

**COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED**

**FISCAL YEAR 2022
CONGRESSIONAL BUDGET JUSTIFICATION**



An independent Federal Agency responsible for administering the Javits-Wagner-O'Day Act (41 U.S.C. §§8501-8506) and the AbilityOne Program

Operating as the U.S. AbilityOne Commission





OFFICE OF THE CHAIRPERSON

May 28, 2021

Dear Member of Congress:

The U.S. AbilityOne Commission is pleased to submit the Commission's fiscal year (FY) 2022 budget request for \$12,000,000, including not less than \$3,000,000 for the Office of Inspector General.

This budget justification aligns with key priority areas developed by the Commission in FY 2021, including Effective Stewardship and Prioritizing Initiatives to Grow the Program. Detailed information on these key priority areas is contained in the Commission's March 2021 ["Report to the President."](#)

Increased funding for the Commission will enable greater statutory oversight that builds public trust and confidence in the accountability, integrity and transparency of the AbilityOne Program, advancing its mission to create and expand employment opportunities for people who are blind or have significant disabilities – currently over 42,000 people, including 3,200 veterans.

Conversely, underinvestment in the Commission negatively impacts the mission and increases the risk that public trust and confidence will erode as the result of inadequate oversight of the Program. Such erosion of public trust could result in job losses for people who are blind or have significant disabilities.

For these reasons, the Commission seeks increased funding in FY 2022.

The Commission would use this funding primarily to upgrade the capability and cybersecurity of the Agency's obsolete but mission-critical IT backbone – the Procurement List Information Management System (PLIMS). The outdated nature of PLIMS poses cyber risks and even threatens mission failure.

In addition, the Department of Veterans Affairs Contracting Preference Consistency Act of 2020 requires VA to buy AbilityOne items which were on the Procurement List prior to 2006. PLIMS does not currently have the functionality to enable VA to comply. Part of the PLIMS update will enable VA to comply with this statutory requirement.

Lack of adequate funding would also leave the Commission unable to effectively advance and oversee two landmark actions that are transforming both AbilityOne's alignment with modern national disability policy and the Program's future jobs outlook.

First, on AbilityOne contracts, the Commission is accelerating elimination of subminimum wages paid under Section 14(c) of the Fair Labor Standards Act. Our Spring 2021 Regulatory


Agenda proposes that the Commission no longer approve AbilityOne contracts in which 14(c) wages will be paid.

Second, the Office of Federal Procurement Policy has issued a groundbreaking memorandum on “Increasing the Participation of Americans with Disabilities in Federal Contracting.” It encourages agencies to pledge 1 to 1.5 percent of their contract spending to employment of people who are blind or have significant disabilities. This initiative could create tens of thousands of jobs for years to come for this chronically underserved population – but it is essential that this progress is accompanied by sufficient oversight, and that the Commission be capable of educating Federal agencies about their roles and responsibilities as outlined in the memorandum.

Increased funding that furthers these initiatives, and meets urgent IT needs, would benefit the Commission as it continues to make progress in improving oversight, compliance, accountability and transparency – including the Agency’s recent addition of its first Chief Financial Officer, who is successfully advancing change in enterprise risk management, financial management and internal controls. This progress coincides with, and supports, AbilityOne’s pivotal contribution to the nation’s response to COVID-19.

Our people are the heart of AbilityOne. The Commission’s objective is to promote equity and opportunity for people who are blind or have significant disabilities. On behalf of the U.S. AbilityOne Commission and the individuals employed nationwide through the AbilityOne Program, thank you for your consideration and support.

Sincerely,

DocuSigned by:

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Jeffrey A. Koses
Chairperson and Presidential Appointee

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Executive Summary

The U.S. AbilityOne Commission¹ FY 2022 budget justification is for \$12,000,000. The Commission requests \$9,000,000 for the Agency and \$3,000,000 for the Office of the Inspector General (OIG).

This funding is needed for the Commission to advance its strategic objective of creating employment opportunities for people who are blind or have significant disabilities in the manufacture and delivery of products and services to the Federal Government. The Commission administers and oversees the AbilityOne Program, through which more than 42,000 people who are blind or have significant disabilities are employed at approximately 500 nonprofit agencies (NPAs) across 15 times zones, from Guam to Maine.

The Agency's requested \$9,000,000 for FY 2022 would represent a \$1,000,000 increase over its FY 2021 appropriation. The Agency would intend to use this funding as follows:

- \$600,000 to upgrade Agency's mission critical but antiquated IT backbone – the Procurement List Information Management System (PLIMS)
- \$140,000 for salary and benefits for an Acquisition Policy/Contracting Officer (GS-13/14)
- \$130,000 for travel associated with compliance inspections of nonprofit agencies
- \$130,000 to meet increased salary liabilities associated with the anticipated Congressionally determined FY 2022 cost of living adjustment (based on a planning assumption)

Increased Commission funding will also enable the Agency to build greater public trust and confidence in the oversight, accountability, integrity and transparency of the AbilityOne Program while acting on Congressional direction to exercise greater statutory authority and oversight.

Conversely, insufficient funding and staffing perpetuate a lack of Commission capacity to adequately oversee the AbilityOne Program, and increase the risk to public trust and confidence as well as Program integrity and effectiveness. The Commission currently has only 33 staff – 25 Government FTEs and 8 contractors.

The Commission is making significant progress in risk management, financial management and internal controls in FY 2021. Actions taken by the Agency's first Chief Financial Officer, hired in November 2020, include:

- Began implementing an Enterprise Risk Management (ERM) framework
- Conducted a risk survey providing key information on risks aligned to Agency strategic goals and objectives. The Agency is prioritizing risks to determine mitigation steps.
- Centralized coordination of funding requirements and execution

¹ The U.S. AbilityOne Commission is the operating name of the Committee for Purchase From People Who Are Blind or Severely Disabled, an independent Federal agency hereafter referred to as "Commission."

- Communicated new policies to Agency staff as well as the Commission's financial management services provider, the U.S. Department of Agriculture
- Increased financial analysis for decision support on resource priorities
- Automated financial workflows for funds management, obligations and payments
- Developed a Financial Audit Corrective Action Plan addressing findings and recommendations from Office of Inspector General annual financial audits for FY 2019 and FY2020, which identified potential Anti-Deficiency Act violations. The Commission has submitted reports for review to the Office of Management and Budget regarding these violations and corrective actions.

Resource Challenges

A number of significant resource challenges face the Commission:

- Urgent IT challenges that present the risk of imminent mission failure (see below)
- Staffing that has long been inadequate to the Agency's statutory requirements and regulatory scope of work
- An increasing number of Congressional and Executive Branch mandates
- A major increase in litigation related to factors including the implementation of recommendations by the 2017 NDAA Section 898 Panel
- The labor-intensive nature of pilot tests that have the potential to enhance value for AbilityOne Program customers, improve AbilityOne alignment with modern disability policy, and increase Program sustainability
- A required office move

Benefits of Investments in the Commission

Funds appropriated for the Commission are investments in some of America's top priorities, including:

- Growing jobs for people with disabilities
- Growing jobs and providing support for veterans
- Responding to the COVID-19 pandemic: AbilityOne is a pivotal part of America's response to this national emergency

- Furthering Executive Order (EO) 13985, [“Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government”](#): AbilityOne exists to provide opportunities to people with disabilities, who are among the underserved communities referenced in this EO

Analysis of Resources Required

As part of its focus on responsible stewardship, the Commission recognized a need to focus its budget around its top management challenges. It has aggressively sought opportunities to in-source positions and align its spending around responsible oversight. The percentage of budget directly associated with FTEs has increased from 66% in FY2020 to the 74% reflected in this FY2022 budget justification.

In anticipation of increased growth of the program resulting from Administration policy (EO 13985 and the Office of Federal Procurement Policy memo on [“Increasing the Participation of Americans with Disabilities in Federal Contracting”](#)), the Commission will need to make further annual investments in oversight and compliance.

Additional staffing and resources are needed both in the Commission and in its OIG. The 2022 CBJ takes a step towards the long-term staffing and resource needs.

