned income tax credits (EITC);
- Decreased the burden on state and federal public assistance programs;
- Supplied competitively priced products and services to 237 state agencies;
- Positively impacted all areas of the state.

Regionally,
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positively
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Many other nonpecuniary benefits can be attributed to the program, such as the added value employment provides in improving individuals' with disabilities health outcomes, social ties, sense of identify and belonging.

The remainder of the report is organized as follows. Section 1 provides some background and an overview of the State Use Program; Section 2 describes the landscape of disability across the US and in Texas; the main analysis of the economic contribution of the program is in Section 3, which includes an assessment of tax implications, potential costs of the program, a discussion of impacts on minority operated businesses, and a detailed breakdown of the economic impact by region of Texas. Data from both 2019 and 2020 are used to investigate any recent trends and analyze the effects of COVID-19. Section 4 addresses each of the concerns identified in the 2015 Sunset Advisory Commission Report with respect to various metrics of the program's effectiveness and performance, and Section 5 concludes.

Kenneth Ming: Making purchasing a priority

Kenneth Ming has been in the business of state procurement for almost 20 years, and he says TIBH (WorkQuest) and its WorksWonders Program have been constants in his work life. “Wherever I’ve been employed, I’ve made it a priority to support these programs,” he said. “They provide benefits to individuals who would otherwise not have those opportunities.”

Ming is director of business operations and contracts at the Texas Juvenile Justice Department (TJJD). Before that, he spent many years working for the state at the Texas Department of Criminal Justice and the Texas Youth Commission.

“WorksWonders is part of the culture among public purchasers at state agencies,” Ming said. “We’re always sharing notes on how to maximize our use of the program and are active in suggesting new improvements to the buying experience. TIBH is almost always discussed at purchasing meetings.”

Ming said he learned the benefits of using the program early on in his purchasing career.

“It just makes sense to put money back into the community and help make those with disabilities contributing members of the Texas economy,” he said. “They get to experience independence and improve self-esteem by being gainfully employed. Purchasing through TIBH allows us to be a part of that.”

“ It just makes sense to put money back into the community and help make those with disabilities contributing members of the Texas economy,” he said. “They get to experience **independence** and **improve self-esteem** by being gainfully employed. Purchasing through TIBH allows us to be a part of that. ”

Ming, who has been with TJJD for 10 years, oversees warehouse operations and assets. He manages the agency's nearly 400 active contracts and approximately 12,000 yearly purchase orders—most of these with TIBH. His agency has a large custodial contract with TIBH through which they purchase office supplies, janitorial supplies, bed and bath items, furniture and temporary employment services. Although TJJD currently purchases as much as it can through WorksWonders, if TIBH were to add more products that TJJD could use, Ming said he would consider expanding the contract.

“Purchasing through TIBH and the WorksWonders Program is mandatory for state agencies, but TJJD still aims to purchase as much as possible from the program to support its greater cause,” Ming said.

Ming credits purchasers Deb Baize, Jackie Schmaltz, Patrick Koll, Brittany Williams and Brenda Medack, as well as warehouse manager Noel Ruiz, for TJJD's dedication to the program.

“My purchasing staff understands the importance of buying from TIBH and supporting the WorksWonders Program,” Ming said. “They're certified, well-trained and are the main reason why TJJD has been recognized by TIBH as one of its Top 10 purchasing agencies for the past four years.”

Before his state purchasing career, Ming provided direct care to patients at Southeast Louisiana State Hospital. That experience sparked his affinity for supporting programs such as WorksWonders.

“They didn't see themselves as different,” he said. “I saw that they were happy and wanted to be involved. That shaped me as I entered the job market. TIBH provides a way to do the job I love—purchasing—and use it to help better someone else's life.”



“ TIBH **provides a way** to do the job I love—purchasing—and use it to help better someone else's life. ”

1. Overview of the Texas Purchasing from People with Disabilities Program

In Texas, the Purchasing from People with Disabilities program, also commonly known as the State Use Program, is an initiative whereby individuals with disabilities are provided opportunities for employment, personal and professional growth and development, and a pathway to attaining independence. These individuals are employed in their own communities through a Community Rehabilitation Program (CRP) to produce products and perform services, which are purchased by all state agencies. While some exceptions are allowed, state agencies must purchase goods and services made available through the State Use Program.

The Texas Workforce Commission (TWC) has the statutory authority to oversee the State Use Program, and it contracts with a Central Nonprofit Agency (CNA) to manage and administer the program's operations. Since 1978, WorkQuest has been TWC's choice of CNA; WorkQuest markets the program as Works Wonders. As of 2020, there are 106 CRPs actively operating within the program.

State agencies, such as municipalities, courts, school districts, higher education institutions, and others make required purchases, in accordance with state law, of products and services provided by the State Use Program; purchases are made through an online portal, Texas SmartBuy. Exceptions allowing state agencies to purchase these products outside of the program are allowed for one of five reasons: quality, quantity, delivery time, life cycle cost or testing/inspection. Agencies requesting exceptions must report them and specify the reason(s) for going outside of the program. Exception reports are filed monthly with the Texas Comptroller of Public Accounts.

The following page is a list of goods and types of services the program provided in 2019.

Products:

Absorbent	Delineator	LED beacon
Air filters	Desk diaries/day planners	LED light bulbs
Air freshener	Dessert, snack	Litter pickup sticks
Almonds	Dip, packaged	Napkins, dispenser type
Auxiliary light	Disinfectant pine oil	Neck lanyard
Award items	Diskettes, 3.5	Nitrile examination gloves
Bag, paper	DNA collection kit	Note pad/self stick/ legal
Bags, rock sample	Drug test kit	Nylon laundry bag
Bar soap	Dry erase starter kit	Nylon scrubbing pads
Bathroom tissue	Dust mask	Odor eliminator
Binders, 3 ring pressboard	Dustpan set	Panties
Binding, wide back plastic	DVD and CD sleeves	Paper towel wipe
Biodegradable cleaners	Engineering stakes/ wood-laths	Paperboard mailer
Blood alcohol test kit booster	File organizer	Pencils, mechanical
Cables	First aid kit	Pens, all types
Bottled water	Flash drive	Portion Pac cleaning products
Brassieres	Floor maintenance pads	Protective helmets
Cable ties	Glass cleaner	Rakes
Caps, baseball	Glasses, safety	Reflective sheeting
Carbon paper	Gloves, drivers	Restraints Shredder oil
Chair mats	Hand sanitizer – instant	Spices
Chairs	Hand soap	Sponge scrubbers
Clam clips and refills cleaner, grille	Hand trucks, platforms, dollies	Spring rake, heavy duty
Clips, paper & binder	Hanging wall pocket	Steel toe rubber boot
Clocks, battery	Headphones	Tech wipe
Coffee, instant	Highlighters & markers	Tile cleaner
Compact discs	ID card reel, card holder	Toner cartridges
Copy paper	Illuminator stick highlighter	Towels, 100% cotton muslin
Correction stick/tape	Index tabs	Urinal screen kit
CorrectPac cleaning products	Labels	
Coveralls		

Services:

Air filter service	Grounds maintenance	Power washing
Bat guano removal	Guard rail repair Janitorial	Recycling maintenance Right of
Bus cleaning	maintenance Janitorial/	way mowing Roadside
Cabinet installation	grounds maintenance	maintenance Roadside mowing
Carpet cleaning	Landscape maintenance	Service station attendant
Carport installation	Linen folding	Shipping Logistics
Data entry service	Litter barrel pickup	Sign installation
Debris pickup	Litter pickup	Sump pump cleaning Technical
Delineator replacement	Mail room services	assistance
Drain inlet cleaning	Maintenance	Tree & brush control
Edging/trimming	Mechanical mulching	Tree pruning/trimming
maintenance	Moving maintenance	Tree removal
Facility maintenance	Mowing maintenance Paint	Vegetation control
Floor maintenance	maintenance	Vehicle cleaning
Furniture	Pest control	
cleaning/reupholster	Picnic area maintenance	
General construction		

Criteria for Certification of CRPs

Community Rehabilitation Programs (CRPs) are government or private nonprofit entities that must be certified by the TWC in order to participate in the State Use Program. Recertification is required every three years. To be certified, a CRP must comply with various data collection and reporting requirements (including human resources and accounting documentation, establishing and documenting presence of disabilities among individuals employed, and so on). Additionally, CRP staff is charged with developing a person-centered plan for each individual with a disability that establishes employment goals and matches the individual's skills and desires.

Program's Stated Goals and Purpose

One of the two goals of the State Use Program, according to Texas Administrative Code,¹ is to

[...] further the state's policy of encouraging and assisting individuals with disabilities to achieve maximum personal independence by engaging in useful productive employment activities [...]

which falls under the purview of the TWC. Therefore, the goals of the program are not to simply employ individuals with disabilities, but to provide them with meaningful work, assist them in developing workplace skills and abilities, and encourage them to eventually seek and secure competitive integrated employment outside of the program.

¹40 Tex. Admin. Code § 806.1 (2017).

2. Disability in Texas and the US

In 2019, according to the US Census Bureau, there were 323,205,854 civilians living in the community² in the United States. Of this number, 41,156,238 individuals or 12.7 percent had some kind of disability. For Texas, these numbers are: 28,522,630 civilians living in the community; 3,282,543 people or 11.5 percent living with a disability.

With respect to gender, there are about equal numbers of men and women with disabilities in Texas. People with disabilities largely tend to live in urban centers – nearly 80 percent live in or near a major population center.

Poverty

In the US, 11.4 percent of adults without disabilities aged 18-64 lived in poverty in 2019. In Texas, this proportion was 11.7 percent, which ranks the state 25th. Among people with disabilities, the proportion of US adults in poverty is 25.9 percent, while in Texas it is 22.8 percent; Texas ranks 41st (only nine states have lower poverty rates among those with disabilities). However, the poverty gap – the difference between the percentage of those with disabilities living in poverty and those without disabilities – is 14.5 percent for the US and only 11.1 percent for Texas. The state ranks third in this regard; only Montana and Utah have lower poverty gaps.

Employment

In general, employment rates among those with disabilities are markedly lower than employment of people without disabilities. However, the rate of employment in Texas is slightly higher than in the US overall, 41.9 percent in the state versus 38.8 percent nationwide. Employment is particularly low among individuals with cognitive disabilities, somewhat higher for those with vision disabilities, and higher yet for people with hearing disabilities. This holds for both Texas and the United States as a whole.

Earnings

In terms of earnings, Texas ranks 29th among states in annual median earnings for civilian adults and 25th in median earnings for adults with disabilities. The earnings gap – the difference between median earnings for those without disabilities and those with disabilities – is lower in Texas than in the US as a whole; Texas ranks 23rd in this regard.

While the state compares somewhat favorably to the nation as a whole on several metrics of well-being of adults with disabilities, it is a recognized fact that people with disabilities face many obstacles on their journey to independence: securing meaningful and gainful employment is challenging and often impossible. That in itself leads to further problems of poverty, food insecurity, lack of skills and work experience making future employment uncertain.

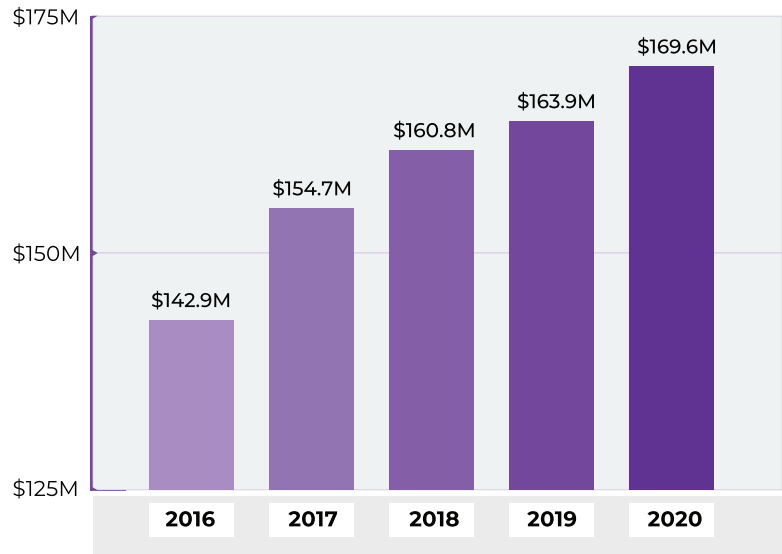
²This measure excludes those on active military duty and those institutionalized.

3. Economic Impact of the State Use Program on Texas Economy

In 2020, State Use Program sales as reported by WorkQuest totaled \$169,640,034, which represents a four percent growth over 2019 and approximately 19 percent growth over the five-year period 2016-2020.

Below, “2019” and “2020” are used to refer to fiscal year 2019 and fiscal year 2020 respectively.

Figure 1: Total Program Sales



Statewide Contribution to Economic Activity: 2019 vs 2020

I. Introduction

Since the creation of the Texas State Use Program in 1978, its operations have contributed to the state of Texas, its residents, and local governments. The program yields significant benefits to the state economy through the creation of jobs and income, increases in state output, and expansions in state and local tax bases. These economic benefits span the entire state, with the Capital, Gulf Coast, Metroplex, and South Texas regions seeing the most activity.³

³Texas economic regions are defined by the Comptroller and include the following: Alamo, Capital, Central Texas, Gulf Coast, High Plains, Metroplex, Northwest, South Texas, Southeast, Upper East, Upper Rio Grande, and West Texas. Each region is made up of a subgroup of adjacent counties within the state.

II. Output, Income, Job, and Sales Tax Benefits of the State Use Program in Texas for 2019

The analysis below estimates the economic benefits of the program based on fiscal year 2019 spending figures from four types of contracts: services, statewide services, temporary services, and products. The economic impact model uses detailed expenditure data provided by the State Use Program as inputs to generate impact estimates. Steps were taken in the data collection process to prevent the double counting of expenditures for contracts that span multiple fiscal years (Appendix C provides the relevant details).

There are three main components of the analysis: the direct effects of the program, the indirect effects, and the multiplier (or induced) effects. As the program provides jobs and pays their employees, income from employment is created directly. In addition, income and employment are generated indirectly when the program purchases goods and services from Texas manufacturers, service providers, and vendors – firms that in turn hire workers, earn profits, and generate income. The multiplier process results in the creation of income and employment as workers spend their incomes in-state and as other firms generate sales, earn profits, and hire new employees. Translating direct effects into total effects through multiplier analysis requires the use of Regional Input-Output Modeling System (RIMS II) multipliers, which are specific to Texas, based on 2019 regional data, and come from the US Bureau of Economic Analysis.

