



Value Added for RESPECT Commodities: Sourcing and Fulfillment

Discussion

Within the RESPECT of Florida Program the term “Value Added” means the significant labor of individuals who are blind and/or severely disabled applied to raw materials or components resulting in a change in the composition or marketability of component materials. The term is also referred to as “Appreciable Contribution.” While Florida Statutes (413.032 – 413.037, F.S.) do not specifically address “Value Added,” the law is clear that Employment Centers producing commodities and services, whether or not the commodities or services are procured under ss.413.032-413.037, F.S., are to employ blind or other severely handicapped individuals for not less than 75 percent of the person-hours of direct labor required for the production or provision of commodities or services. Direct labor is defined within the statute to include all work required for preparation, processing, and packing, but not supervision, administration, inspection, and shipping.

Over the last several years, national economic realities have changed the work done within the RESPECT program. We are no longer a nation that produces commodities because most goods are now purchased from other countries. As our economy has changed, the direct labor expectations that can be applied to raw materials in the RESPECT program have also changed. Even so, RESPECT continues to stress the need for value added participation particularly in the service contract side of the program which represents about 75% of sales.

Ensuring significant value added for production of commodities produced by individuals with disabilities is more challenging than with service contracts. An idea that has evolved regarding commodities purchased via Chapter 413, F.S., is the concept of “sourcing and fulfillment” for commodities ordered in large quantities by governmental entities. For example, sorting, folding, and packing of T-Shirts can represent significant value added opportunities for promotional commodities. Such work can be performed off site at vendor agency sites where vendors can teach job skills for individuals with severe disabilities that can transfer to private sector employment.

In practice, when RESPECT customers purchase commodities the request is reflective of the item(s) purchased, and the customer relies on RESPECT to determine if sufficient labor has occurred. RESPECT’s decision-making regarding sufficient value added is based on:

- Number of work hours created;
- Work skills development that can transition to competitive employment;
- Number of jobs created;
- Potential for future employment with partnering vendors;
- Adequacy of wages paid; and,

- Labor creation that is complimentary to other commodities that can be combined to create significant employment opportunities.

Findings

The sourcing and fulfillment concept has been tried with mixed results. Some of the identified challenges include:

- Need for consistent demand for large orders by governmental entity customers – orders for promotional type commodities have traditionally been sporadic and therefore may not create sustained employment opportunities;
- Need to ensure capacity to fulfill small commodity orders featuring direct labor activity above and beyond sourcing and fulfillment;
- Liability issues involved when transporting employees, particularly youth, to enclave sites;
- Costs incurred as a result of adding significant value added contributions to materials while still having to ensure comparable pricing;
- Transferability of job skills learned; and,
- Percentage of labor needed to ensure a change in the composition or marketability of component materials.

Conclusion

RESPECT continues to view the Sourcing and Fulfillment concept as a viable assignment strategy but also understands the need to ensure that the primary outcome for any commodity assignment must include sufficient value added provided by individuals with severe disabilities. Therefore, commodity assignments featuring sourcing and fulfillment work activity will be monitored annually to ensure that sufficient value added is occurring, transferability of work skills is being emphasized, and individual earnings are appropriate.