This budget justification includes funding for IT upgrades, rent, travel for on-site compliance inspections of AbilityOne-participating nonprofit agencies, and an anticipated pay raise to ensure sufficient Agency funding to meet increased salary liabilities associated with the mandatory cost of living adjustment (based on a planning assumption). A small portion (\$140,000) of the justification amount of \$9,000,000 would be applied to salary and benefits for an Acquisition Policy/Contracting Officer (GS-13/14).

Personnel Requirements

To effectively execute its responsibilities and sustain the AbilityOne Program mission, the Commission must have adequate personnel.

Following are current, planned and requested Commission personnel levels, and associated funding status:

- Current Agency staffing: 33 (25 Government FTEs and 8 contractors) are funded by the FY 2021 appropriation.
- FY 2021 Agency planned staffing increase: Nine (9) new Government FTEs plus the conversion of four (4) existing contractor positions to Government FTE positions, are funded by the FY 2021 appropriation.²

² See Appendix III for details on recruiting and hiring in progress.

- FY 2022 Agency planned staffing increase: One (1) Acquisition Policy/Contracting Officer (GS-13/14) position to support the Directorate of Contracting and Pricing, which is currently one deep. This position is included within the FY2022 budget justification because it is the Agency's top staffing priority due to OIG performance audits pointing to outdated policies, and upcoming regulatory update packages.

From an overall Agency perspective, the FY 2022 budget justification of \$9,000,000 for the Agency will fund up to 43 personnel – specifically, the Agency's current 25 Government FTEs and eight (8) contractors, plus the Agency's FY 2021 planned staffing increase of nine (9) new Government FTEs, plus the conversion of four (4) of the existing eight (8) contractor positions to Government FTE positions. This budget justification amount will also cover an FY 2022 Acquisition Policy/Contracting Officer (GS-13/14) position.

The Office of Inspector General currently has six (6) Government FTEs (see OIG details in Section 7.0).

Information Technology Requirements

The risk of critical application failure has increased substantially because the Commission has been forced to delay investment to replace its aging IT infrastructure. The legacy application supporting Commission business operations, the Procurement List Information Management System (PLIMS), is 13 years old and currently hosted on a virtual Microsoft 2003 server that is no longer supported by the vendor for system or security updates.

In addition, the Department of Veterans Affairs Contracting Preference Consistency Act of 2020 requires VA to buy AbilityOne items which were on the Procurement List prior to 2006. PLIMS does not currently have the functionality to enable VA to comply. Part of the PLIMS update will enable VA to comply with this statutory requirement.

This budget justification includes \$600,000 to fund upgrading PLIMS.

Performance Goals, Measures and Indicators

Strategic goals for the AbilityOne Program are:

1. Effective Stewardship
2. Employee and Customer Satisfaction
3. Employment Growth
4. Business Excellence

This budget justification reports on progress within these goals. Highlights include:

- The Commission's focus on the Office of Federal Procurement Policy memorandum on "Increasing the Participation of Americans with Disabilities in Federal Contracting." This initiative could create tens of thousands of jobs for years to come.

- The Commission’s acceleration of the process of phasing-out payment of subminimum wages in AbilityOne under 14(c) certificates. Phasing out 14(c) in the Program will eliminate a longstanding area of concern among stakeholders and the disability community, and will therefore increase the potential for growing AbilityOne jobs.

U.S. AbilityOne Commission Office of Inspector General

Section 7.0 of this budget justification discusses the resource needs of the Office of Inspector General, as well as some of its achievements.

1.0 Program and Budget Justification Summary

The Commission FY 2022 budget justification is for \$12,000,000. The Commission requests \$9,000,000 for the Agency and \$3,000,000 for the Office of the Inspector General (OIG).

This funding is required for the Commission to advance its strategic objective of creating employment opportunities for people who are blind or have significant disabilities in the manufacture and delivery of products and services to the Federal Government.

Increasing Commission funding also enables greater statutory oversight that builds public trust and confidence in the integrity of the AbilityOne Program. Conversely, underinvestment in the Commission and Program increases the risk that public trust will erode due to inadequate resources and insufficient oversight.

The Commission administers and oversees the AbilityOne Program. More than 42,000 people who are blind or have significant disabilities are employed under AbilityOne contracts at approximately 500 nonprofit agencies (NPAs) across 15 time zones, from Guam to Maine.

AbilityOne and the jobs it creates meet a vital national need for a historically underserved population. People who are blind or have significant disabilities have the lowest employment level of any segment of American society, across all age groups and at all levels of educational attainment.³

AbilityOne jobs enable employees to earn income, pay taxes, contribute to their communities, and provide valuable products and services as part of the nation’s industrial base – helping to increase the Gross Domestic Product and grow the U.S. economy, a longstanding bipartisan goal. In some cases, the income from an AbilityOne job is an employee’s only defense against homelessness.

³ Department of Labor, Bureau of Labor Statistics. “Persons with a Disability: Labor Force Characteristics Summary – 2019.” <https://www.bls.gov/news.release/disabl.nr0.htm> (retrieved April 26, 2021).

Inadequate Funding: Negative Impact on Mission, Increased Risk to Public Trust

Insufficient funding and staffing perpetuate a lack of Commission capacity to adequately oversee the AbilityOne Program, and increase the risk to public trust and confidence as well as Program integrity and effectiveness.

Lack of capacity negatively impacts critical mission areas, and imposes limits on innovation, transformation initiatives, Federal customer service, oversight and compliance, operational effectiveness, cybersecurity, implementation of regulations and policies, alignment with modern disability policy, and the ability to effectively execute Congressional mandates.

In FY 2022, a lack of increased funding would exacerbate the intense strain on the Commission as limited resources affect its ability to execute its mission and keep pace with the changes and challenges of AbilityOne as an employment program and a procurement vehicle.

Table 1: FY 2022 Budget Request (in \$ millions)					
Category:	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	FY 2022 Request
Personnel	4.170	4.228	4.228	6.580	4.997
Benefits	1.105	1.120	1.120	1.680	1.678**
All Other	1.725	1.652	3.002*	3.370	2.325
OIG	1.250	1.250	1.650	2.300	3.000
Total	8.250	8.250	10.000	13.930	12.000

*The FY 2020 Enacted amount included \$1.35 million for the one-time costs associated with a move of the Commission's headquarters office.

** The Commission staff revised its methodology for projecting benefits expenses for FY 2022, to rely on actual data rather than a factor or percentage of salary.

Specific challenges related to the Commission's resource shortfall include:

Resource Challenges – Required Office Move

In FY 2021, the Commission terminated its commercial office lease in the Crystal City section of Arlington, Virginia. This step followed the FY 2019 notification from the General Services Administration (GSA) that the lease was being terminated by the landlord with no potential for extension.

Historically, office space in suburban Virginia has been more economical than space in downtown Washington, D.C. However, the rental market in Northern Virginia is in greater demand and becoming more expensive due to the construction of nearby headquarters for large companies and universities. This real estate situation is causing government agencies like the Commission to find they are unable to renew their commercial leases.

Working closely with GSA, the Commission found new office space in a GSA-leased building called Patriots Plaza III in Washington, D.C. To cut costs, the Commission moved out of its Virginia location in December 2020, and continues to operate in a full telework mode. As this suite provides a smaller footprint than the Commission previously occupied, and fills vacant space in an otherwise rented building, the lease is both cost-effective and available in a timely manner to meet the Commission's needs.

The Commission will consolidate Agency offices with the OIG in the new office space – a decision aimed at efficiency, effectiveness, reduced costs and optimization of taxpayer dollars. The Agency budget justification reflects the cost of leased space for itself and the OIG, so there is no longer a line for rental costs in the OIG's budget justification.

Resource Challenges – Staffing

Inadequate Commission staffing has long been at odds with the Agency's statutory requirements and regulatory scope of work:

- Agency staff of only 33 personnel must oversee nearly \$4 billion in annual AbilityOne sales – with total contract value of more than \$8 billion.
- Agency staff oversee approximately 500 NPAs across 15 time zones, from Guam to Maine.
- Agency staff oversee two Central Nonprofit Agencies (CNAs), whose combined revenues and staff are 13-19 times larger than the Agency appropriation and staff, respectively, based on recent data.