The direct, indirect, and multiplier effects are aggregated to yield the total income, employment, and tax revenue impacts of the State Use Program. Direct effects are attributable to the actual operation of the program, including hiring of CRP staff (the direct employment impact) and payments to these workers (the direct income effect). Indirect effects result from program purchases of goods and services. Lastly, the multiplier effect occurs as the direct and indirect incomes are spent and re-spent within the state. For example, program employees spend a portion of their wages and salaries in the local community on goods and services, such as housing, clothing, and food. Likewise, the owners of businesses receiving these payments will use a portion of the proceeds to pay their employees and earn profits, continuing the cycle. Throughout each of these subsequent rounds of spending, a portion of the direct and indirect income leaks out of the local economy through federal taxes, payments to non-residents, savings, and spending outside of the local area. As a result, this diminishes additional impacts on the state economy and its residents.

Expenditures were disaggregated into 64 major industrial sectors for input into the model. Table 1 displays State Use Program spending in Texas by sector for 2019. Total direct spending in the state totaled \$154.5 million. The largest expenditure category was payroll and benefits spending, accounting for \$75.0 million, or 48.5 percent of total direct in-state spending. Other notable spending categories include administrative and support services, which reached \$30.9 million in 2019.

⁴See Appendix C for an overview of the model used to generate these results.

Table 1: State Use Program Expenditures in Texas by Industrial Sector, 2019

Sector	Direct Expenditures
Payroll and benefits	\$75,005,614
Administrative and support services	\$30,910,102
Paper manufacturing	\$12,981,242
Waste management and remediation services	\$6,893,260
Food and beverage and tobacco product manufacturing	\$5,688,964
Chemical manufacturing	\$5,617,089
Miscellaneous manufacturing	\$4,167,226
Construction	\$4,051,709
Apparel, leather, and allied product manufacturing	\$2,804,772
Plastics and rubber products manufacturing	\$1,852,285
Other transportation and support activities	\$1,432,982
Textile mills and textile product mills	\$767,083
Electrical equipment, appliance, and component manufacturing	\$417,829
Furniture and related product manufacturing	\$384,466
Computer and electronic product manufacturing	\$378,867
Fabricated metal product manufacturing	\$318,057
Primary metal manufacturing	\$246,525
Wood product manufacturing	\$230,859
General merchandise stores	\$217,524
Machinery manufacturing	\$75,325
Nonmetallic mineral product manufacturing	\$68,854
Other services	\$21,384
Printing and related support activities	\$5,309
Professional, scientific, and technical services	\$5,249
Other transportation equipment manufacturing	\$3,064
Data processing, hosting, and other information services	\$1,836
Performing arts, spectator sports, museums, and related activities	\$1,333
Total	\$154,548,811

Summary of Benefits

A total of \$75.0 million was directly paid to 7,324 employees⁵ in the form of payroll and benefits expenditures related to program activities in 2019. The average pay rate was \$12.85 per hour.⁶ An additional \$79.5 million was disbursed on direct non-payroll expenditures, bringing the total direct output spending to \$154.5 million. After these monetary portions were injected into the state economy, additional income and employment effects were generated via the indirect and multiplier processes discussed previously.

⁵There is a slight disagreement between figures found in the 2019 TWC Annual Report (7,320 total employees) and WorkQuest's data (7,324 employees).

⁶This rate excludes benefits.

Table 2 shows that the overall economic benefits of program spending in Texas in 2019 were substantial. The total impact includes direct, indirect, and multiplier effects. As a result of program operations, output across the state increased by \$304.4 million. The output multiplier, which is calculated by dividing the total output benefit by direct spending on output by the program, was 1.97. This suggests that for every dollar directly spent by the State Use Program in Texas, SGDP increased by \$1.97.

Table 2: Summary of Economic Benefits of the State Use Program in Texas, 2019

Impact	Direct	Total
Output (SGDP)	\$154,548,811	\$304,390,336
Income	\$75,005,614	\$167,320,514
Employment	7,324	9,425

Another important measure of economic benefits created by the State Use Program is personal income, which includes all wages, salaries, profits, interest, rents, and other forms of income earned by residents in the state. This measure is noteworthy because it reflects gains that accrue directly to Texans. Total income benefits from program activities totaled \$167.3 million in 2019. This number is split into two categories: direct effects, which totaled \$75.0 million (44.8 percent) and indirect and multiplier effects, totaling \$92.3 million (or 55.2 percent). Among the indirect effects that arise from program-related purchases of goods and services, \$34.2 million (or 20.4 percent) was generated from payroll and benefits and \$58.1 million (or 34.7 percent) was created from non-payroll spending. Table 3 and Figure 2 summarize these benefits.

Table 3: State Use Program Income Benefit by Source, 2019

Direct Effects	
Payroll & Benefits Spending	\$75,005,614
Indirect & Multiplier Effects	
Payroll & Benefits Spending	\$34,172,558
Non-payroll Spending	\$58,142,342
Total Income Benefit	\$167,320,514

Figure 2: State Use Program Income Benefit by Source, FY19

The implicit multiplier associated with income benefits, calculated by dividing the total income benefit by direct spending on payroll and benefits, is 2.23 for 2019. In other words, for every dollar the program spent on wages, salaries, and benefits, \$2.23 was created in total income in the state.

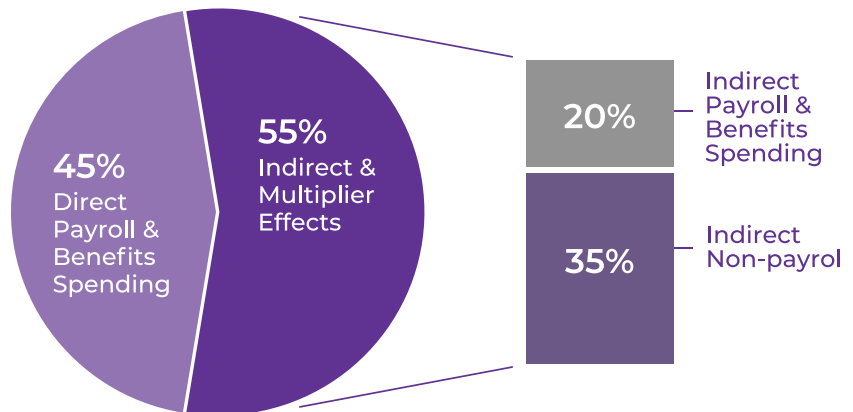


Table 4 summarizes the direct employment figures by CRP for 2019. There are 106 CRPs included

in this analysis, with direct employment totaling 7,324. Goodwill Temporary Services, Inc. employed the most workers at 689, while Peak Performers had the second most employees at 533. These two CRPs combined to account for 16.7 percent of all program employment. The total employment benefit of State Use Program expenditures in 2019 was 9,425. In addition to the 7,324 direct hires, 2,101 jobs were created indirectly and through the multiplier effect, accounting for 22.3 percent of the overall employment impact. The employment multiplier for program operations in 2019 is 1.29. This suggests that for every job directly created by the program, an additional 1.29 jobs were supported across the Texas economy.

Table 4: State Use Program Employment Benefit in Texas by CRP, 2019

Community Rehabilitation Program (CRP)	Employees
Goodwill Temporary Services, Inc. - Temporary Services	689
Peak Performers - St. Vincent DePaul Rehabilitation Service of Texas, Inc.	533
Texas House - Texas Alcoholism Foundation, Inc.	410
On Our Own Services, Inc.	333
World Technical Services, Inc.	331
Relief Enterprise of Texas, Inc.	327
Lieutenant's House - David & Ivory Ministries, Inc.	257
Goodwill Temporary Services, Inc. - Service Contracts	198
Liberty Proclaimed Ministry	183
Xceed Resources - Border TM Industries, Inc.	176
Easter Seals Central Texas, Inc.	152
Goodwill Industries of Fort Worth - Temporary Services	137
Goodwill Industries of Houston - Temporary Services	132

Table 4: State Use Program Employment Benefit in Texas by CRP, 2019 cont.

Community Rehabilitation Program (CRP)	Employees
Marian Moss Enterprises	132
E.Q.U.I.P. Enterprises, Inc.	130
Work Services Corporation	125
Reliable Facilities Service, Inc.	115
Burke Center	110
San Antonio Lighthouse for the Blind	106
Rucon, Inc.	95
Travis Association for the Blind	82
VRC Industries - Austin State Supported Living Center	74
West Texas Lighthouse for the Blind	69
Rising Star Resource Development	68
Woodcreek Outreach Rehabilitation Development	67
A Lift for Life Outreach Center	65
Southeast Keller Corporation	62
Goodwill Services, Inc.	60
Professional Contract Services, Inc.	60
The EB Foundation	58
Goodwill Industries of South Texas, Inc.	57
The Lighthouse for the Blind of Houston	57
ABG Fulfillment - MHMR of Tarrant County	54
Opportunities for Deserving Individuals, Inc.	53
Goodwill Industries of South Texas, Inc. - Temporary Services	52
Second Chances - Starting Over Again	51
Abilene Goodwill Industries, Inc.	50
Gateway Community Partners, Inc.	48
Goodwill Industries of East Texas, Inc. - Temporary Services	48
Horizon Industries - East Texas Lighthouse for the Blind	47
Oak Creek Day Habilitation/Vocational Center	45
Goodwill Contract Services, Inc.	44
West Texas Centers for MHMR	44
Dallas Lighthouse for the Blind	43
Endeavors Unlimited, Inc.	41
Wilson County IDD Work Center/ Camino Real Community Services	41
Rising Star Resource Development - Temporary Services	40
Fresh Start of Monroe, Inc.	39
Andrews Diversified Industries	38
Enterprise Professional Services, Inc.	38
Link Labor and Construction	37
Center for Life Resources/ Janie Clements	35
Maverick County IDD Work Center/ Camino Real Community Services	35
Camp County Developmentally Disabled	34
Atascosa County IDD Work Center/ Camino Real Community Services	33
Austin Task, Inc.	33
Woods Etc.- Corpus Christi State Supported Living Center	32

Table 4: State Use Program Employment Benefit in Texas by CRP, 2019 cont.

Community Rehabilitation Program (CRP)	Employees
I Am Works Association	31
Permian Basin Community Centers for MHMR - Midland Vocational Services	31
RGR Industries, Inc.	31
Bootstraps Occupation Services, Inc.	30
Cen-Tex Association for Remarkable Citizens	29
Goodwill Industries of East Texas, Inc.	29
Goodwill Services, Inc. - Temporary Services	29
Dimmit/Zavala County IDD Work Center/ Camino Real Community Services	27
Tex-Spice - Medina County Shelter Workshop, Inc.	26
Aldersgate Enrichment Center	25
EXPANCO, Inc.	24
Goodwill Industries of Dallas, Inc.	24
Bluebonnet Trails Community MHMR Center	23
Center for Recovery and Wellness Resources	23
South Texas Lighthouse for the Blind	23
Heart of Texas Goodwill - Temporary Services	22
StarCare Specialty Health System, StarAbilities - Lubbock Regional MHMR	22
G & H EQUITAS Foundation	21
Frio County IDD Work Center/ Camino Real Community Services	20
Lighthouse for the Blind of Fort Worth - Tarrant County Association for the Blind	20
Goodwill Industries of Lubbock Contract Services	19
Precious Gems Services, Inc.	19
San Antonio State Supported Living Center	18
Beaumont Products and Services	17
Redirection Opportunities	16
Vocational Opportunity Center of Northeast Texas, Inc.	16
SDR & Associates, Inc.	15
Texana Center	15
Beacon Lighthouse, Inc.	14
Lending Helping Hands To Others	14
Junction Five-O-Five	13
Nueces Center for Mental Health & Intellectual Disab./MHMR of Nueces County	13
Achieve - Citizens Development Center	11
Goodwill Industries of Central East Texas - Temporary Services	11
Goodwill Industries of Dallas, Inc. - Temporary Services	11
Upper Valley Helpsource, Inc.	11
Southeast Vocational Alliance	10
Spindletop Center	10
Goodwill Industries of San Antonio Contract Services, Inc. - Temporary Services	9
Daniel Pest Control and Professional Services - St. Dominic of Silos Rehab.	7
Goodwill Industries of Central East Texas	6
NBT Public Services Inc.	6
Goodwill Industries of Northeast Texas	5
Goodwill Industries of Northeast Texas - Temporary Services	5
ReadyOne Industries	5

Table 4: State Use Program Employment Benefit in Texas by CRP, 2019 cont.

Community Rehabilitation Program (CRP)	Employees
Xtra Spark Cleaning Services	5
D&D Helping Others, Inc.	4
ODJ, Inc.	3
Worship Anointed Ministries	1
Total Direct Employment	7,324

State Use Program spending also created a significant amount of state and local sales tax revenue in 2019, which is highlighted in Table 5. The state sales tax rate is 6.25 percent, and the average local sales tax rate for the state is 1.94 percent. More than \$7.5 million was paid in sales taxes in Texas from program expenditures. Of this amount, \$3.4 million (44.8 percent) was generated from direct expenditures and \$4.2 million (55.2 percent) was generated from indirect and multiplier effects of those expenditures. Most of this revenue went to the state government (76.3 percent), but a sizeable portion – the remaining 23.7 percent – was contributed to local governments across the state.

Table 5: Summary of Sales Tax Benefits of the State Use Program in Texas, 2019

Impact	Direct	Total
State	\$2,578,318	\$5,751,643
Local	\$800,310	\$1,785,310
Total	\$3,378,628	\$7,536,953

It is important to note that program-related activities also offer other fiscal benefits for state and local governments such as property tax revenue, business tax revenue, and payments-in-lieu-of-taxes. For example, program employees pay taxes on their homes, just as other businesses contribute to the property tax base. Since the analysis in this study only considers sales tax revenue generated by the State Use Program, the total fiscal benefits to Texas are understated.

III. Output, Income, Job, and Sales Tax Benefits of the State Use Program in Texas for 2020

Similar to the above analysis, estimates of the economic benefits of the program are based on FY2020 (hereafter, “2020”) spending figures from four types of contracts: services, statewide services, temporary services, and products. The economic impact model and methods utilized here function the same way as those for 2019 described above.