Resource Challenges – Congressional and Executive Branch Mandates

The Commission must meet an increasing number of Congressional and Executive Branch mandates that have exceeded the Agency’s ability to implement them effectively without additional funding.

- Section 898 of the 2017 National Defense Authorization Act (NDAA) directed the Secretary of Defense to create the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity” (the 898 Panel). The Panel is chartered to review the effectiveness and internal controls of the AbilityOne Program related to Department of Defense (DoD) contracts, including, among other matters, reporting back to Congress on ways to eliminate waste, fraud and abuse, and recommending changes to business practices and IT systems to facilitate compliance with the Javits-Wagner-O’Day Act (41 U.S.C. § 8501-8506) as well as OMB requirements.

Under this legislation, DoD is authorized to terminate an NPA’s AbilityOne contracts if that NPA does not comply with certain Panel recommendations. Program-wide, a failure to implement Panel recommendations could result in a loss of DoD purchases that would jeopardize approximately 25,000 jobs for people who are blind or have significant disabilities.

The Panel’s [Third Annual Report to Congress](#) was issued in February 2021. The Panel currently tracks 24 recommendations, which were consolidated based on repeating themes and ideas from more than 40 recommendations from the first two annual reports to Congress (issued in July 2018 and January 2020, respectively). Implementing Panel recommendations will have significant resource implications for the Commission.

- Congress mandated in the Consolidated Appropriations Act, 2016, that the Commission establish written agreements to govern its relationship with the CNAs, increase accountability, and strengthen Commission oversight of the AbilityOne Program. In this same Act, Congress mandated the creation of an OIG for the Program.
- Congress directed the Commission to establish a Western U.S. Field Office in 2017. The office continues to build capacity and capability to oversee 14 States and Guam, 111 NPAs, and approximately \$743,000,000 in AbilityOne Program sales.
- Office of Management and Budget (OMB) has multiple requirements for IT and cybersecurity.

Resource Challenges – Increased Litigation

The Commission is experiencing a major increase in litigation related to a variety of factors including legislative requirements in the 2017 NDAA Section 898 Panel, bid protests, contract disputes and administrative matters. In many instances, the litigation challenges the authority of the Commission to perform its mission rather than just challenging specific errors made in a single action. The risks associated with this increase in litigation and the nature of the challenges

being made are exacerbated because the Agency is understaffed in its Office of the General Counsel. Litigation examples include:

- *Kingdomware Technologies, Inc. v. United States*: As a consequence of the U.S. Supreme Court decision in *Kingdomware Technologies, Inc. v. United States*, 136 S. Ct. 1969 (2016), the Commission and participants in the AbilityOne Program have been involved in lawsuits filed by veteran-owned small business owners.

One such lawsuit is *PDS Consultants v. United States*, 132 Fed. Cl. 117 (2017), which was affirmed at the Court of Appeals for the Federal Circuit. The affected NPA, IFB Solutions, sought further review at the Supreme Court, but the Court denied hearing its case. The Commission General Counsel represented the positions of the AbilityOne Program to the Office of the Solicitor General on multiple occasions, as this case impacted thousands of employees in the Program.

In addition to the case directly involving PDS Consultants and IFB, the CNAs and several participating NPAs have filed lawsuits in district courts in the District of Columbia and Colorado challenging the Department of Veterans Affairs' actions under the Administrative Procedure Act (APA). The General Counsel provides comments and participates in discussions on litigation strategy in these cases. After the Supreme Court denied IFB's petition for certiorari, the Department of Justice moved to dismiss these cases, and they were dismissed without a decision.

(Update: In August 2020, H.R. 4920 "Department of Veterans Affairs Contracting Preference Consistency Act of 2020" was signed into law. The new Public Law No. 116-155 amends title 38, United States Code, to provide for an exception to certain contracting requirements applicable to the VA's procurement of certain goods and services covered under the AbilityOne Program prior to 2006, and for other purposes.)

- *Randolph-Sheppard Act (RSA)*: Litigation continues related to Randolph-Sheppard Act (RSA) issues, and appropriate implementation of priority to people who are blind to operate vending facilities on Federal property. The Commission General Counsel is participating in *SourceAmerica, et al. v. U.S. Department of Education, et al.*, now on appeal to the Federal Court of Appeals for the 4th Circuit, and in *Texas Workforce Commission v. U.S. Department of Education*, a separate case with similar issues on appeal in the Federal Court of Appeals for the 5th Circuit. Both oral arguments were held in spring 2020, and the parties are waiting for the courts to render decisions.

The Commission General Counsel also participates in negotiations with the Departments of Justice, Education, Defense, Army and Air Force regarding overall litigation strategy affecting the various agencies, as well as resolution of other RSA-related disputes. In addition to the two referenced cases, there are approximately half a dozen cases pending in other Federal district or appellate courts, and this type of litigation has been occurring over three decades. For this reason, it has been elevated in the Department of Justice to the Solicitor General's attention for resolution of global recurring issues arising between DoD, Education and the Commission for the performance of food services contracts. There is a

potential to have more of these cases as long as Education's statutory and regulatory frameworks are not revised.

- *National Federation of the Blind v. U.S. AbilityOne Commission*: In July 2018, the Commission designated a third CNA, American Foundation for the Blind. In September 2018, the National Federation of the Blind (NFB) filed a civil complaint in district court in Maryland against the Commission, challenging, among other things, its authority to designate a CNA and the manner in which it did so.

The Commission General Counsel coordinated closely with the Assistant United States Attorney in Baltimore to prepare the Government's response, and coordinated closely to prepare for hearing on preliminary injunction in September 2019. The court ruled in favor of the Commission in late September 2019. NFB filed a Notice of Appeal in December 2019, and the parties completed briefing the case on appeal as of May 2020. No other court actions have been scheduled as of this date.

- *Pride Industries, Inc. v. Committee for Purchase From People Who Are Blind or Severely Disabled*: Pride Industries, Inc. filed a bid protest action at the Government Accountability Office (GAO) in August 2019 challenging the Commission's authority to conduct a competition pilot study on the Army's Facilities Support Operations Services contract at Fort Bliss, Texas, where Pride Industries is the incumbent contractor. This pilot study is one of several that the Commission is implementing based on the 2017 NDAA Section 898 Panel recommendations to Congress. At Fort Bliss, the Commission used a pilot competition process to exercise its statutory authority to set the fair market price and authorize the NPA on the contract.

In addition to the GAO bid protest, Pride Industries also filed a civil complaint in U.S. District Court for the Eastern District of California challenging the Commission's authority to conduct a competition pilot under the Administrative Procedure Act. The GAO dismissed the protest when Pride Industries disclosed that it had also filed a case in Federal district court. The court held two hearings, one for an emergency injunction in early October (briefing and hearing occurred in five calendar days) and the other on Pride's preliminary injunction, which occurred later in October 2019. The Commission prevailed in both hearings on those motions. The only remaining issue was Pride's motion for permanent injunction, which had been briefed and was set for a hearing on December 20, 2019. Upon the completion of the competition pilot, Pride learned that it was authorized as the NPA to perform the contract and withdrew its case pending in the court in California in early December 2019.

- The Commission terminated a competition pilot after the Court of Federal Claims issued a permanent injunction on May 4, 2021, that stopped the competition pilot procurement for the Base Operations Support Services contract at Fort Meade, Maryland. The incumbent NPA contractor, Melwood, had filed a bid protest in the Court of Federal Claims, challenging the Commission's authority to compete a contract already being performed by an NPA. Melwood alleged that the Commission may only recompete or reassign a contract when the

authorized NPA has not met the contract performance requirements. Melwood filed a preliminary injunction in June 2020 to prevent the Commission from issuing an Opportunity Notice to proceed with the competition. The court denied that injunction in July 2020, permitting the Commission to issue the Opportunity Notice. Melwood filed a second protest after the competition pilot was underway. The court reissued the redacted (public) version of its opinion on May 21, 2021.