⁷State and local tax rates come from the Tax Foundation: <https://taxfoundation.org/state/texas/>.

Table 6 shows the overall economic benefits of the program on the Texas economy in 2020. As a result of program operations, direct output produced was \$150.9 million, income totaled \$73.9 million, and employment was 6,865. Fiscal year 2020 saw a decrease across all three impact categories when compared to 2019. This is due, in large part, to COVID-19: the Texas economy experienced the “steepest and fastest” decrease in economic activity in recent history due to the pandemic.⁸ In April 2020, Texas’ unemployment rate reached 12.9 percent, the highest it had been in the past several decades.⁹ According to the Federal Reserve Bank of St. Louis, the Texas economy, measured by SGDP, contracted by 4.7 percent from 2019 to 2020.¹⁰

Table 6: Summary of Economic Benefits of the State Use Program in Texas, 2020

Impact	Direct	Total
Output (SGDP)	\$150,891,749	\$296,632,846
Income	\$73,894,974	\$162,756,691
Employment	6,865	8,873

The program saw a decrease in output but proportionally a smaller one than the state’s economy; in 2020 total program output decreased by just 2.5 percent relative to 2019. Total income generated by the program amounted to \$162.8 million in 2020, a 2.7 percent decrease compared to 2019. The program’s total employment impact fell by 5.9 percent – to 8,873 jobs in 2020 from 9,425 in 2019.

State Use Program expenditures created 2.7 percent less in state and local sales tax revenue in 2020 than the prior year, which is highlighted in Table 7. Over \$7.3 million was paid in total sales taxes in Texas from spending caused by program expenditures. Of this amount, \$3.3 million or 45.4 percent was generated from direct expenditures made in the state and \$4.0 million was generated from indirect and multiplier effects. Similar to 2019, most of the revenue went to the state government. Again, because the multiplier analysis only considers sales tax revenue generated by the program, the total fiscal benefits to Texas are understated. Additional estimates of these benefits are discussed in the next section.

Table 7: Summary of Sales Tax Benefits of the State Use Program in Texas, 2020

Impact	Direct	Total
State	\$2,540,140	\$5,594,761
Local	\$788,459	\$1,736,614
Total	\$3,328,599	\$7,331,375

⁸Information derived from the Federal Reserve Bank of Dallas:

<https://www.dallasfed.org/research/swe/2020/swe2003/swe2003c.aspx>.

⁹Unemployment rate data come from the Federal Reserve Bank of St. Louis: <https://fred.stlouisfed.org/series/TXUR>.

¹⁰Texas state gross domestic product data originated from the Federal Reserve Bank of St. Louis: <https://fred.stlouisfed.org/series/TXNGSP#0>.

COVID-19 Pandemic and its Effects

In response to a request for an assessment of the impact the COVID-19 pandemic has had on the State Use Program, WorkQuest staff submitted a detailed narrative, which is included in its entirety as Appendix B. Below, in the Program Performance, Effectiveness, and Assessment section, a review of various metrics suggests that while certain aspects of CRP operations were undoubtedly affected (for example, on-site training and professional development provided by WorkQuest to CRP staff), the program managed to weather the storm and even improve along several dimensions of performance.

Impact on Federal and State Tax Revenues and Public Assistance

Federal Taxes and Earned Income Tax Credit

Generally, people with disabilities employed through CRPs will have no federal income tax liabilities due to not earning sufficient levels of income. In 2019, the minimum annual income level that would cause one to owe federal taxes was \$12,200, and in 2020 it was \$12,400.

Additionally, CRPs are not required to pay federal unemployment insurance (UI) due to their status as not-for-profit entities. Therefore, no UI withholding from employees' paychecks is done. Further, the Earned Income Tax Credit (EITC) provision of the tax code allows low-to-moderate income earners to receive a refundable tax credit. The EITC is intended as a measure to promote and support work, and is one of the leading and most effective tools in the fight against poverty.

For 2019, the average annual income for people with disabilities employed through the State Use Program was \$8,441.¹¹ For 2020, this figure rose to \$9,280. The maximum amounts of EITC that an individual earning these amounts and with no qualifying children for 2019 and 2020 are, respectively, \$529 and \$538. Given that there were 5,804 such workers in 2019, the total amount of EITC that could have been received is \$3,070,316. In 2020, there were 5,475 such individuals working in the program, so the total amount of tax credit received could have been \$2,945,550.

It is important to note that the amounts above are "wages and benefits," so they may somewhat overstate the true earned income amounts. Also, the individual amount of EITC depends heavily on one's personal earnings, marital status, number of children,¹² and whether the individual is claimed as a dependent by others.

Nonetheless, the amounts estimated above represent a net inflow of federal dollars into Texas, and therefore contribute to the program's economic impact on the state's economy.

¹¹Calculated using the total number of Texans with disabilities in the program and total amount of wages and benefits paid to people with disabilities.

¹²If a worker has a qualified child, their credit amount increases from \$529 to \$3,526 for 2019 and from \$538 to \$3,584 in 2020. No detailed data are available on workers' families, but this aspect would substantially increase benefits to workers.

On the other hand, employment of people through the program spurs additional economic activity outside of the state through additional federal tax revenue generated. Given that the Social Security tax rate in both 2019 and 2020 was 6.20 percent, and the Medicare tax rate was 1.45 percent, for a combined rate of 7.65 percent, and workers' annual wages (and benefits) in 2019 of \$48,994,181, the additional federal tax revenue generated equals \$3,748,055. Given annual wages (and benefits) in 2020 of \$50,806,443, the additional federal tax revenue generated equals \$3,886,693.

While non-profits are not required to pay federal unemployment insurance taxes, CRPs do have to comply with state UI regulations. In particular, during certification, CRPs in Texas are required to

“maintain compliance with requirements [...] related to Unemployment Insurance tax, wage claims, state licensing, regulatory, and tax requirements. Failure to maintain compliance shall result in revocation of the CRP's certification [...];”¹³

In Texas, the UI taxable wage base was \$9,000 in 2019, and new companies were subject to a minimum tax rate of 2.7 percent, while the average tax rate for existing companies was 1.25 percent in 2019.

Using the above information, the CRPs generated between \$612,427 and \$1,322,843 in additional state tax revenue in 2019.¹⁴

Reduced Reliance on Public Assistance

A significant consequence of individuals being employed by CRPs on State Use Program contracts is the reduced burden on the state and federal public assistance programs: people with disabilities earning income that they otherwise would not be able to earn often means less need for support.

While it is difficult to estimate the extent to which employment of people with disabilities at CRPs lightens the burden on the public sector in aggregate – many factors at the individual level determine whether and how much public assistance each person continues to qualify for, the following informal feedback was received from several CRPs.

Program employees generally earn competitive wages, with the average hourly wage in 2021 being over \$15. Because of these wages, many employees would no longer qualify for WIC, Food stamps (SNAP), TANF (for families), Medicaid/CHIP or any other state-funded programs or dollars that are allocated to private contracts (free clinics, assistance networks, etc.) simply due to their income exceeding the set threshold(s).

Some CRPs offer benefits to employees, in which case they would not be relying on government-funded programs assisting with meeting medical, dental, vision, life/disability or retirement expenses.

¹³ 40 Tex. Admin. Code § 806.41 (2017).

¹⁴ <https://www.twc.texas.gov/businesses/unemployment-insurance-tax-rates>.

Finally, because many employees in the program are no longer eligible for Vocational Rehabilitation (TWC-VR) services, TWC would not have to allocate resources or funds towards the Vocational Services to assist these individuals in finding employment or job training. A number of CRPs provide these services free of charge to individuals in their service area as well.

A possible downside to the above described prospect of reduction in benefits facing many employees is that it is not uncommon to see “bunching” of workers’ wages just under the \$15 hourly level – or whatever threshold may make them ineligible for certain public benefits. While no definitive data on this phenomenon exist, it is anecdotally confirmed as having occurred, though this issue is not unique to the CRPs, the State Use Program or even employment of people with disabilities generally.

The following discussion presents several scenarios, based on stated assumptions, in an attempt to calculate a range of estimates of potential savings that can be attributed to the program.

Temporary Assistance for Needy Families (TANF)

Through TANF, a state-funded program designed to support low-income households with children under the age of 18, families can receive payments for up to 60 months (five years). A family of two adults and one child earning less than \$188 a month would qualify for TANF and can receive monthly payments of \$312.

The average monthly salary of people with disabilities working in the State Use Program in 2019 was \$703, meaning the majority would not qualify for TANF as a direct result of their employment.

Because no data on the number or proportion of people with disabilities earning less than certain wage thresholds nor data on family sizes of those workers are available, some assumptions must be made.

For example, if one-quarter of the 5,804 employees with disabilities no longer receive TANF, the savings would total \$452,712. If, instead, one-half of them no longer qualify, the savings would be \$905,424, and if 75 percent were to “wage-out,” the payments from TANF would be reduced by \$1,358,136.

These amounts would be larger if a typical family is assumed to have five people (two adults and three children): the savings would range from \$644,244 to \$1,932,732.

Therefore, while a precise estimate is impossible to produce, a reasonable approximate range of savings to state finances from lower TANF payouts is between about \$450,000 and \$2 million, with the higher end of this range more likely.

Supplemental Nutrition Assistance Program (SNAP)

The initiative, formerly known as “food stamps,” is federally funded and administered by the state, with the cost of administration split evenly between state and federal funds. Nationally, about one-third of SNAP recipients reside in a household with seniors or people with disabilities.

To qualify, a family of three must earn less than \$3,020 per month, with the amount of benefit not fixed but phased out at higher incomes. The maximum amount of monthly benefit for a three-person household is \$658; the average benefit paid out is \$520.¹⁵

Because of a lack of precise data on individual's exact wages, household size and program participation, the following assumptions are made:

1. One half of all State Use Program employed workers rely less on SNAP than they would in the absence of the program;
2. People whose reliance on SNAP is reduced, move from receiving the maximum benefit to receiving the mean (average) benefit;
3. If an individual qualifies for SNAP, they are assumed to participate and receive the benefit.

In other words, if 50 percent of the 5,804 workers begin to receive \$520 rather than \$658 monthly, the total savings from SNAP would amount to \$536,638. These are savings to a federally funded program, so direct savings to Texas may be rather small and stem primarily from lower administration costs (from fewer participants).

Children's Medicaid and CHIP

Children's Medicaid covers healthcare costs for children from low-income households, while Children's Health Insurance Program (CHIP) covers healthcare costs for those who earn too much to receive Children's Medicaid. Both programs are state-funded but matched with federal dollars.

Older individuals and those with disabilities make up about 25 percent of Medicaid cases but require about 61 percent of all Medicaid spending.¹⁶ People with disabilities can qualify for Medicaid if they qualify for Supplemental Security Income (SSI). As their incomes increase, recipients of CHIP must contribute more to copays and other costs of care.

An additional program, STAR+PLUS, covers Texans over the age of 21 with disabilities or special needs. The program provides basic medical services and long-term services and support; most children with disabilities who receive Medicaid transition to STAR+PLUS when they turn 21. Currently, a family of three must earn less than \$2,434 monthly to qualify for Children's Medicaid and no more than \$3,679 to qualify for CHIP.

¹⁵ <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>.

¹⁶ *Texas Medicaid and CHIP Reference Guide, 13th ed., 2020, Texas Health and Human Services Commission.*

Average annual per capita spending by Medicaid on children in Texas is \$3,885; for people with disabilities this amount is much higher at \$27,600 annually.¹⁷

As was the case with other programs described above, it is difficult to obtain estimates of savings without data on individual income levels, household sizes, and healthcare needs. However, there are two potential sources of savings that can be at least roughly approximated:

1. Workers earning enough through their employment in the State Use Program to no longer qualify for Medicaid or CHIP or to at least have to contribute to covering costs of their care;
2. Workers who receive medical coverage provided by CRPs and are no longer using Medicaid, CHIP or STAR+PLUS.

The first category of workers is likely small in number (because income qualification thresholds are quite high relative to wages earned by people with disabilities) but still produces large savings. Assuming that only two percent of the 5,804 people employed in the State Use Program in 2019 earn too much to continue receiving Medicaid and CHIP benefits, the reduction in payments produced would be \$3,203,808, of which half or \$1,601,904 would be savings for Texas.

The second category in 2019 had 788 people with disabilities whom CRPs provided with medical benefits. Assuming that only half of these individuals qualified for Medicaid/CHIP/STAR+PLUS and no longer need it, the total savings would be \$10,874,400, half of which or \$5,437,200 is Texas' share.

While these estimates are inherently uncertain, even under the most conservative assumptions, the savings to the state from lower medical and healthcare expenditures on individuals employed through the State Use Program are substantial.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

A program designed to improve the health of nutritionally at-risk pregnant women, new mothers, infants and children under age five by providing healthy foods, nutrition education, and access to basic health services, WIC is fully funded by the federal government. The savings arising from removing workers from this program are likely small, as the typical monthly benefit is \$26.45 per person.¹⁸ Nonetheless, it represents a reduced need for public assistance for individuals who gain greater independence and self-sufficiency.

¹⁷ <https://www.medicaid.gov/state-overviews/scorecard/how-much-states-spend-per-medicaid-enrollee/index.html>.

¹⁸ [https://fns-prod.azureedge.net/sites/default/files/resource-files/25wifavgfd\\$-10.pdf](https://fns-prod.azureedge.net/sites/default/files/resource-files/25wifavgfd$-10.pdf).

Non-pecuniary Benefits

The above estimates, even when imprecise, are directly quantifiable – i.e., they represent real savings of taxpayer dollars, either at the state or federal level. However, many other benefits are nonmonetary or cannot be easily assigned a dollar value. Below is a summary of two aspects of working that generate sizable non-pecuniary benefits for the employed individuals.

Benefits of Employment

Unemployment among individuals with disabilities can be especially painful since it can amplify feeling of isolation and result in a greater disconnect from society as a whole. Employment provides a variety of benefits beyond helping individuals with disabilities move out of poverty; it can provide: a routine to everyday life, exposure to new and differing people, and meaningful daily activities that allow workers to feel like they are positively contributing to society. The increased feelings of self-worth and purpose are not directly measurable but represent a benefit to those who may usually feel marginalized in society. There is also evidence that employment leads to greater civic engagement for people with disabilities, making them more likely to take part in political activities and to advocate for themselves through the political process.¹⁹

Sheltered employment provided by CRPs within the State Use Program can also provide a bridge for many people with disabilities into competitive integrated employment. While supported employment in privately owned businesses with appropriate accommodations is ideal it is not always initially practical or preferred by people with disabilities. Having access to sheltered employment opportunities can be beneficial for those who are not ready for competitively integrated employment. It can provide work experience, confidence, and can help in determining the most appropriate work accommodations given the individuals specific disability.