- A protest was filed against the United States involving the AbilityOne Program, although the case is challenging actions made by the Defense Commissary Agency (DeCA) restating its requirements for stocking Commissaries under contract through the AbilityOne Program. The protest alleges that DeCA has violated the Competition in Contracting Act (CICA) by not competing the new contracts. In all, 10 contracts were scheduled to be awarded to the NPAs already performing the work. The modifications would expand the types of food being stocked, but the NPAs would continue performing the same work at the same locations. DeCA agreed to a voluntary stay pending the outcome of the protest.
- The Commission is also involved in a civil complaint against the Agency under the Equal Employment Opportunity Act by a former employee. The Commission engages assistance from GSA counsel to represent the Agency in employment litigation matters. The General Counsel coordinates with GSA counsel to prepare declarations and the Agency record in these matters. At this time, the Commission and the plaintiff are discussing settlement.
- The General Counsel also manages the Commission's Freedom of Information Act (FOIA) requests. Although there are typically fewer than two dozen requests each year, due to other legal responsibilities, the Commission has a backlog of outstanding FOIA cases, which resulted in litigation against the Commission last year to compel release of documents. The Commission provided the documents pursuant to the FOIA request, withholding those covered by exemptions. Due to continuous demands on the General Counsel's time and that the General Counsel is the only Agency attorney, this situation could generate more litigation due to delays in responding to FOIA requests.

Resource Challenges – Enhancing Oversight

The Commission is transforming the Program's policies, procedures and business practices to strengthen performance, evaluation, accountability, oversight and transparency. This process incorporates recommendations from GAO Report 13-457, "Employing People with Blindness or Severe Disabilities: Enhanced Oversight of the AbilityOne Program Needed" (2013); the mandates of the Consolidated Appropriations Act, 2016; Commission OIG audits and reports; and, as they develop, the recommendations of the Section 898 Panel.

In FY 2020, the Commission began its most extensive update of compliance policies and procedures in a decade. The Commission rescinded its informal Compliance Manual and replaced it with eight modified or new policies addressing specific regulatory requirements related to AbilityOne-participating NPA qualifications, ongoing compliance, regulatory reviews

and performance. These policies include detailed requirements and cover the potential consequences of non-compliance.

Resource Challenges – Pilot Tests

The 898 Panel recommendations have included pilot tests to address longstanding areas of interest within the Program. The Commission is conducting a pilot test with the potential to enhance value for AbilityOne Program customers, expand the Commission’s expertise, and increase Program growth and sustainability at a time of change in the economic and policy arenas.

The current pilot test is:

- Project Ratio Pilot Test – This pilot is exploring the potential impacts of a reduction in AbilityOne direct labor hour project ratios – specifically, by reducing the ratio from 75% to lower ratios at selected test sites. The 75% ratio refers to a statutory requirement for NPAs to employ people who are blind or have significant disabilities “for at least 75 percent of the hours of direct labor required for the production or provision of the products or services” during the fiscal year, whether or not performed on AbilityOne contracts.

Pilot tests are labor-intensive and require additional resources. An NPA Competition Pilot Test at Fort Meade, Md., was terminated in May 2021.

Benefits of Investments in the Commission

Funds appropriated for the Commission are investments in some of America’s top priorities.

- Growing jobs for people with disabilities, and particularly veterans, is both an Administration and nonpartisan priority. The Commission and AbilityOne Program have the experience and capacity to contribute effectively to this national priority.
- AbilityOne is a pivotal part of America’s response to the COVID-19 crisis. Many AbilityOne employees are designated as essential and serve on the front lines of the COVID-19 crisis. (For more on AbilityOne’s response to COVID-19, see Appendix IV.)
- Veterans benefit from numerous wounded warrior transition programs, training and employment opportunities furnished by AbilityOne-authorized providers. More than 3,200 wounded, ill or injured veterans work in direct labor jobs in the AbilityOne Program. In addition, NPAs employ nearly 4,000 veterans working in indirect labor positions, including supervisory and management roles. In total, approximately 7,000 veterans work at AbilityOne NPAs. The range of their military service stretches from Vietnam to Afghanistan and Iraq.

- AbilityOne returns dollars to the U.S. Treasury through:
 - The AbilityOne contract close-out initiative (more than \$2 billion identified for de-obligation since 2010).
 - Increased tax revenues from AbilityOne employees who are blind or have significant disabilities. In FY 2020, AbilityOne employees earned more than \$675 million in wages, plus at least \$150 million in health and welfare fringe benefits, while gaining greater independence and experience. Over the past 10 years, AbilityOne employees have earned more than \$6 billion in wages.

Legislative Proposals

The Commission has no legislative proposals currently pending.

2.0 Background

2.1 Legal Authority, Mission and Vision

The Javits-Wagner-O’Day Act of 1971, codified at 41 U.S.C. §§8501-8506 and implemented through 41 C.F.R. Chapter 51, establishes the legal authority for the Committee for Purchase From People Who Are Blind or Severely Disabled, which operates as the U.S. AbilityOne Commission. The Commission is an independent Executive Branch agency, with exclusive responsibility for administering this statute and the AbilityOne Program, which is responsible for employing over 42,000 Americans who are blind or have significant disabilities.

The mission of the U.S. AbilityOne Commission and the AbilityOne Program is:

To provide employment opportunities for people who are blind or have significant disabilities in the manufacture and delivery of products and services to the Federal Government.

The vision of the U.S. AbilityOne Commission and the AbilityOne Program is:

To enable all people who are blind or have significant disabilities to achieve their maximum employment potential.

This vision will be realized when:

- Every person who is blind or has a significant disability and who wants to work is provided an opportunity to be employed productively.

- Every AbilityOne employee earns not only the Federal minimum wage (or higher applicable state or local minimum wage) but also a living wage and benefits package appropriate to his or her geographic locality.
- AbilityOne employees are provided the training and development they need to be successful in their current positions, and to ultimately achieve their maximum employment potential.
- Every AbilityOne employee is provided the opportunity, with or without accommodations, to advance to his or her maximum employment potential, including internal or external competitive placement or management and administrative positions.
- All AbilityOne products and services provide best value to Federal customers, thus earning their continued support and loyalty.

2.2 Program Structure and Responsibilities

Presidential Appointees

The Commission is composed of 15 Presidential appointees. Eleven represent Government agencies. Four private citizen members represent the employment concerns of people who are blind or have significant disabilities.

Presidential appointees on the Commission bring extensive expertise and tested judgement that promote the effective implementation of the JWOD Act, the operational efficiency of the Commission and AbilityOne Program, and the interests of people who are blind or have significant disabilities.

Each appointee representing a Government agency is a senior procurement official with decades of experience in acquisition and procurement. Each private-citizen appointee is an individual with broad knowledge of the employment problems facing people who are blind or have significant disabilities.

In the past year, three departures due to retirements and the change of administrations have left the Commission with three Government agency members (Commerce, General Services Administration and Labor) and eight vacancies (Agriculture, Air Force, Army, Defense (Defense Logistics Agency), Education, Justice, Navy and Veterans Affairs). Two private citizen positions are also vacant.

The Commission will work with the White House Presidential Personnel Office to advance nomination packages for new members. In the meantime, nearly all of the Government agencies with vacancies are represented at Commission meetings by senior acquisition officials who provide input on issues related to their respective agencies and are available for consultation on an ongoing basis.

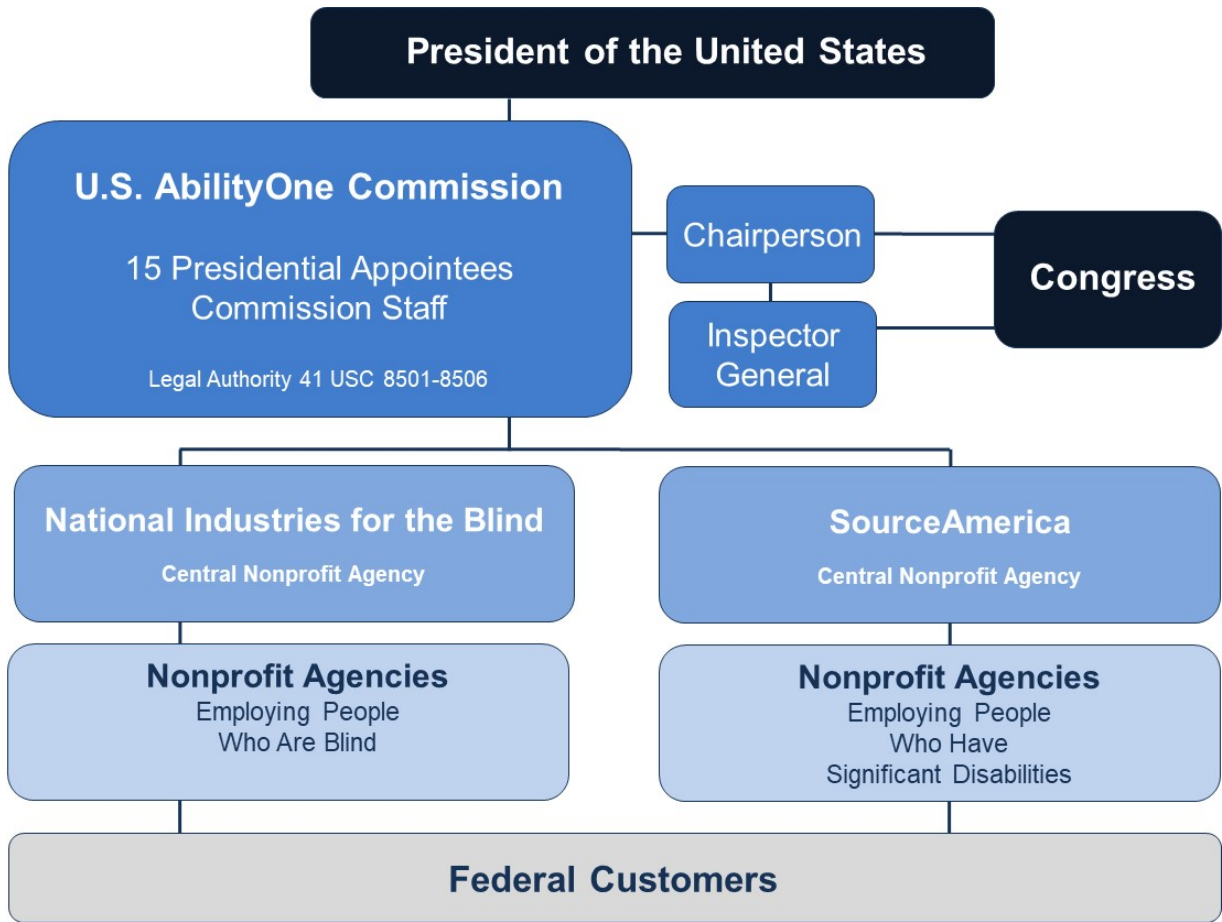
Commission Staff

The Commission staff of 25 Government FTEs and 8 contractors maintains Commission operations and prepares materials required by law, regulation and policy to inform the decisions made by the Presidential appointees. The Commission also has an Office of Inspector General (OIG) with six (6) Government FTEs.

Central Nonprofit Agencies

The Commission currently has two designated Central Nonprofit Agencies (CNAs) – National Industries for the Blind (NIB) and SourceAmerica – to facilitate the distribution of orders and assist NPAs participating in the AbilityOne Program.

AbilityOne Program Organization



3.0 Analysis of Resources Required

The Agency’s requested \$9,000,000 for FY 2022 would represent a \$1,000,000 increase over its FY 2021 appropriation. The Agency would intend to use this funding as follows:

- \$600,000 to upgrade Agency’s mission critical but antiquated IT backbone – the Procurement List Information Management System (PLIMS)
- \$140,000 for salary and benefits for an Acquisition Policy/Contracting Officer (GS-13/14)
- \$130,000 for travel associated with compliance inspections of NPAs
- \$130,000 to fund increased salary liabilities due to a mandatory cost of living adjustment in FY2022 (based on a planning assumption)

Increased Commission funding will also enable the Agency to build greater public trust and confidence in the oversight, accountability, integrity and transparency of the AbilityOne Program while acting on Congressional direction to exercise greater statutory authority and oversight.

Conversely, insufficient funding and staffing perpetuate a lack of Commission capacity to adequately oversee the AbilityOne Program, and increase the risk to public trust and confidence as well as Program integrity and effectiveness.

3.1 Personnel Requirements

Personnel Requirements

To effectively execute its responsibilities and sustain the AbilityOne Program mission, the Commission must have adequate personnel. Currently, the Agency's staffing level is 33 personnel – 25 Government FTEs and 8 contractors – with some additional hires planned by the end of FY 2021. Separately, the OIG currently has six (6) Government FTEs (see OIG details in Section 7.0).

The FY 2022 budget justification of \$9,000,000 for the Agency will fund up to 43 personnel – specifically, the Agency's current 25 Government FTEs and eight (8) contractors, plus the Agency's FY 2021 planned staffing increase of nine (9) new Government FTEs, plus the conversion of four (4) of the existing eight (8) contractor positions to civil service positions. This budget justification amount will also cover a FY 2022 Acquisition Policy/Contracting Officer (GS-13/14) position.

Overall, the Commission needs to continue building its staff capability and capacity. Current staffing is insufficient to handle the increasing workload. The growth in Congressional mandates and resulting complexity of the AbilityOne Program's business environment, as well as Congressional and other stakeholder scrutiny of the Commission's oversight of the Program, warrant additional expertise across the Agency.

Driving the Agency's need for more personnel are specific requirements and responsibilities levied by Congress and OMB:

- 2017 Consolidated Appropriations Act
- 2017 National Defense Authorization Act (NDAA)
- 2016 Consolidated Appropriations Act
- OMB Circular A-123 (revised)

Responsibilities of Current Personnel

Commission employees support the core business areas of Compliance and Oversight, Business Operations, and Program Management. They also support cross-cutting functions such as legal, contracting and policy, communications and government affairs, IT and resource management.

The Commission's current organization and staffing is as follows:

Oversight and Compliance: The Oversight and Compliance Directorate (currently five (5) Government FTE positions) issues and monitors policy and procedures guidance; provides technical assistance and training to program participants; conducts compliance inspections; reviews and addresses complaints and CNA mandatory disclosures; performs comprehensive reviews of Annual Certifications submitted by NPAs; reviews proposed additions of products and services to the Procurement List for NPA qualification and capability; and provides support to the Office of Inspector General and/or the Department of Justice for investigations as needed.

With hundreds of NPAs performing thousands of Federal contracts across the AbilityOne enterprise, oversight and compliance are top Commission priorities. Sales of products and services provided through the AbilityOne Program totaled nearly \$4 billion in FY 2020. The Commission-designated NPAs must not only ensure AbilityOne-related compliance, but also comply with numerous Federal laws and regulations, and fully meet the government's quality and performance standards.

In FY 2020, the Oversight and Compliance Directorate began the Commission's most significant update of compliance policies and procedures in the past decade. The directorate has and will continue to issue a series of updated and new compliance policies for AbilityOne-participating NPAs. These policies and procedures provide CNAs and NPAs with the most current information, and replace the Agency's informal Compliance Manual. Updated policies include direct labor hour ratio requirements, actions regarding NPAs out of compliance with Commission regulations, equal employment opportunity for people with disabilities at NPAs, and processing complaints by NPA employees working on AbilityOne contracts. New policies cover areas including disability documentation requirements for people who are blind, disability documentation requirements for people with significant disabilities, and maintaining qualification of NPAs.