Health Benefits

In addition to direct savings to state funding from less reliance on public support for healthcare expenses – that is, workers earning income that allows them to self-support rather than rely on the taxpayer funded support for medical expenses – there is an indirect effect, whereby employment is associated with better worker health. It is well documented that people who are employed are measurably healthier than those who are not. The positive health effects of employment are driven by the increased social capital, greater psychological well-being, and avoidance of the economic hardships that are associated with poverty.²⁰

¹⁹ Schur, Lisa. "The difference a job makes: The effects of employment among people with disabilities." *Journal of Economic Issues* 36.2 (2002): 339-347.

²⁰ Goodman, Nanette. "The impact of employment on the health status and health care costs of working-age people with disabilities." *LEAD Cent Policy Br* (2015).

Studies have attempted capture the magnitude of the health benefits provided to people with disabilities from employment with varying degrees of success. One such study found clear evidence that employment improved health outcomes and lowered health care expenditures by as much as \$166,350 over ten years for those with mental health disabilities. Their findings “suggest that cost savings to the mental health system for high service users accrue rapidly after the first year and continue to increase for many years. The ten-year cost reduction appears to be dramatic, certainly enough to justify offering supported employment to all persons who use high levels of services and express interest in working.”²¹

Impact on Minority Owned or Operated Businesses

Minority owned businesses in Texas, as defined by the Texas Small Business Administration (SBA), are businesses with 51 percent or more of the ownership interest held by a member of a “socially disadvantaged group.” The latter category includes individuals who identify as Black, Hispanic, Native American, Asian Pacific, or Subcontinent Asian. These businesses are eligible for the Minority-Owned Business Certification; other certifications made available by the Texas SBA include Woman Owned Business Certification, Veteran Owned Business Certification, and LGBT Owned Business Certification, among others.

In 2020, approximately 16.4 percent of US small businesses were minority owned. For Texas, this proportion is considerably higher, at over 25 percent.²² This ranks Texas 4th among all states in proportion of small businesses owned by minorities.²³

CRPs operating within the State Use Program are either private non-profit corporations or government (i.e., public) entities. Therefore, they are not owned by any one individual. However, data on minority managed and operated CRPs indicates that in 2019, 37 percent of CRPs were managed by members of racial minority groups; 35 percent were managed by women, and three percent were managed by individuals with disabilities.

It is evident that a significantly larger proportion of CRPs are managed or operated by members of socially disadvantaged groups than is the case for the state and especially the US broadly. Moreover, many if not all businesses and organizations (CRPs) would likely not exist if not for the State Use Program and its provisions, whereby the output of these businesses is assured to have a steady demand.

²¹ Bush, P. W., Drake, R. E., Xie, H., McHugo, G. J., & Haslett, W. R. (2009). *The long-term impact of employment on mental health service use and costs for persons with severe mental illness*. *Psychiatric Services*, 60(8), 1024-1031.

²² “2020 Small Business Profile”, Office of Advocacy, US Small Business Administration.

²³ <https://patch.com/texas/downtownaustin/texas-among-best-small-business-diversity-report>.

Possible Sources of Costs the State Use Program Imposes on Texas

Comparative Price Analysis

In providing a source for purchasing products and services, the State Use Program benefits state agencies through vastly simplifying and shortening the procurement process. Rather than procure goods and services through a competitive bid process, agencies have an established vendor with which they can engage repeatedly.

However, removing some purchases from the open market can have the potential of imposing some implicit costs on state agencies because prices are not determined in a competitive market environment. In the case of the State Use Program, however, significant steps are taken to monitor pricing throughout the process and ensure that it remains competitive or at least comparable to market prices.

The Central Nonprofit Agency (CNA) submits proposed product pricing to the Comptroller's Statewide Procurement Division (SPD). The Comptroller's Office reviews the proposed pricing and can recommend approval to the CNA, who in turn submits this recommendation to the TWC, when prices are found to be competitive. If prices are determined to not be competitive, SPD staff submits a "non-recommendation." This process applies to new products offered through the program as well as to price revisions on previously approved products.

A detailed review of price analyses submitted by the SPD staff for 2019 was performed, and the prices of products charged by CRPs were found to be competitive in the vast majority of cases. Overall, program prices were found to be between 15 and 19 percent below comparable open market prices.

Service contracts present a greater challenge for comparative price analysis. However, the Comptroller's Office follows a similar process whenever possible – i.e., examining comparable statewide contracts as well as similar services offered elsewhere on the open market – and submitting recommendations accordingly to the CNA.

Therefore, it is reasonable to conclude that state agencies realize significant savings on purchases of at least some products and services through the State Use Program, and overall, the program does not impose additional costs through systematically higher-than-competitive pricing.

Compliance with State Use Program

The cost of oversight of, and compliance with, the State Use Program to the state is quite modest and comes primarily from two sources.

The first is the cost associated with the work of the SPD staff at the Office of the Comptroller. According to data reported by the SPD, the bulk of this work is done by the Data Analytics Team, with some additional tasks performed by Data Management and Contract Management teams.

Given that the exact nature of the work is known as well as the salaries of the staff assigned to this work, it is possible to precisely estimate the value of time spent on these tasks. The overall annual cost of staff time devoted to price evaluation of goods, contract management, posting contract information and distributing contract change notifications, and loading commodity pricing information into Texas SmartBuy is approximately \$51,655.

It is worth noting that the program provides a mechanism to fully compensate the TWC and the Comptroller for any costs incurred. Therefore, no additional funds are used or diverted from other uses to support staff dedicated to the State Use Program; in other words, the amount above is not an additional cost beyond that already included in the prices of goods and services provided by the program.

The second is the fact that the State Use Program imposes certain compliance costs on Texas state agencies. In particular, each agency is required to submit monthly reports of transactions made through the program. Because for most agencies this reporting is rather routine, the cost of compliance is modest and mostly consists of staff time devoted to these tasks.

It is important to distinguish the cost of reporting transactions from the cost of carrying out the transactions themselves. For example, completing and filing purchase orders for individual purchases of goods and services is quite a time-consuming task, especially for larger state agencies, such as the Texas Department of Transportation (TxDOT). However, these tasks would have to be completed and the associated costs incurred even in the absence of the State Use Program – i.e., the goods and services would need to be purchased from someone. On the other hand, the reporting required by the program imposes a cost that is directly attributable to the program itself.

According to interviews with several procurement managers at various state agencies, the actual process of submitting monthly reports is rather simple. Reports of the previous month's transactions are generated from Texas SmartBuy, and when necessary, exemptions are requested. Exemptions represent deviations from the program – i.e., purchases of goods or services made outside of the program, as described earlier. Per conversation with one procurement specialist, that agency's exemptions are overwhelmingly due to tighter deadlines than the lead times offered through Works Wonders.²⁴

A precise estimate of time (and therefore value of time) spent by every state agency would be very difficult to obtain. To get a rough estimate, purchasing managers at four large state agencies – two universities, the Office of the Attorney General, and TxDOT – were interviewed. According to their responses, the time required by these agencies' staffs for reporting ranges between two and twelve hours monthly, and the hourly wage rates of employees involved in these tasks are between \$24 and \$27. Therefore, even at the high end of these ranges, the monthly cost of compliance is likely less than \$300 or about \$3,600 annually. Statewide, considering there are 237 state agencies in Texas,²⁵ the overall cost of compliance with the State Use Program likely does not exceed \$853,200.

²⁴ *Though, as mentioned above, there are five categories of allowable exceptions.*

²⁵ *List of state agencies available on the Texas Comptroller website <https://fmcpa.cpa.state.tx.us/fiscalmoa/agency.jsp>.*

In fact, this estimate likely overstates the true cost of compliance as many of the agencies make fewer and smaller program purchases, requiring fewer exemptions and thus less time required for reporting.

This amount pales in comparison to the volume of goods and services bought and sold through the program. For example, in August 2021 alone, TxDOT reported buying over \$364,000 of products and nearly \$2.2 million of services from CRPs.



Sandra Kaderka:

Contract Specialist at
Texas Department of
Transportation

Finding Success in Utilizing the Texas
State Use WorksWonders Program

For nearly five years, Sandra Kaderka, contract specialist with the Texas Department of Transportation (TxDOT), has prepared and negotiated contracts for services from TIBH Industries, Inc. (WorkQuest) through the State Use WorksWonders Program.

Prior to her position at TxDOT, Kaderka has had many years of experience working for the state, despite not working directly with the WorksWonders Program.

“My past experience included working with the Texas Department of Aging and Disability Services, Texas Department of Economic Development and Texas Department of Agriculture as a contract specialist—working to acquire services from other companies,” Kaderka said. “I have always been aware of the WorksWonders Program, but I truly began utilizing its capabilities through my current position at TxDOT.”

In her current role, Kaderka manages contracts for the total maintenance, operations and repairs of Safety Rest Areas within the maintenance division—which includes 78 locations statewide. She and her fellow employees purchase a numbers of services offered by the WorksWonders Program, including janitorial, mowing, litter pickup and landscaping, among others.

“One of the many benefits of purchasing through the WorksWonders Program is enabling the employment of individuals with disabilities,” Kaderka said. “Even though we are mandated to purchase through the program, we receive quality services, and in the back of our minds, it feels great knowing that we are able to help individuals find work.”

TxDOT’s procedures include requesting price quotes through the WorksWonders Program without the necessity of competition. TxDOT’s janitorial, mowing, liter pickup and landscaping requirements are offered to TIBH first, and if TIBH is able to accommodate the request, TXDOT will assign the service to them.

“TIBH continues to provide great services, and they are extremely knowledgeable, dedicated to their jobs and constant in their performance,” Kaderka said. “It has always been a pleasure working with anyone associated with TIBH. The process is easy to use and their pricing is competitive with other businesses and supply companies. We are very fortunate to be able to work with TIBH.”

“ TIBH continues
to provide great
services, and they
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knowledgeable,
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their performance. ”

Contributions to Regional Economic Activity in Texas

The Texas Comptroller's office separates Texas into 12 economic regions: Alamo, Capital, Central Texas, Gulf Coast, High Plains, Metroplex, Northwest, South Texas, Southeast, Upper East, Upper Rio Grande, and West Texas. For the state analysis, estimates of the economic benefits of the State Use Program are based on spending from four types of contracts: services, statewide services, temporary services, and products. Because statewide services occur across the entire state of Texas and not just within one region, they were excluded from the regional analysis. Thus, the regional output, income, and employment benefits of the program are understated.

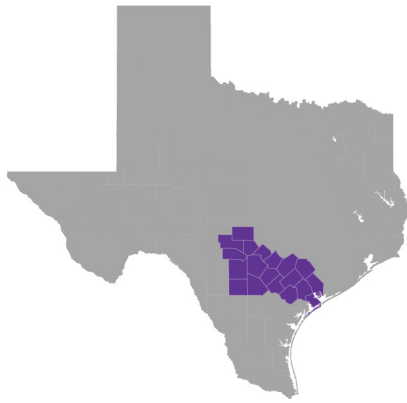
The economic impact model and methods utilized here function the same way as Texas statewide analysis for 2019 and 2020 described earlier.²⁶ The key difference is associated with the RIMS II multipliers used to quantify the cumulative effects of total industry output, income, and employment that result from a change in final demand. The overall value of economic impact multipliers for regions tends to be smaller than statewide multipliers due to a phenomenon called leakage. Leakages dissipate over all economic impacts. For example, dealers and vendors that supply inputs to the program may not exist in a region. Additionally, the set of retailers and commercial establishments where CRP employees and supplier firms would purchase consumer products may be limited in that same region. Thus, consumer spending will spill over to nearby metropolitan areas or through the Internet. As a result, there are significant leakages of spending that have little impact on a regional economy. Multipliers for bigger regions tend to be larger since there is less spending leakage. Thus, an economic impact analysis of the State Use Program for each region will generally capture smaller impacts than the statewide economic impact analysis for each fiscal year.

Summary of Benefits

Between 2019 and 2020, five Texas regions saw increases in total output related to State Use Program spending – Central Texas, Northwest, South Texas, Upper East, and West Texas. The Central Texas region's output increased by over 100 percent with the Northwest region coming in second highest with an output growth of 72.8 percent. The West Texas region's output grew by 16.1 percent, while the South Texas and Upper East grew by smaller rates of 3.8 and 2.3 percent, respectively. However, not all of these regions experienced a growth in income. Only Central Texas (95.5 percent), Northwest Texas (129.4 percent), and West Texas (30.0 percent) observed increases in income from 2019 to 2020. Employment driven by program-related activity rose in Central Texas (339.8 percent), Northwest Texas (158.9 percent), South Texas (131.3 percent), Upper Rio Grande (12.7 percent), and West Texas regions (17.4 percent).

State Use Program spending produced the highest total output in the Capital, Gulf Coast, Metroplex, and South Texas regions in both 2019 and 2020. A total of \$76.9 million in output was produced in the Capital region stemming from program spending in 2019. That number fell to \$69.2 million in 2020 but it remained the region with the largest output. The next highest producing output regions in 2019 and 2020 were Metroplex (\$42.8 million and \$38.8 million), South Texas (\$29.5 million and \$30.6 million), and Gulf Coast (\$26.3 million and \$22.0 million). Those same four regions saw the greatest income benefits generated from State Use Program activity across both fiscal years. The Capital region and Metroplex region consistently employed the most individuals due to program expenditures in both years. Tables R1 to R12 display the total economic benefits to each region in 2019 and 2020.

²⁶ As earlier in the report, 2019 and 2020 here refer to fiscal year 2019 and fiscal year 2020, respectively.



Alamo Region

Region:	Alamo Region
Counties:	Atascosa, Bandera, Bexar, Calhoun, Comal, DeWitt, Frio, Gillespie, Goliad, Gonzales, Guadalupe, Jackson, Karnes, Kendall, Kerr, Lavaca, Medina, Victoria, Wilson
Population (2019)	2,863,398
Population Growth (2010-19), %	17.5
Major Population Centers	San Antonio, New Braunfels
Main Occupations	Extraction workers, plant operators, construction workers and supervisors
% of Population with at least a HS diploma	84.6
Unemployment rate (2019), %	3.1
% of Population with disability	9.6
% of population in poverty (no disability)	11.3
% of population in poverty (disability)	22.9
% of population employed (no disability)	76.6
% of population employed (disability)	39.0

Table R1: Summary of Total Economic Benefits of the State Use Program in the Alamo Region, 2019 & 2020

Impact	2019	2020
Output	\$9,269,287	\$7,362,888
Income	\$4,401,845	\$3,488,412
Employment	110	67



Capital Region

Region:	Capital Region
Counties:	Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano, Travis, Williamson
Population (2019)	2,351,549
Population Growth (2010-19),%	28.5
Major Population Centers	Austin-Round Rock
Main Occupations	Computer occupations, engineers, media and communication workers
% of Population with at least a HS diploma	89.5
Unemployment rate (2019),%	2.7
% of Population with disability	9.6
% of population in poverty (no disability)	9.7
% of population in poverty (disability)	19.4
% of population employed (no disability)	79.6
% of population employed (disability)	49.7

Table R2: Summary of Total Economic Benefits of the State Use Program in the Capital Region, 2019 & 2020

Impact	2019	2020
Output	\$76,861,653	\$69,165,920
Income	\$58,005,355	\$52,457,516
Employment	7,253	5,900

Martin Becerra: Staying focused on the goal ahead

A valued staff member at Austin Task, Inc. (ATI) for the past three years, Martin Becerra is often recognized for his observational skills and creative approach to problem solving.



“He has an ability to see things other people would probably just take for granted,” Jim Thomson, his supervisor, said. “He picks up on things no one else does and is the first to offer up a solution if a problem arises.”

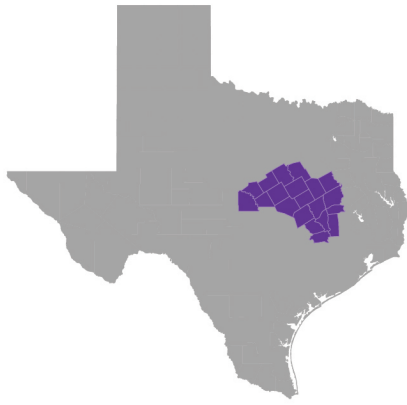
In 1997, ATI began offering janitorial services through WorkQuest contracts with state agencies. In 2004, the company transitioned to its current work—secure document destruction, including paper and electronic media—with its first contract with the Texas State Library and Archives Commission (TSLAC). Presently, ATI’s service area stretches from Brownwood to Beaumont and south to Laredo.

At ATI, Becerra works on a confidential document security contract. His responsibilities include stacking and cleaning the carts of documents brought in daily for destruction, loading empty carts back onto the truck and operating a paper shredder. But now, Becerra is taking on a new challenge as he works toward becoming a forklift driver. He’s excited about the opportunity to learn something new that will benefit him and ATI.

“I like my routine and the stability of my job,” Becerra said. “But I know being able to drive a forklift would be helpful here as there are only a few others who can do it. It would be a useful skill to have.”

As he works toward his goal, Becerra continues to uphold the high standards required of his work in document security. Because the documents he handles require confidentiality, Becerra had to meet additional requirements beyond those necessary for the rest of the ATI staff. Thomson says Becerra’s potential for advancement at ATI is clear.

“He’s very cautious, which is a good trait to have in his current job and as a forklift driver,” Thomson said. “We’re trying to move him into a more difficult role since he always seems to be excited by new challenges.”

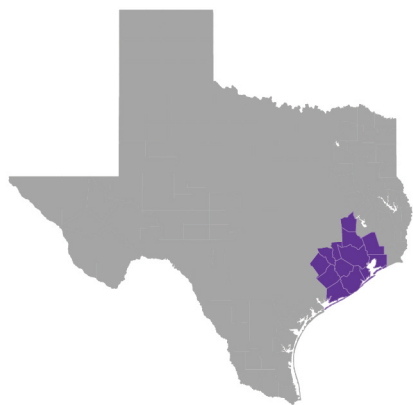


Central TX Region

Region:	Central TX Region
Counties:	Bell, Bosque, Brazos, Burleson, Coryell, Falls, Freestone, Grimes, Hamilton, Hill, Lampasas, Leon, Limestone, Madison, McLennan, Milam, Mills, Robertson, San Saba
Population (2019)	28,995,881
Population Growth (2010-19),%	15.3
Major Population Centers	College Station-Bryan, Killeen-Temple, Waco
Main Occupations	Postsecondary teachers, law enforcement, other management workers
% of Population with at least a HS diploma	86.2
Unemployment rate (2019), %	3.4
% of Population with disability	14.2
% of population in poverty (no disability)	16.2
% of population in poverty (disability)	24.5
% of population employed (no disability)	72.7
% of population employed (disability)	37.4

Table R3: Summary of Total Economic Benefits of the State Use Program in the Central Texas Region, 2019 & 2020

Impact	2019	2020
Output	\$3,486,046	\$6,991,802
Income	\$2,847,033	\$5,566,181
Employment	84	372

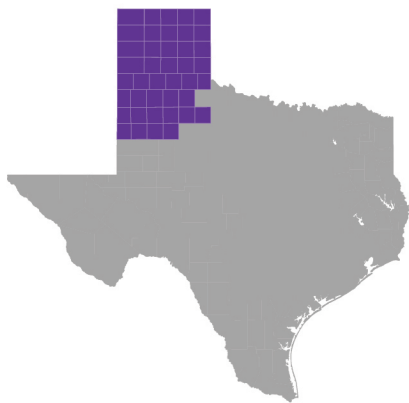


Gulf Coast Region

Region:	Gulf Coast Region
Counties:	Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, Wharton
Population (2019)	7,238,804
Population Growth (2010-19),%	18.9
Major Population Centers	Houston and its suburbs
Main Occupations	Extraction workers, supervisors of construction, plant operators
% of Population with at least a HS diploma	83.2
Unemployment rate (2019),%	3.8
% of Population with disability	9.4
% of population in poverty (no disability)	11.0
% of population in poverty (disability)	21.5
% of population employed (no disability)	75.8
% of population employed (disability)	40.4

Table R4: Summary of Total Economic Benefits of the State Use Program in the Gulf Coast Region, 2019 & 2020

Impact	2019	2020
Output	\$26,315,409	\$21,991,046
Income	\$17,965,262	\$15,899,570
Employment	250	233

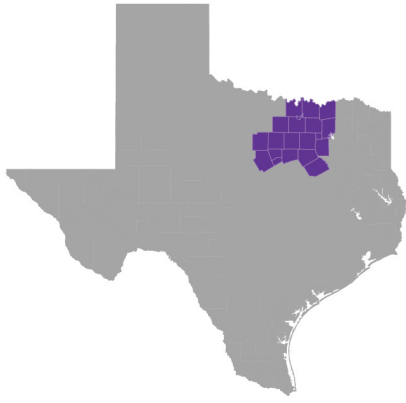


High Plains Region

Region:	High Plains Region
Counties:	Armstrong, Bailey, Briscoe, Carson, Castro, Childress, Cochran, Collingsworth, Crosby, Dallam, Deaf Smith, Dickens, Donley, Floyd, Garza, Gray, Hale, Hall, Hansford, Hartley, Hemphill, Hockley, Hutchinson, King, Lamb, Lipscomb, Lubbock, Lynn, Moore, Motley, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Terry, Wheeler, Yoakum
Population (2019)	872,095
Population Growth (2010-19),%	3.9
Major Population Centers	Amarillo, Lubbock
Main Occupations	Agriculture workers, food and beverage servers, health diagnosing and treating practitioners
% of Population with at least a HS diploma	82.0
Unemployment rate (2019),%	2.9
% of Population with disability	13.2
% of population in poverty (no disability)	14.6
% of population in poverty (disability)	24.2
% of population employed (no disability)	77.3
% of population employed (disability)	43.3

Table R5: Summary of Total Economic Benefits of the State Use Program in the High Plains Region, 2019 & 2020

Impact	2019	2020
Output	\$3,983,978	\$3,831,790
Income	\$3,425,527	\$3,390,738
Employment	87	33



Metroplex Region

Region:	Metroplex Region
Counties:	Collin, Cooke, Dallas, Denton, Ellis, Erath, Fannin, Grayson, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Somervell, Tarrant, Wise
Population (2019)	7,978,890
Population Growth (2010-19),%	18.5
Major Population Centers	Dallas, Fort Worth
Main Occupations	Food and beverage servers, construction trades, computer occupations
% of Population with at least a HS diploma	85.2
Unemployment rate (2019),%	3.3
% of Population with disability	9.8
% of population in poverty (no disability)	9.5
% of population in poverty (disability)	18.7
% of population employed (no disability)	78.7
% of population employed (disability)	43.8

Table R6: Summary of Total Economic Benefits of the State Use Program in the Metroplex Region, 2019 & 2020

Impact	2019	2020
Output	\$42,767,321	\$38,844,374
Income	\$17,919,821	\$16,876,163
Employment	576	461

Alfonso Hernandez:

Gaining independence and finding the right fit

Employees at Achieve—a Dallas-area nonprofit dedicated to serving adults with disabilities—are called “Achievers,” and Alfonso Hernandez certainly lives up to the name. Since starting at Achieve two years ago, he has honed his talents in various jobs within the organization. Now, he’s one of the carefully-selected Achievers who washes fleet vehicles for the Texas Department of Transportation (TxDOT).

Hernandez considers self-sufficiency as the biggest perk of his job. Living in the suburb outside of Dallas where he grew up, Hernandez said being an Achiever has made him feel more independent.

“I like my job a lot, honestly,” he said, with a laugh. “I really like having my own money to spend!”

Hernandez particularly enjoys working at the car wash. “Alfonso is always one of the first people I see at work each day,” Greg Lehmann, Hernandez’s supervisor, said. “He walks right to my desk and asks if we’re going to wash the trucks that day. I can tell it means a lot to him.”

For Tim Allen, executive director at Achieve, helping the organization position itself to make an impact on its employees is at the core of the group’s mission.

“We want to make sure that our Achievers are happy and having a good time at work, too,” Allen said. “We’re always thinking about how we can help them get a job—but not just any job—the right one, where they can reach their highest level of success.”

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For Hernandez, the right job turned out to be washing trucks for TxDOT.

“I like that nobody’s rushing you,” Hernandez said. “It’s more about taking the time to do a good job on each one. I try to be careful and considerate and work together with the team to get each car clean.”

Lehmann is glad that Hernandez enjoys his work, because finding the right employees for the job was an important task.

“We had several Achievers who wanted to try it out,” Lehmann said. “Alfonso ended up being really good at it, so he was chosen to do it the two days a week the service is performed. Each time he gets his paycheck, it’s like a million bucks to him.”

Josh Cornelison, a shop coordinator at TxDOT, benefits from the work that Hernandez and the other Achievers do.

“I think everyone on the complex has been really pleased with their work on the contract,” Cornelison said. “It cuts down on the time we have to spend driving to a car wash, which makes it safer and more efficient.”

Allen recognizes that by cleaning TxDOT trucks, Achievers aren’t just contributing to the well-being of TxDOT employees—but to their own as well.

“It’s so important for us to help those with disabilities find meaningful work,” Allen said. “Working can improve people’s mental and physical health, not to mention their self-esteem and confidence. Our tag line at Achieve is ‘A Place to Grow,’ which just completely fits our mission.”

That mission is one that Hernandez happily embodies.

“Achieve helps you grow,” Hernandez said. “Since starting here, I’ve just continued to grow.”



“ Working can improve people’s mental and physical health, not to mention their **self-esteem and confidence.** ”

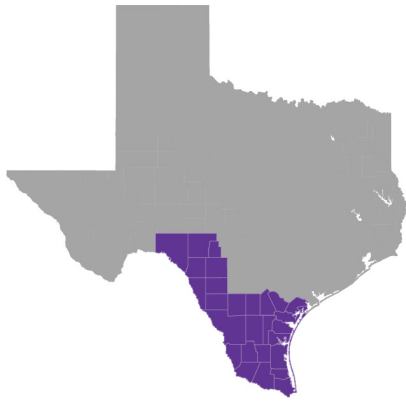


Northwest Region

Region:	Northwest Region
Counties:	Archer, Baylor, Brown, Callahan, Clay, Coleman, Comanche, Cottle, Eastland, Fisher, Foard, Hardeman, Haskell, Jack, Jones, Kent, Knox, Mitchell, Montague, Nolan, Runnels, Scurry, Shackelford, Stephens, Stonewall, Taylor, Throckmorton, Wichita, Wilbarger, Young
Population (2019)	550,497
Population Growth (2010-19),%	0.0
Major Population Centers	Abilene
Main Occupations	Management Occupations, food and beverage servers, health diagnosing and treating practitioners
% of Population with at least a HS diploma	84.9
Unemployment rate (2019),%	3.1
% of Population with disability	13.6
% of population in poverty (no disability)	13.0
% of population in poverty (disability)	28.9
% of population employed (no disability)	76.5
% of population employed (disability)	38.7

Table R7: Summary of Total Economic Benefits of the State Use Program in the Northwest Region, 2019 & 2020

Impact	2019	2020
Output	\$5,782,128	\$9,989,843
Income	\$3,385,812	\$7,767,368
Employment	72	187

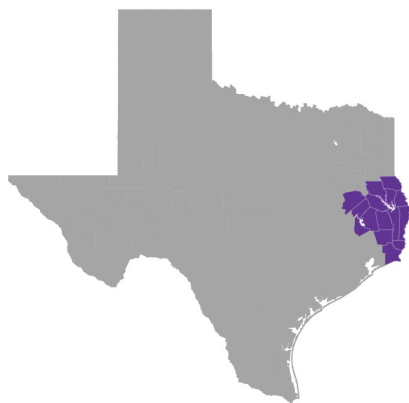


South Texas Region

Region:	South Texas Region
Counties:	Aransas, Bee, Brooks, Cameron, Dimmit, Duval, Edwards, Hidalgo, Jim Hogg, Jim Wells, Kenedy, Kinney, Kleberg, La Salle, Live Oak, Maverick, McMullen, Nueces, Real, Refugio, San Patricio, Starr, Uvalde, Val Verde, Webb, Willacy, Zapata, Zavala
Population (2019)	2,441,728
Population Growth (2010-19),%	7.4
Major Population Centers	Laredo, Corpus Christi
Main Occupations	Personal care and service workers, food and beverage servers, teachers
% of Population with at least a HS diploma	69.4
Unemployment rate (2019),%	5.3
% of Population with disability	13.6
% of population in poverty (no disability)	20.3
% of population in poverty (disability)	32.1
% of population employed (no disability)	70.5
% of population employed (disability)	34.3