In response to the COVID-19 national emergency, the Commission expanded exceptions to its policy regarding direct labor ratio requirements so that NPAs could meet unprecedented Federal customer demands. Oversight and Compliance Directorate reviewed NPA requests for exceptions in accordance with the Commission Chairperson's memos "AbilityOne Flexibilities Related to the Coronavirus (COVID-19) Emergency and Recovery for the Duration of Fiscal Year" (FY 2020, extended for FY 2021). Under this guidance, NPAs were able to request permission to operate at a direct labor hour (DLH) ratio below 75 percent, but not lower than 35 percent, through the end of FY 2020. The extension through FY 2021 allows NPAs to operate at a ratio below 75 percent, but not lower than 51 percent.

Business Operations: The Commission’s Business Operations directorate (currently six (6) Government FTE positions) primarily manages the Procurement List (PL).

The PL is the lifeblood of the AbilityOne Program, with approximately 15,000 products and 4,000 services that create employment for the AbilityOne workforce. Business Operations adds, deletes and updates products and services on the PL on a daily basis – a responsibility that, in FY 2019, meant completing more than 22,000 PL actions in the Commission’s aging Procurement List Information Management System (PLIMS).

The Business Operations team is one-deep in terms of individual expertise and responsibilities. The team manages new and existing products and services; pricing; information and records management; the required Federal Register notice-and-comment process for Commission actions; and authorization of commercial distributors.

Pricing is the most under-resourced area in Business Operations, which completed more than 4,700 pricing actions in FY 2019. Currently, only one (1) price analyst is on staff to complete this enormous quantity of transactions; conduct research and analysis; and interact with Federal customers, CNAs and NPAs and others. The resource-driven lack of an additional price analyst increases the risk of failing to detect erroneous or unreasonably high prices submitted for Procurement List products or services.

Contracting and Policy: With one (1) Government FTE, the Contracting and Policy Directorate strengthens AbilityOne Program oversight by identifying and disseminating rules and regulations, as well as developing and updating policy and procedures. The Commission staff must have the experience and expertise to work with the Federal Acquisition Regulation (FAR) Council on rule changes that affect the AbilityOne Program. The Commission also monitors and engages as necessary when other Federal agencies issue procurement guidance that does not fully conform to the requirements of the JWOD Act and the AbilityOne Program. The directorate’s one (1) Government FTE also handles internal contracting requirements and supports the Cooperative Agreements.

Program Management Office: The Program Management Office (PMO) currently has two (2) Government FTEs to administer and oversee performance related to the Cooperative Agreements established with the CNAs. NIB and SourceAmerica have considerably larger program offices to handle their respective Cooperative Agreement requirements.

The PMO reviews and analyzes more than 100 deliverables annually in the course of administering the Cooperative Agreements. The PMO also requires support from other Agency staff as a Cooperative Agreement Task Force to review and analyze deliverables. Administration of the agreements often results in participation in projects outside of the PMO umbrella. For data compilation and analysis, the PMO relies on a statistician who works under the Chief of Staff.

In addition, the PMO Deputy leads the Commission’s efforts to implement steps outlined in the 2020 Office of Federal Procurement Policy memorandum on [“Increasing the Participation of Americans with Disabilities in Federal Contracting.”](#) The memo’s purpose is to “create a

stronger pathway for the increased participation of persons with disabilities in federal contracting through the AbilityOne Program.”

Veterans Employment and Initiatives: The Directorate of Veterans Employment and Initiatives (currently one (1) Government FTE) provides oversight, programming and strategic planning to maximize employment opportunities for transitioning service members and veterans who are blind or who have suffered catastrophic injuries or illness, consistent with the JWOD Act. The Directorate of Veterans Employment and Initiatives seeks veterans’ employment opportunities by networking in the public and private sectors, pursuing Section 898 Panel recommendations, developing memoranda of agreement with other Federal agencies, and assisting AbilityOne Program NPAs with identifying lines of business requiring the professional skills that veterans gained from military experience.

Information Technology: The IT team has one (1) Government FTE, supplemented by contractor support. It maintains the Commission’s local area network, its Procurement List Information Management System (PLIMS) and the Commission’s website. The IT team is also responsible for help desk and user support functions. During the COVID-19 pandemic, when the Commission adopted a full-time telework posture, the IT team supported all Agency personnel, contractor support, and the OIG with new tools such as video conferencing software, and maintained adequate bandwidth. The Commission will continue to leverage telework and will reduce its physical footprint with the support of the IT team.

Western U.S. Field Office: Currently allocated to this office are a field office director, senior pricing analyst, and compliance inspector. Responsible for 14 States and Guam, 111 nonprofit agencies, and \$743 million in AbilityOne Program sales, the Western U.S. Field Office was established in 2017 and occupies rent-free space at Joint Base Lewis-McChord, Washington. DoD has installations from every military service throughout this Western region. The Western U.S. Field Office provides an important capability because it enables the Commission to rapidly respond to Federal customers in the region, and to focus on regional NPA compliance.

Office of Inspector General: See Section 7.0.

Executive Leadership Team: Office of the Executive Director, the Chief of Staff (including Human Resources, Finance, and Data Analysis), Office of the General Counsel, and Strategic Communications and Government Affairs. Within these functions are 11 Government FTEs.

3.2 Information Technology (IT) Requirements

The risk of critical application failure has increased substantially because the Commission has been forced to delay investment to replace its aging IT infrastructure. Now 13 years old, the legacy application supporting Commission business operations is its Procurement List Information Management System (PLIMS). PLIMS supports all AbilityOne business

transactions with customers and Program partners, and enables the Commission staff to process transactions through a distributed web workflow.

PLIMS is currently hosted on a virtual Microsoft 2003 server that is no longer supported by the vendor for system or security updates. Modernizing PLIMS to a newer version to support AbilityOne's mission and business needs is mission-essential. PLIMS processes data on more than 22,000 transactions annually, including 4,700 pricing actions.

The Commission will use \$600,000 of proposed FY 2022 funding to replace the Commission's aging server capacity, begin the PLIMS system modernization effort, and enhance the Commission's cybersecurity program. An agile strategy will be used to replace PLIMS with a higher functioning, better integrated system. The work needed will involve the procurement of hardware and software license for data design, configuration, testing, and training.

The new system will include many features that provide streamlined transaction processing and enhanced reporting that are not available in the current PLIMS due to software limitations.

The outdated nature of PLIMS poses cyber risks and even threatens mission failure.

In addition, the Department of Veterans Affairs Contracting Preference Consistency Act of 2020 requires VA to buy AbilityOne items which were on the Procurement List prior to 2006. PLIMS does not currently have the functionality to enable VA to comply. Part of the PLIMS update will enable VA to comply with this statutory requirement.

Future funding streams will be required to complete the PLIMS modernization because it will be a multi-year investment program. The precise development budget will be determined once the design and development contractor proposals are evaluated, and a specific approach is selected.

OMB and other requirements drive the Commission's need for these additional resources to comply with IT and cybersecurity mandates. Specific requirements include:

- Presidential Decision Directive 63 (PDD 63), "Protecting America's Critical Infrastructures"
- Federal Information Security Modernization Act of 2014 (FISMA), Public Law 113- 283; 128 Stat 3073
- OMB Circular A-130, "Managing Information as a Strategic Resource," July 2016
- OMB Memorandum M-17-25, "Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure," May 2017

Upgrades requiring funding are needed to support the Commission's critical infrastructure (network hardware, monitoring software and application upgrades) and a continuity of operations location that would support the Program in the event of a disaster lasting longer than 30 days.

IT and Cybersecurity

The Commission IT and Cybersecurity priorities are:

1. Enhance Cybersecurity Continuous monitoring and vulnerability assessment software tools to monitor protection controls (see costs in Table 2 for details)
2. Protect and modernize Procurement List Information Management System (PLIMS) application
3. Cloud Service Provider (CSP) to support off-site contingency operations (FISMA alternative work-site requirement), data back-up and recovery activities and Office 365 email services (contractor support)
4. FISMA-required IT and cybersecurity training for key personnel to identify, protect, detect, respond and recover from cybersecurity incidents
5. Hire FISMA Annual Assessment Provider (contractor)
6. “Remote Equipment Initiative” funding to provide hardware and software to enable Compliance inspectors conducting on-site NPA assessments to enter data directly into handheld device
7. Commercial-Off-The-Shelf (COTS) application for records management for the Directorate of Oversight and Compliance

The Commission maintains IT infrastructure including local area network and components, VPN, firewall and web server. The Agency neither operates nor uses external data centers.

The Commission continues to conduct a broad IT system assessment to identify weaknesses, and necessary investments and opportunities for greater efficiencies. For example, the Commission’s Oversight and Compliance Directorate may be more efficient when conducting on-site inspections if they are able to use mobile devices or applications that streamline data entry and other information. Such recommendations continue to be researched and documented for proposal in future budget cycles. Table 2 reflects the current IT enterprise.

Table 2: Information Technology (IT) Summary Table					
Category:	(BY) FY 2018 Enacted	(BY) FY 2019 Enacted	(BY) FY 2020 Enacted	(BY) FY 2021 Enacted	(BY) FY 2022 Request
Personnel and Contractors	2 FTE	3 FTE	3 FTE	5 FTE	8 FTE
IT Management					\$237,000
Network Maintenance and Help Desk Support	\$204,000	\$208,000	\$220,000	\$225,000	\$411,000
PLIMS Operations and Maintenance	\$206,000	\$209,000	\$215,000	\$220,000	\$98,000
Cyber Support	\$0	\$0	\$0	\$400,000	\$304,000
Hardware	\$50,000	\$20,000	\$25,000	\$15,000	\$22,000
Software	\$125,000	\$70,000	\$45,000	\$45,000	\$30,000
New Investments	\$250,000	\$0	\$0	\$0	\$600,000
Total	2 FTE \$835,000	3 FTE \$507,000	3 FTE \$505,000	5 FTE \$905,000	8 FTE \$1,702,000

IT Resource Statements:

The Commission's CIO has reviewed and contributed to the Agency's IT investments as described in this budget justification. The CIO routinely reviews and submits the planned IT support for AbilityOne Program objectives, as does the Commission Chief of Staff. The statements attesting to these facts are attached in the Appendix section.

Cybersecurity:

The Commission has an interagency agreement with the Department of Homeland Security, Cybersecurity Division. Under this agreement, DHS provides consolidated intrusion

detection, incident analysis and cyber response capabilities in the protection and defense of the Commission's external access points and network.

3.3 Budget Request by Object Class

Table 3: FY 2022 Budget Request by Object Class (in \$ thousands)					
	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	FY 2022 Request
Salaries	\$4,170	\$4,228	\$4,228	\$6,580	\$4,997
Benefits	1,105	1,120	1,120	1,680	1,678**
Travel	155	158	158	390	150
Rent & Communications	465	470	1,820*	660	509
Printing	36	36	36	40	45
Services	977	892	892	2,020	1,521
Supplies	45	46	46	100	50
Equipment	47	50	50	160	50
Losses & Claims	0	0	0	0	0
TOTAL AGENCY	\$7,000	\$7,000	\$8,350	\$11,630	\$9,000
Office of Inspector General	1,250	1,250	1,650	2,300	3,000
GRAND TOTAL	\$8,250	\$8,250	\$10,000	\$13,930	\$12,000

*The FY 2020 Enacted amount included \$1.35 million for the one-time costs associated with a move of the Commission's headquarters office.

**The Commission staff revised its methodology for projecting benefits expenses for FY 2022, to rely on actual data rather than a factor or percentage of salary.

Object Class Narrative for FY 2022 Request:

Salaries and Benefits - \$6,675,000. Salary and benefits represent more than 74 percent of the Agency budget, excluding OIG funding. Personnel and benefits costs include:

- FY 2020 Agency staffing level of 25 Government FTEs (excludes OIG)
- FY 2021 Agency planned staffing increase of 13 new Government FTEs (approximately \$1,813,000), which includes 9 new Government FTEs, plus the conversion of four (4) existing contractor positions to civil service positions, specifically:⁴

⁴ See Appendix III for more details on the FY 2021 Agency planned staffing increase.

Financial and Enterprise Risk Management

- Chief Financial Officer (GS 15)
- Senior Budget Analyst (GS 14)

Litigation and Legal Services

- General Counsel Operations Attorney (GS 15)
- General Counsel General Attorney (GS 14)

Oversight and Compliance

- Compliance Inspector (Central Field Office) (GS 12)
- Vocational Rehabilitation Spec (Central Field Office) (GS 12)
- Compliance Inspector (Western Field Office) (GS 12)

Pricing and PL Transactions Support

- Price Analyst (GS 13)
- Operations Program Support Specialist (GS 7/12)
- PLIMS Software/Data Support Specialist (GS 7/12)

Cybersecurity and IT Support

- Cybersecurity Officer (GS 14)
- IT Specialist (Network Engineer) (GS 13)
- Information Specialist (GS 12)

The requested staffing level will significantly increase the Commission's financial and enterprise risk management, litigation and legal services, compliance and oversight ability, pricing and Procurement List transactions support, and enhance the Agency's cybersecurity and threat awareness.

The salaries and benefits total accommodates four (4) private-citizen Commission members who are appointed by the President to represent the interests of individuals who are blind or who have other significant disabilities. As Special Government Employees, they are paid at the Executive Level IV rate on a per-diem basis when conducting Commission business.

Travel - \$150,000. The Commission's need for travel-related resources in FY 2022 reflects a planned return to pre-COVID-19 levels. During the pandemic, mission-essential travel for inspections and conferences supporting implementation of the AbilityOne Program practically stopped, and was replaced by virtual meetings and virtual compliance reviews. However, the need for enhanced compliance monitoring and oversight dictates travel resources in FY 2022, particularly for mission-critical compliance reviews. The majority of travel resources needed – nearly \$130,000 – will fund increased on-site audits or reviews to verify NPAs' compliance with applicable statutory and regulatory requirements.

The Commission continues to conserve meeting-related travel dollars wherever possible, and will continue to leverage the use of telephonic or video teleconferencing for training and other subject matter expertise requirements. This budget line also includes travel by the private citizen Presidential Appointees serving as Commission members, and any travel support required as reasonable accommodations for appointed private citizens with disabilities.

Rent and Communications- \$509,000. The Commission has programmed approximately \$367,000 for space costs. The Commission executed a mandatory move from Arlington, Virginia, to Washington, D.C., during FY 2021. The Commission terminated its Virginia lease in December 2020 and is operating remotely until the new headquarters is ready for staff to move in. The FY 2021 budget for rent was leveraged for costs associated with extended storage, furniture and audiovisual equipment. The upcoming headquarters lease will include a decrease in square footage in light of the expected post-pandemic increase in telework, and will likely cost less per square foot than the prior lease because it is an existing long-term lease that GSA negotiated. The Commission will continue to leverage the rent-free office space it has obtained at Joint Base Lewis-McChord, Washington, for the Western U.S. Field Office.

This category also includes \$142,000 monthly charges for IT and telecommunications equipment. The Commission uses strategic sourcing vehicles to obtain discount pricing for requirements such as its wireless phone service. The Commission's expenses include high-speed web connectivity and remote access Internet service provider accounts to enable staff members to telework or work while in a travel status. A small portion of this category includes standard business expenses for postage, domestic package delivery, and teleconference bridge lines.

Printing – \$45,000. In accordance with the Administrative Procedure Act, the Agency continues to have printing costs associated with publishing notices in the Federal Register. This fulfills legal requirements and promotes transparency. In FY 2022, the Commission will continue its routine publishing cycle for Procurement List additions and deletions, and anticipates publishing some proposed updates to the Code of Federal Regulations. Based on recent years' billing, we anticipate that \$45,000 will cover these costs. The Commission does not intend to use such funding to print informational materials or collateral that can be disseminated electronically.

Services - \$1,521,000. The Commission's request for resources in this budget object class reflects an investment of \$600,000 for modernization of the Commission's Procurement List Information Management System (PLIMS). This funding includes the resources to hire technical expertise to implement solutions for PLIMS critical changes and updates.