Table R8: Summary of Total Economic Benefits of the State Use Program in the South Texas Region, 2019 & 2020

Impact	2019	2020
Output	\$29,454,292	\$30,573,618
Income	\$16,125,070	\$13,969,777
Employment	186	430

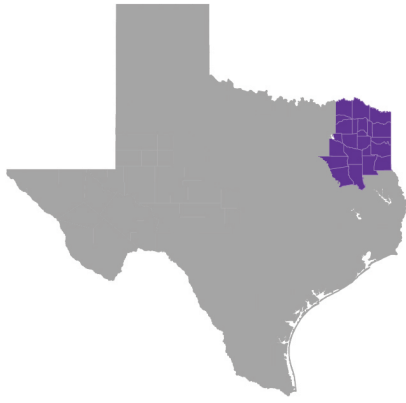


Southeast Region

Region:	Southeast Region
Counties:	Angelina, Hardin, Houston, Jasper, Jefferson, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler
Population (2019)	2,441,728
Population Growth (2010-19),%	1.3
Major Population Centers	Beaumont-Port Arthur
Main Occupations	Construction trades, food and beverage servers, building cleaning and pest control workers
% of Population with at least a HS diploma	83.7
Unemployment rate (2019),%	5.0
% of Population with disability	17.3
% of population in poverty (no disability)	14.9
% of population in poverty (disability)	28.5
% of population employed (no disability)	72.0
% of population employed (disability)	33.1

Table R9: Summary of Total Economic Benefits of the State Use Program in the Southeast Region, 2019 & 2020

Impact	2019	2020
Output	\$5,607,859	\$5,307,782
Income	\$5,073,132	\$4,798,443
Employment	69	58



Upper East Region

Region:	Upper East Region
Counties:	Anderson, Bowie, Camp, Cass, Cherokee, Delta, Franklin, Gregg, Harrison, Henderson, Hopkins, Lamar, Marion, Morris, Panola, Rains, Red River, Rusk, Smith, Titus, Upshur, Van Zandt, Wood
Population (2019)	1,156,742
Population Growth (2010-19),%	4.1
Major Population Centers	Tyler
Main Occupations	Food and beverage servers, health diagnosing and treating practitioners, other personal care and service workers
% of Population with at least a HS diploma	84.0
Unemployment rate (2019),%	3.7
% of Population with disability	15.5
% of population in poverty (no disability)	13.1
% of population in poverty (disability)	27.5
% of population employed (no disability)	74.1
% of population employed (disability)	31.2

Table R10: Summary of Total Economic Benefits of the State Use Program in the Upper East Region, 2019 & 2020

Impact	2019	2020
Output	\$11,402,109	\$11,661,180
Income	\$5,906,697	\$5,439,447
Employment	85	83

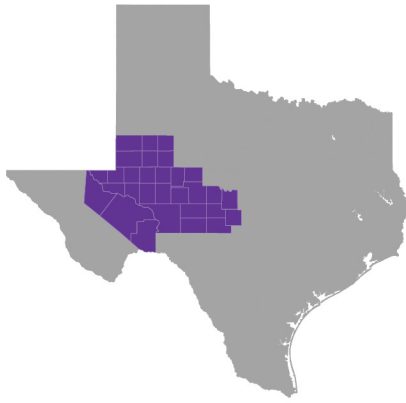


Upper Rio Grande Region

Region:	Upper Rio Grande Region
Counties:	Brewster, Culberson, El Paso, Hudspeth, Jeff Davis, Presidio
Population (2019)	864,476
Population Growth (2010-19),%	4.7
Major Population Centers	El Paso
Main Occupations	Teachers, food and beverage servers, construction trades, motor vehicle operators
% of Population with at least a HS diploma	77.3
Unemployment rate (2019),%	3.8
% of Population with disability	13.9
% of population in poverty (no disability)	15.9
% of population in poverty (disability)	26.1
% of population employed (no disability)	72.9
% of population employed (disability)	40.2

Table R11: Summary of Total Economic Benefits of the State Use Program in the Upper Rio Grande Region, 2019 & 2020

Impact	2019	2020
Output	\$4,986,522	\$2,452,286
Income	\$4,146,883	\$2,441,548
Employment	59	66



West Texas Region

Region:	West Texas Region
Counties:	Andrews, Borden, Coke, Concho, Crane, Crockett, Dawson, Ector, Gaines, Glasscock, Howard, Irion, Kimble, Loving, Martin, Mason, McCulloch, Menard, Midland, Pecos, Reagan, Reeves, Schleicher, Sterling, Sutton, Terrell, Tom Green, Upton, Ward, Winkler
Population (2019)	662,439
Population Growth (2010-19),%	15.8
Major Population Centers	Midland, Odessa
Main Occupations	Construction workers, extraction workers, motor vehicle operators
% of Population with at least a HS diploma	79.3
Unemployment rate (2019),%	2.6
% of Population with disability	11.7
% of population in poverty (no disability)	9.7
% of population in poverty (disability)	19.6
% of population employed (no disability)	77.0
% of population employed (disability)	45.0

Table R12: Summary of Total Economic Benefits of the State Use Program in the West Texas Region, 2019 & 2020

Impact	2019	2020
Output	\$7,438,021	\$8,638,505
Income	\$3,876,261	\$5,039,786
Employment	46	54

4. Assessment of Program Performance and Effectiveness

The following is an excerpt from Texas Senate Bill 212 of the 84th State Legislature (2015-2016). The bill abolished the Texas Council on Purchasing from People with Disabilities and handed the responsibility for oversight and administration of the State Use Program to TWC. Additionally, it directed TWC to

- Assess the costs of the State Use Program;
- Re-evaluate monitoring and compliance of CRPs
- Establish an advisory committee.

The advisory committee is charged as follows:²⁷

(h) The advisory committee shall:

1. establish specific objectives for the program administered under this chapter that are appropriate given the program's status as one of several employment-related services this state offers to persons with disabilities
2. develop performance measures that may be used by the workforce commission to evaluate whether the program is meeting the objectives established under Subdivision (1); and
3. recommend criteria for certifying community rehabilitation programs for participation in the program.

(i) In developing the performance measures under Subsection (h), the advisory committee must consider the following factors as applicable to the program administered under this chapter:

1. the percentage of total sales revenue attributable to the program:
 - A. paid in wages to persons with disabilities; and
 - B. spent on direct training and professional development services for persons with disabilities;
2. the average hourly wage earned by a person participating in the program;
3. the average annual salary earned by a person participating in the program;
4. the number of persons with disabilities participating in the program paid less than minimum wage;
5. the average number of hours worked each week by a person with a disability who participates in the program;
6. the percentage of persons with disabilities who participate in the program and who are placed into competitive positions, including competitive management or administrative positions within community rehabilitation programs; and
7. the percentage of work performed by persons with disabilities who participate in the program that is purely repackaging labor.

²⁷ These points are also reflected in the Sunset Advisory Commission (July, 2015).

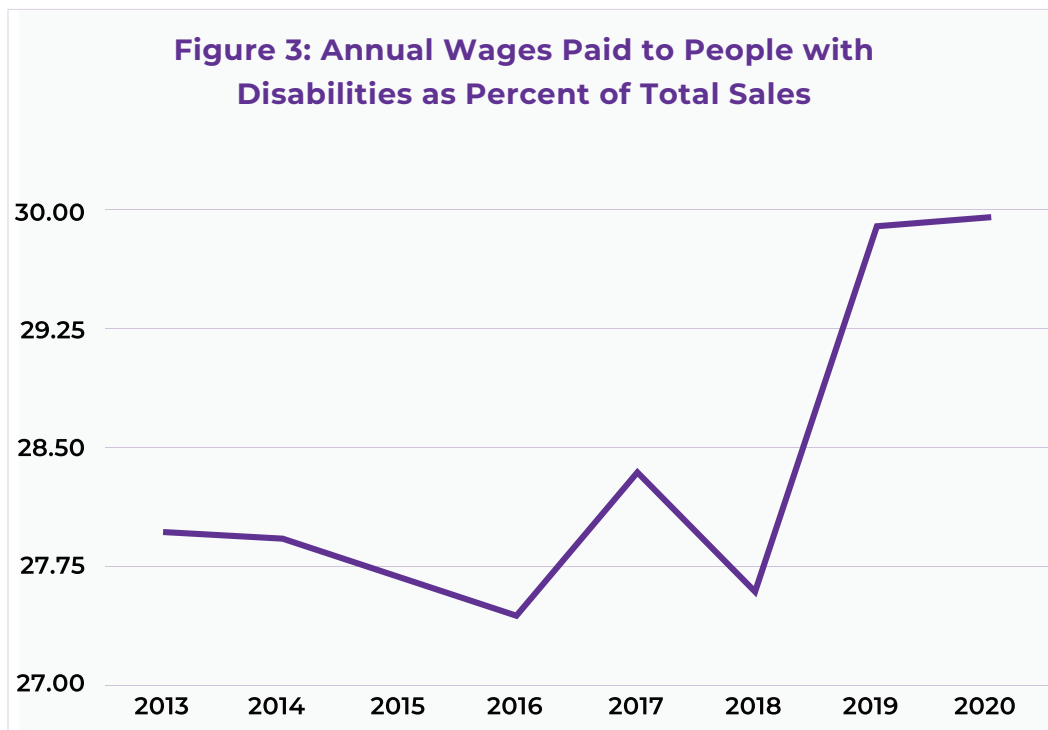
The following addresses each of the items listed above under Subsection (i), in order

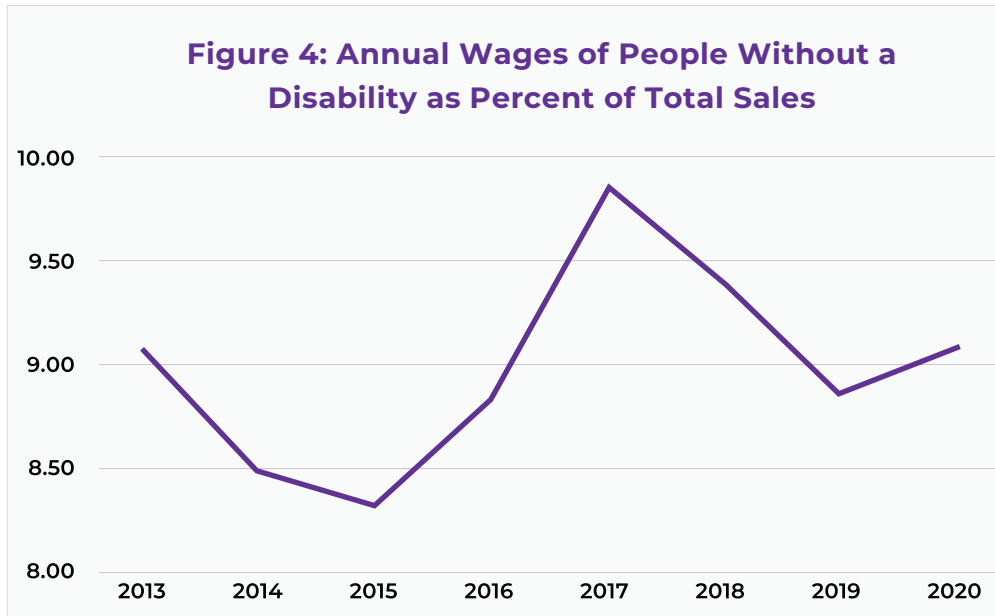
1. The percentage of total sales revenue attributable to the program:
 - A. Paid in wages to persons with disabilities;

Table 8: Wages Paid as Percent of Total Sales

	2013	2014	2015	2016	2017	2018	2019	2020
People with Disabilities	27.95	27.91	27.65	27.43	28.33	27.56	29.89	29.95
People without Disabilities	9.07	8.49	8.32	8.84	9.87	9.39	8.85	9.09

Figures 3 and 4 below plot each of the series presented in the table above. Wages paid to individuals with disabilities as a percent of sales increased significantly in 2019 and maintained its higher level in 2020 during the COVID-19 pandemic. Additionally, the increase in wages paid since 2018 has been directed more heavily towards those with disabilities.





B. Spent on direct training and professional development services for persons with disabilities;

Table 9: Training at CRPs

	2016	2017	2018	2019	2020
Percent of CRPs Offering Training	75.0	77.0	81.3	82.1	82.1

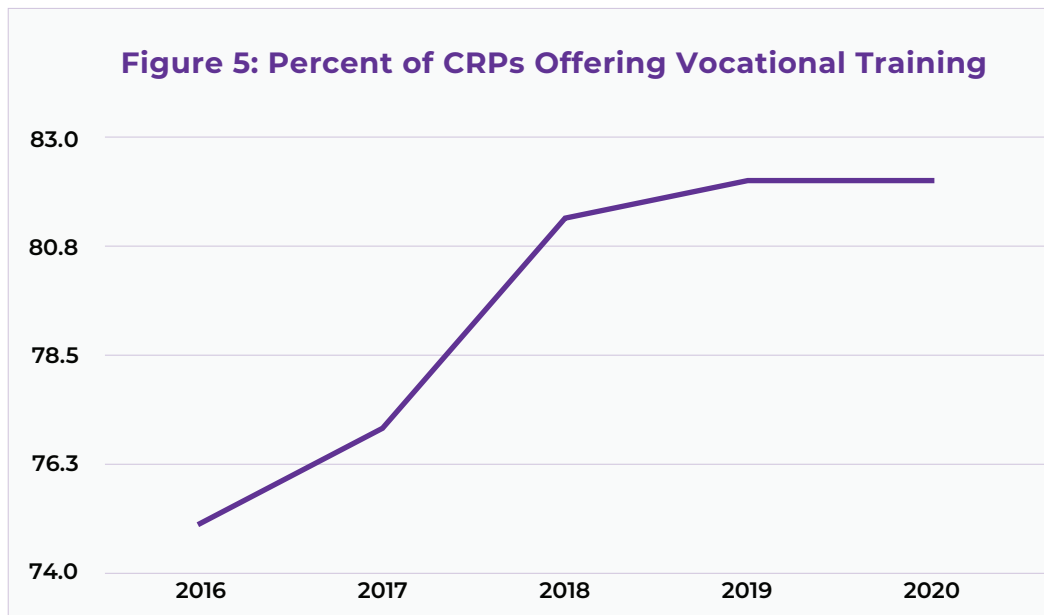


Figure 5 shows there has been a continual increase in the number of CRPs offering vocational training directly to people with disabilities.

WorkQuest staff provided a detailed description of training programs made available to CRPs; this document is included here as Appendix A. WorkQuest expenses related to CRP training, including direct expenses and staff time allocation were \$153,697 in 2019 and \$126,207 in 2020 with the lower amount spent on training in 2020 caused by the COVID-19 pandemic, which made in-person training impossible.

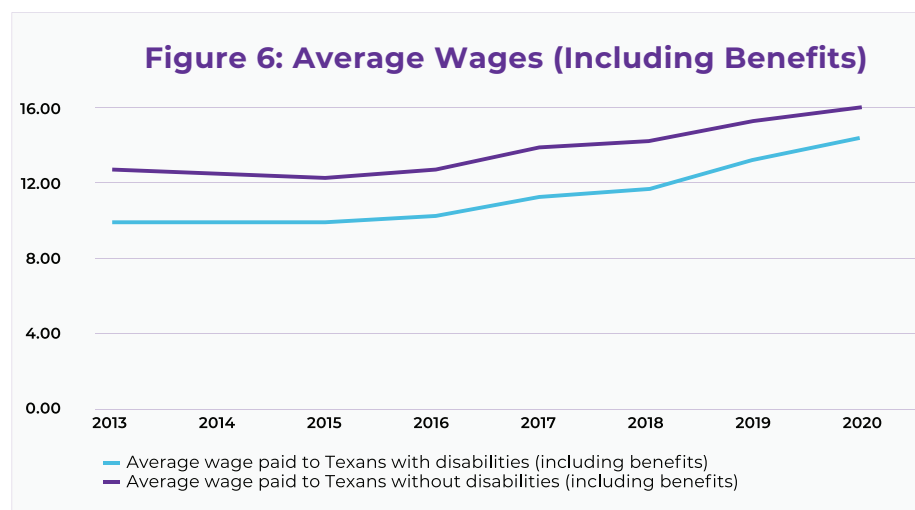
While it is certain that people with disabilities benefited from these training initiatives, at least indirectly, there does not seem to be any data on “direct training and professional development services for persons with disabilities” – amount(s) spent, number of workers who participated or measured outcomes of such training programs.

2. The average hourly wage earned by a person participating in the program;

Table 10: Average Hourly Wage Earned²⁸

	2013	2014	2015	2016	2017	2018	2019	2020
People with Disabilities (PWD)	\$9.93	\$10.16	\$10.08	\$10.31	\$11.34	\$11.80	\$13.29	\$14.48
People without Disabilities (PWND)	\$12.78	\$12.52	\$12.42	\$12.81	\$14.00	\$14.31	\$15.41	\$15.98
Ratio of wage of PWD to wage of PWND	77.7%	81.2%	81.2%	80.5%	81.0%	82.5%	86.2%	90.6%
Ratio of wage of PWD to median wage in Texas	43.4%	42.7%	41.3%	41.9%	44.6%	45.5%	50.7%	53.6%

The average wage earned by people with disabilities rose from \$9.93 in 2013 to \$14.48 in 2020.



²⁸ The entries in the table are calculated using total wages paid to people with disabilities (and those without disabilities) and total hours worked by individuals with disabilities (and those without disabilities). “Wages” include benefits.

The average wages for those with disabilities have risen faster than for those without a disability, resulting in a significant closing of the wage gap, as Figure 7 depicting the ratio of people with disabilities' wages to wages of non-disabled, highlights. In 2013 the average wage of people with disabilities was 77.7% of wages of those without a disability employed at CRPs; by 2020, this ratio rose to 90.6%.

Figure 7: Ratio of Average Wage of People With Disabilities to Wage of People With No Disabilities Employed by CRPs

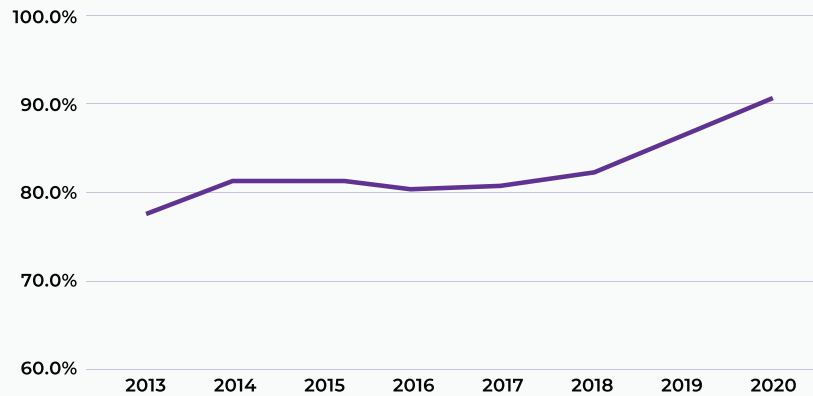
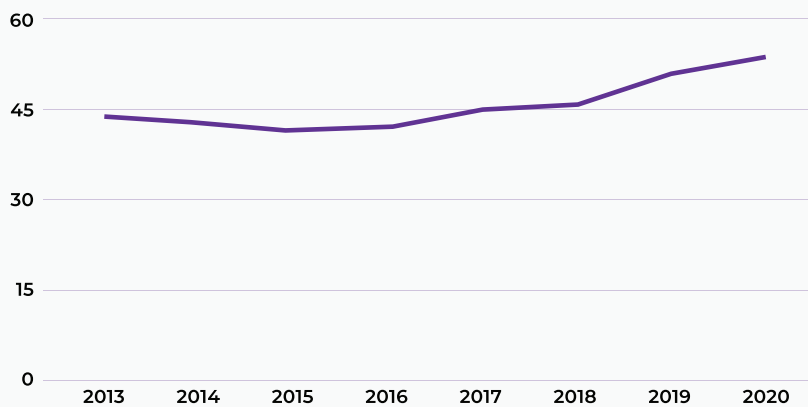


Figure 8: Ratio of Average Wage of People With Disabilities to Overall Texas Average Wage



Additionally, as Figure 8 shows, people with disabilities at CRPs have also closed the wage gap relative to the average hourly wage paid to all workers in Texas. In 2013 the average salary of people with disabilities was 43.4 percent of the average hourly wage of all workers in Texas; by 2020 the average salary of people with disabilities was 53.6 percent of the average hourly wage in the state.²⁹

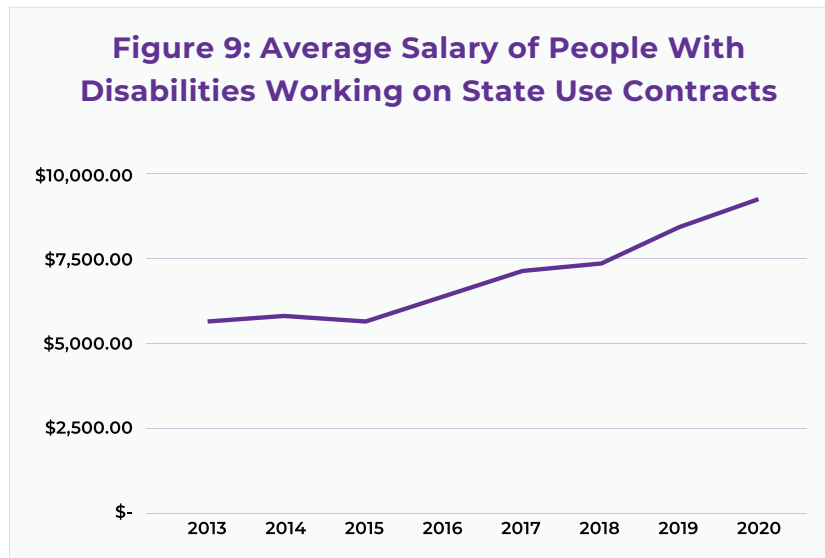
²⁹ U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, *Average Hourly Earnings of All Employees: Total Private in Texas*, <https://fred.stlouisfed.org/series/SMU48000000500000003SA>.

3. The average annual salary earned by a person participating in the program;

Table 11: Average Annual Salary³⁰

	2013	2014	2015	2016	2017	2018	2019	2020
Avg. Annual Salary For PWD	\$5,679	\$5,815	\$5,644	\$6,463	\$7,147	\$7,370	\$8,441	\$9,280

Figure 9 shows that the average salary of people with disabilities working on State Use contracts has grown since 2015 after being relatively constant over the prior several years. Specifically, the average salary increased from \$5,644 in 2016 to \$9,280 in 2020, a 64.4 percent increase.



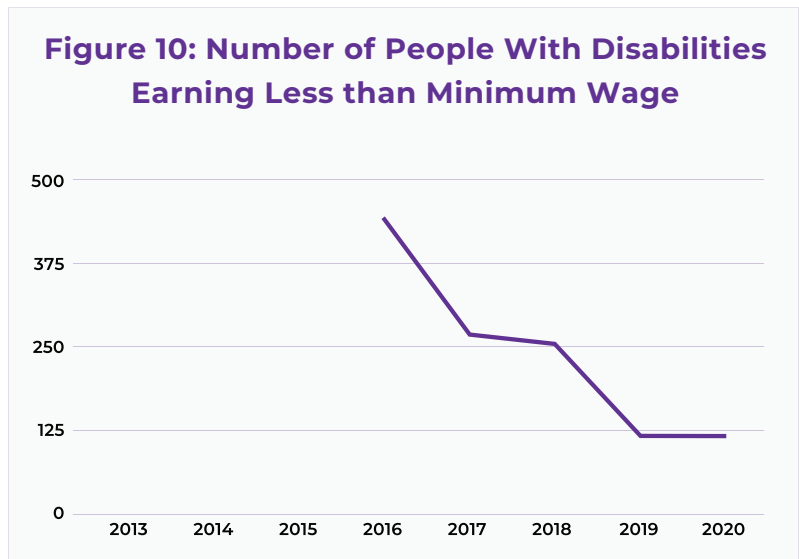
4. The number of persons with disabilities participating in the program paid less than minimum wage;

Table 12: People With Disabilities Earning Less than Minimum Wage

	2016	2017	2018	2019	2020
Total Number of PWD employed by CRPs	6,063	6,133	6,013	5,804	5,475
Number of PWD Paid Subminimum Wage	410	238	222	87	85
Pct. Of PWD Paid Subminimum Wage	6.8	3.9	3.7	1.5	1.6

³⁰The average annual salary for people with disabilities working on State Use contracts is calculated as the total amount of annual wages and benefits paid to Texans with disabilities divided by the total number of Texans with disabilities employed through the program.

Figure 10 shows that the number of people with disabilities earning less than minimum wage has decreased dramatically. The number of CRPs that had workers earning subminimum wages dropped from eight in 2016 to two in 2020.³⁰ In 2016, there were 410 workers at CRPs earning less than minimum wage, while in 2020 there were only 85. Of these 85 workers earning below-minimum wages; 82 were employed by one CRP, VRC Industries – Austin State Supported Living Center.



The number of labor hours paying subminimum wage has decreased sharply in 2020, both in absolute terms and as a share of total direct labor hours. Whereas in 2019, 3.2 percent of all direct labor hours paid less than the minimum wage, that proportion fell to 1.9 percent in 2020.

However, relative to 2018, reported hours worked on subminimum wage contracts actually increased, even as the number of individuals earning below minimum wage fell, as did the number of CRPs employing subminimum wage workers, as well as the actual hours for which subminimum wages were paid. While it appears that the trend is still pointing in the right direction – less reliance by CRPs on below-minimum-wage labor – the above observation is the product of an odd data collection approach, whereby whenever a CRP employs any number of individuals working any number of hours on any of that CRP’s contracts, all of that CRP’s hours worked by all workers on all its contracts would count toward the “hours worked on subminimum wage contracts.”

³⁰ Data prior to 2016 are not available.

5. The average number of hours worked each week by a person with a disability who participates in the program;

The average number of hours worked each week was calculated as the total hours worked on State Use Program contracts annually by Texans with disabilities divided by the total number of Texans with disabilities employed through the program. This produces the average annual hours worked; dividing this by 52 yields an estimate of the average weekly hours worked.

Table 13: Average Hours Worked by People with Disabilities

	2016	2017	2018	2019	2020
Avg Annual Hours	626.8	630.2	623.9	639.9	640.8
Avg Weekly Hours	12.1	12.1	12.0	12.3	12.3

These calculations show that the average weekly hours worked on State Use Program contracts by people with disabilities has remained relatively constant since 2016. There is not enough data to determine if this average is a representative number of hours worked weekly by individuals or if it is biased downward by outliers who work very few hours on State Use Program contracts.

6. The percentage of persons with disabilities who participate in the program and who are placed into competitive positions, including competitive management or administrative positions within community rehabilitation programs;

Data prior to 2019 regarding outplacement were collected but were not uniformly reported by CRPs. Some appeared to have included only outplacements of people with disabilities into competitive outside employment while others included outplacement of all workers regardless of disability status along with promotions within the CRP. Given the disparity in reporting prior to 2019, the focus here is only on 2019 and 2020 data when CRPs were explicitly asked to separate outplacements into carefully defined categories.

It is clear from the reported figures that there is improvement on every outplacement metric between 2019 and 2020, with the exception of total outplacement of people with disabilities (top line in Table 14) – though this is understandable given how labor markets and outside employment opportunities were affected by the COVID-19 pandemic in 2020.

Table 14: Outplacement Metrics

	2019	2020
Ind. w/ Disabilities Outplaced into Competitive Integrated Employment (CIE)	2,747	2,689
Ind. w/ Disabilities Outplaced into CIE Previously Working on State Use	318	803
Upward Mobility of Ind. w/ Disabilities within the CRP	198	251
Upward Mobility of Ind. w/ Disabilities previously Working on State Use Program within the CRP	85	175

5. Conclusion

The State Use Program plays an important role in the state of Texas. While this study primarily focused on the contribution of the program to statewide and regional economies, there are many other significant benefits derived by individuals with disabilities and, indirectly, others from the program.

The benefits, in terms of increased employment, output of goods and services, and incomes earned, is substantial and extends beyond the immediate benefits to those directly employed on program contracts. Indirect benefits arise from the increased business and economic activity by suppliers of CRPs who produce more output, employ additional workers, and pay additional wages. Induced impact of the program results from additional spending of income earned through direct and indirect involvement with the program, which in turn raises others' incomes and consequently, causes more economic activity to take place.

Additional benefits that are not directly captured in the economic impact analysis, but are nevertheless significant, arise from tax implications (federal income tax, particularly the EITC provision, as well as state unemployment insurance tax), reduced reliance on public support by individuals working on State Use Program contracts, and benefits accruing to minority-operated businesses.

The external costs of the program are, by every measure, small. No state funds are specifically allocated to the program's operations; its functions are fully supported by the sales of goods and services provided by the CRPs, whose contracts fund the fee collected by the CNA and expended on the administration of the program. While it is theoretically possible that state agencies would face lower prices of some goods and services if a portion of those prices did not need to pay for CNA's operations, we find no evidence of this. Moreover, products and services purchased through the State Use Program are priced competitively or even significantly lower than comparable goods and services that could be procured on the open market.

The remaining source of costs imposed by the program stems from resources devoted by state agencies to program compliance – monitoring and reporting transactions, requesting exemptions, etc. Because of the routine and frequent nature of these tasks, it appears agencies have developed efficient processes to complete them; in other words, the cost of staff time spent on compliance tasks is relatively modest.

On balance, the program generates substantially more benefits in terms of economic impact than it costs the state.

Recent Trends and Developments

The program and its operator, WorkQuest, have weathered the storm brought on by the COVID-19 pandemic. Prior to the onset of the coronavirus, and in large part during the pandemic, the program's performance improved along virtually every metric. Because of the changes made to how some aspects of the program are assessed and reported, it will be necessary to observe the early trends and determine whether they continue – i.e., comparison to prior years is simply not possible. Nonetheless, there is clear evidence that the program

- Maintains or slightly increases weekly work hours of people with disabilities;
- Pays higher wages (both hourly and in terms of annual salaries);
- Pays a higher proportion of revenues as wages to people with disabilities;
- Relies less on sub-minimum wage labor;
- Continues to increase the amount of training and professional development provided to CRPs;
- Increasingly focuses on outplacement of people with disabilities into competitive integrated employment and/or promotion within CRPs

The total numbers of people with disabilities employed by CRPs has decreased every year since 2017, as did the total numbers of hours worked by these individuals. However, wages earned by these individuals are considerably higher in 2020 than in 2017 (by 14 percent) and so are total program sales (by 9 percent). Moreover, the number of people without disabilities employed in the program has fallen by almost 17 percent since 2017, so it is not the case of “administrative bloat” where fewer people with disabilities are benefiting, but others are taking their place.

The outplacement trends look positive: as compared to 2019, in 2020 more individuals previously working on program contracts were placed into Competitive Integrated Employment (CIE), and more were able to move up into larger roles within CRPs, including those individuals working on State Use Program contracts. However, it is not apparent how this compares to 2018 and years prior. Reporting was changed significantly (and, arguably improved in the process), making outplacement figures reported for earlier years unreliable.

Appendix A

WorkQuest Training Activity

CRP training opportunities are conducted throughout the year and are offered under the following format to ensure that all CRPs have the opportunity to attend:

- Statewide seminars
- Regional seminars
- Seminars conducted for individual CRPs
- Webinars

In order to meet the needs of the CRPs, WorkQuest conducts seminars that cover a vast array of topics. Speakers include WorkQuest staff with appropriate background topic knowledge and presentation skills, and include outside industry experts with specific knowledge in topics offered. The following topics have been covered in WorkQuest sponsored CRP seminars:

- | | |
|--|--|
| • TWC rules and other requirements to participate in the State Use Program | • Procedures to obtain and set-aside products and services |
| • Employee-Centered Vocational Assessment requirements | • State Use Advisory Committee Program objectives, performance measures, and certification recommendations |
| • Contracting with state agencies and political subdivisions | • Service contract best practices |
| • TWC CRP Technical Desk Reviews | • Work zone and general safety best practices |
| • CRP online reporting capabilities | • Landscape maintenance |
| • WorkQuest technical assistance and employment services grants | • Contracting with the TxDOT Litter Input Data System (LIDS) formula |
| • Current procurement procedures and laws | • Contract proposal development |
| • Program pricing and costing procedures for products and/or services | • Marketing products and services |
| | • Quality control |

WorkQuest also works with CRP staff on developing training for professional development or educational opportunities to assist employees with disabilities advancing within the organization, or those accepting competitive integrated employment outside of the program.

All seminars are sponsored by WorkQuest, which includes facility rental, speaker's fees, program materials and handouts. CRPs are not assessed any fees to cover or defray any costs associated with the seminars in order to make training easily accessible to all.

Due to COVID-related restrictions, WorkQuest was unable to conduct in-person training seminars in 2020. Training opportunities, including general compliance seminars, roadside safety training, and COVID cleaning best practices were offered virtually to program participants.

Appendix B

The COVID-19 pandemic has had a significant impact on daily business operations of CRPs and the WorksWonders Program as a whole. With the initial onset of the pandemic, many CRP employees were unable to come to work due to health concerns. CRPs with state or local government affiliations were unable to provide services to individuals with disabilities and lost much of, if not all of, their workforce for an extended period of time. WorkQuest worked with CRPs to transfer several contracts to CRPs with available workforces, to ensure the continuation of valuable services for program customers.

Supply chain issues initially brought on by COVID-related issues continue to be a concern for product-producing CRPs. They have experienced the same product shortages, raw material delays, and pricing challenges that the private sector has endured over the past 18 months. WorkQuest staff has worked with CRPs and customers to address questions and concerns as they arise and continue to provide products on-time and at the fair market price established by TWC.

The article below about Program COVID recovery was presented to TWC for inclusion in their 2021 Annual Report.

WorksWonders Community Rehabilitation Programs recover from COVID-19 pandemic

As organizations in Texas work to recover from the impact of the COVID-19 pandemic, Community Rehabilitation Programs (CRPs) that are part of the WorksWonders Program continue to adapt to the changes in an effort to provide high-quality products and services.

Many WorksWonders CRP employees were designated as essential workers during the pandemic and, as such, they continued to provide services. However, while CRPs worked hard to ensure a safe work environment, many had trouble filling positions due to the pandemic. In some cases, employees with disabilities were unable to continue working due to health concerns, and employees with disabilities who live in group homes were required to stay home, per regulations by the Texas Health and Human Services Commission.

As a result, the Texas Workforce Commission (TWC) asked WorkQuest to contact CRPs monthly in order to track the impact COVID-19 was having on the percentage of people with disabilities working on State Use Program contracts. At one point, as many as 21 CRPs were unable to meet the 75% requirement of direct labor provided by people with disabilities due to COVID-19 safety measures. Fortunately, as staff members were able to get vaccinated in early 2021, many employees with disabilities returned to work, allowing all but six CRPs to meet the 75% direct labor requirement.

WorkQuest and the WorksWonders Program also helped Texas residents recover from the effects of the pandemic by providing much-needed products and services. As state employees began returning to in-person work activities in 2021, CRPs were able to clean and disinfect locations where COVID-positive exposures were identified, allowing workers to return to the office quickly and safely. Many CRPs also increased the production of products such as cleaning supplies, office products and hand sanitizer to meet growing demand.

“It has been very challenging for everybody,” Mike Stevens, vice president of E.Q.U.I.P. Enterprises, said.

E.Q.U.I.P. Enterprises provides building and grounds maintenance for safety rest areas and travel information centers across the state as part of a contract with the Texas Department of Transportation (TxDOT).

In order to ensure the safety of its employees, E.Q.U.I.P. Enterprises implemented protocols beyond those required by the Centers for Disease Control and Prevention (CDC). In addition to encouraging hand washing, social distancing and face coverings, employees also disinfected high-touch areas, as well as disinfected their equipment after using it. Additionally, employees were required to change gloves when they moved from area to area to avoid cross-contamination.

As part of their work maintaining safety rest areas and travel information centers, E.Q.U.I.P. employees went through several training sessions to learn best practices surrounding sanitation and hygiene. Additionally, the organization's supervisors and corporate managers were certified as disinfectant specialists.

“Our motto is, ‘People, passion and purpose,’” Stevens said. “One of the things I always find is how much our employees inspire me—to see some of the difficulties they’ve gone through. It’s a great reminder for all of us to recognize all the great workers who do great work for us.”

Peak Performers, which provides temporary staffing services, began working with TWC to assist with an increase in unemployment claims at the height of the pandemic. Initially, they provided general administrative and customer service support to process the claims. However, that contract evolved to include licensed attorneys and hearing officers to assist with a backlog of appeals.

“In addition to recruiting staff and licensed attorneys, we also had to onboard them,” Bree Sarlati, CEO of Peak Performers, said. “We had staff working with these individuals to make sure they had the proper training and equipment.”

What started out as an eight-week contract has continued for more than a year and a half, and Sarlati anticipates it will continue through at least the end of the year.

“It brings meaning for what we do on a whole different level,” Sarlati said. “This type of work always has some meaning, but sometimes you have to dig a little bit. People in these types of roles really feel like they’re contributing to help Texans get through this, and there’s something beautiful about that.”

As a result of this contract alone, more than 200 people were given the opportunity to do meaningful work, and several of them have now been hired as full-time employees.

“It’s great to know that we are a part of the solution,” Sarlati said.

Appendix C

State Use Program Expenditure Data

Estimates of the economic benefits of the State Use Program are based on spending figures for 2019 and 2020 from four types of contracts: services, statewide services, temporary services, and products. The services contract data are based on service contract proposals, not actual spending. Statewide services, temporary services, and products contracts are based on actual expenditures for a given fiscal year. Additionally, employment figures were provided at the CRP level for each fiscal year.

Several proposed services contracts span multiple years; thus, the proposed service contract values reflect the total amount to be spent over the course of the entire contract – more than one fiscal year at times. In order to avoid double counting the services contracts across years, the total proposed contract value was proportioned by year based on the percent of months the contract occurs within a fiscal year. For example, a contract that is proposed to span 12 full months with only six of those months occurring in fiscal year 2019 would see the total contract amount proportioned by half. Actual spending over a contract's lifetime does not necessarily occur evenly across months; however, this proportioning is consistent across the service contracts and provides a neutral impact on direct spending in both fiscal years.

For the regional analysis, services, temporary services, and products contracts were assigned to a county and corresponding Texas region. Statewide services occur across the entire state of Texas and not just one region, so they were excluded from the regional analysis. Services and temporary services contracts were allocated based on the location where the actual work occurred. Products contracts were allotted based on the location of the CRP.

RIMS II Multipliers

The RIMS II output, income, and employment multipliers used in this analysis are specific to Texas as well as the twelve economic Texas regions, which are calculated by the Bureau of Economic Analysis (BEA). These multipliers reflect the most recent regional multipliers available. Each of the Texas regions as well as Texas as a whole have their own set of multipliers based on the counties associated with the region, with Texas based on all counties in the state. The multipliers are calculated from industries of the North American Industry Classification System (NAICS).

There are 64 industries aggregated into three multipliers based on NAICS – output, income, and employment. Output multipliers represent the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by industry. For example, the average output multiplier for all industries in Texas in 2019 is 2.28, while the average multiplier for the Alamo region is 1.93.

The income multiplier represents the total dollar change in household earnings for each additional dollar of output delivered to final demand. The income multiplier for Texas is 0.66 and for the Alamo region it is 0.55. The employment multipliers, which represent the total change in the number of jobs that occur in all industries for each additional one million dollars of output delivered to final demand by industry, averaged 14.74 in Texas and 12.49 in the Alamo region.

The main purpose of this analysis is to analyze the benefits of the operations of the State Use Program in Texas. The economic benefits accruing to the state are measured by the increase in production of goods and services as measured by State Gross Domestic Product, the number of jobs created, and the amount of personal income that is generated for residents. The primary fiscal benefit is the additional sales tax revenue generated for state and local governments, but additional implicit benefit is derived the reduced dependence of people with disabilities on the state's safety net.

The economic impact measures are broken down into direct, indirect, and multiplier effects. Direct effects are those specifically associated with the program. Workers employed by the CRPs represent the direct employment benefit of the program. Likewise, the expenditures by the program on wages, salaries, and benefits are the direct income effect. Direct fiscal effects arise through a range of taxes on businesses such as property and sales taxes from the investment in real and personal property and purchases of sales taxable items.

Indirect effects arise from the program's procurement of raw materials, services, supplies, and other operating services that help support jobs in regional businesses. For example, several of the business services utilized by the CRPs are purchased from firms within Texas. The economic effects of the program increase as the share of raw materials and other inputs acquired within the region increase. Only the portion of expenditures actually retained by an in-state vendor can be used in the calculation of the firm's indirect income benefit to the state economy. For example, if new computers are purchased from a supplier in central Texas but the computers were actually manufactured outside the state, only the mark-up of the machines above cost would be the source of new income in the state. State and local governments gain benefits due to the taxes on these sales, but this impact is counted separately.

Therefore, the size of the program's indirect impact on regional jobs and income depends primarily on the dollar value of regionally-purchased goods and services and whether these same goods and services are produced within the region or imported into the community.

Finally, the multiplier effects are created as the additional income generated by the direct and indirect effects is spent and re-spent within the local economy. For example, part of the wages received by program employees will be spent on retail sales. If employees go shopping in Dallas, part of the sales receipt will be used to pay local employees of the retail establishments. These employees will in turn spend a portion of their income in the state on groceries, housing, clothing, etc., thereby adding to the amount of statewide personal income directly attributed to the program's activities. It should be noted that during each of these subsequent rounds of spending, a portion of the income generated leaks out of Texas economy through taxes, savings, and spending outside the state, thereby diminishing the increment to total state income attributable to these firms.

Total economic impacts attributed to increased business activity are computed as the sum of the direct, indirect, and multiplier effects. The model used in this report was developed by the Department of Economics and Finance at Stephen F. Austin State University and relies on RIMS II multipliers to calculate economic impacts as noted above. Using the expenditure and employment data provided by WorkQuest, the model allows calculation of the output, income, employment, and sales tax revenue impacts accruing in the state.