In addition to PLIMS modernization, \$175,000 is allocated for Intragovernment Agreements with Federal Government agencies for force protection, financial management and payroll, human resources, employee assistance program, background checks, and travel system support. Furthermore, to maximize its productivity, the Agency funds \$746,000 towards critical IT

service contracts for infrastructure and help desk support, and alleviates the administrative burden using technical experts through support contracts.

Supplies and Materials - \$50,000. The Commission continues to minimize its expenses for office supplies and operating materials. However, the Agency must continue routine purchases of subscriptions for essential technical references such as Westlaw, technical manuals, and other publications that enable employees' performance of official duties. Additionally, funding in this object class covers replacement of peripheral IT components to keep aged laptops and desktops operational and connected.

Equipment - \$50,000. The Commission uses government-wide contract vehicles or other government discounts to obtain the lowest available prices in this category for hardware purchases, software, and furniture. In addition to supporting the new Government FTEs, this category includes routine IT refresh purchases and software license updates.

4.0 Agency Restructuring or Work Process Redesign

4.1 Required Office Move

As discussed in Section 1.0, the Commission terminated the commercial office lease on its headquarters office in 2020 because its office lease in the Crystal City section of Arlington, Virginia, could not be extended. The Commission's FY 2020 appropriation included a one-time \$1.35 million appropriation for costs associated with this move. The OIG subsequently received \$350,000 in FY 2021 to further facilitate the consolidation.

The Commission worked closely with GSA to find new office space and minimize moving costs. Patriots Plaza III in Washington, D.C., was identified as the new location for the Commission office. The floor space in this GSA-leased building will provide a smaller footprint than the Commission previously occupied, in light of the expected post-pandemic increase in telework by Agency employees. The lease is both cost-effective and available in a timely manner to meet the Commission's needs. The Commission plans to consolidate offices with the OIG in the new office space – a decision aimed at efficiency, effectiveness, reduced costs, and optimization of taxpayer dollars. Going forward, as the Agency will be responsible for the cost of leased space for itself and the OIG, there is no longer a line for rental costs in the OIG's budget request.

4.2 Western United States Field Office

The Consolidated Appropriations Act, 2017, directed the Commission to establish the Western U.S. Field Office. This guidance was consistent with the President's Budget request, which requested this office to enhance the Commission's oversight and compliance regarding NPAs, and support Federal customers. Regional staff are better positioned to efficiently conduct local compliance inspections (including surprise inspections and repeat visits), rapidly respond to local problems, and educate local Federal employees about their responsibilities under the Javits-Wagner-O'Day Act.

The Commission obtained rent-free office space at Joint Base Lewis-McChord, Washington, for the Western U.S. Field Office. In addition to the office director and price analyst currently assigned, the Commission allocated a compliance inspector position to the office. The Western U.S. Field Office staff have conducted compliance inspections and site visits among AbilityOne NPAs located in Texas, Arizona, California, Oregon, and Washington. Similarly, this office has conducted nearly 40 meetings with AbilityOne customers.

As the Commission continues to build up the Western U.S. Field Office, the result will be greater oversight, improved relationships with Federal customers, and creation of more jobs for veterans and others who are blind or have significant disabilities.

5.0 Performance Goals, Measures and Indicators (Agency Priority Goals)

Commission performance planning and reporting, on behalf of the AbilityOne Program, are conducted in accordance with the 2010 Government Performance and Results Act Modernization Act. Links between resources requested to execute against goals are based on the Commission's FY 2018-2022 Strategic Plan. Commission and Program mission and vision statements, and core goals, have been validated several times. In FY 2022, the Commission will continue to convene stakeholders to refine shorter-term performance goals, tactics and measures to ensure that the plan remains relevant.

Strategic core goals for the AbilityOne Program are:

- Effective Stewardship
- Employee and Customer Satisfaction
- Employment Growth
- Business Excellence

The Agency staff tracks progress for each goal, reviewing and using relevant data for decision recommendations to the Commission.

5.1 Strategic Goal 1: Effective Stewardship

Stewardship is not only a foremost goal for the Commission, but also a value that underlies the Consolidated Appropriations Act, 2016 mandate for the Commission to establish written agreements with the CNAs. Stewardship was also a key theme in the 2013 GAO Report 13-456, "Employing People with Blindness or Severe Disabilities: Enhanced Oversight of the AbilityOne Program Needed." Stewardship includes fostering, monitoring and enforcing NPA compliance with statutory and regulatory AbilityOne participation requirements.

The Commission's oversight of NPAs ensures compliance with statutory and regulatory Program requirements. NPAs must demonstrate that people who are blind or have significant disabilities provided at least 75 percent of the NPA's overall direct labor hours worked during the fiscal year. The Commission's Oversight and Compliance Directorate inspects and trains NPAs, and reviews NPAs' certified data to determine compliance with requirements.

NPA compliance with 75% ratio: Based on the Commission's certified review of data, 475 NPAs participated in the AbilityOne Program through September 30, 2019. Of those reporting and remaining in the Program, four (4) percent (19 NPAs) were out of compliance with the statutory ratio requirement. Consequences for noncompliance include probation and increased reporting requirements, suspension from consideration for future AbilityOne work opportunities, and/or removal of eligibility to participate in the Program. The Commission analyzes compliance-related data and trends to identify priorities for future training and communications.

Resources needed to execute against the Effective Stewardship goal include program management and oversight and compliance personnel. Through the Commission's cost-saving virtual compliance inspection data reviews, travel dollars are minimized where possible. For full transparency, however, onsite inspections are still required, and the associated resources are included in the travel budget object class.

5.2 Strategic Goal 2: Employee and Customer Satisfaction

Both employee and customer satisfaction are essential to accomplishing the AbilityOne mission. The Commission leverages data to identify both successes and weaknesses, and then works with AbilityOne Program stakeholders to develop and execute plans to increase satisfaction in areas where data and evidence show the greatest opportunity for improvement.

The first strategic objective under this goal is to increase and sustain AbilityOne NPA employee satisfaction through a continuous feedback process, followed by targeted strategies to achieve improvements.

A 2019 survey of AbilityOne employees with significant disabilities showed an overall job satisfaction level of 80 percent. This result is consistent with previous surveys over the past decade that reported job satisfaction levels of 80 to 86 percent. Surveys of job satisfaction for people who are blind have not been conducted recently.

Increasing and maintaining employee satisfaction in the AbilityOne Program is primarily supported through the AbilityOne Quality Work Environment (QWE) program. QWE is a framework for continuous improvement, used to improve the experience and satisfaction of all employees at AbilityOne NPAs, with an emphasis on people who are blind or have significant disabilities. The program, which is voluntary for NPA participation, provides resources including training opportunities, productivity engineering, assessment and planning services, tracking tools, and opportunities to consult with subject matter experts.

Central to QWE is the sharing of employer best practices, with emphasis on practices that increase wages, provide training, facilitate upward mobility, provide navigation to other supports and services, and increase inclusion and integration in the workplace.

More than 80 percent of all AbilityOne employees work for NPAs that participate in the QWE program. More details about QWE are available in the Commission's March 2021 [Report to the President](#).

The second strategic objective under the satisfaction goal is to increase and sustain AbilityOne Federal customer satisfaction at the buyer level and among end-users of products and services. This objective also facilitates the employment mission. SourceAmerica conducts regular surveys of Federal customers. Its 2020 Federal Customer Satisfaction Survey found that overall satisfaction had improved to 88 percent, from 84 percent in the 2018 survey results.

NIB has not conducted a customer satisfaction survey for several years, in large part because it is not able to survey its largest customer, DoD, per DoD policies.

5.3 Strategic Goal 3: Employment Growth

Table 4

AbilityOne Program Employment Growth Metrics

	FY 2019	FY 2020	% Change
Direct Labor Hours	48,124,215	45,983,044	-4.4%
Employees	42,684	42,200	-1.1%
Promotions	1,498	1,365	-8.9%
Wages	\$679.7M	\$675.9M	-0.6%
Average Hourly Wage	\$14.12	\$14.70	4.1%
Sales	\$3,938,264,508	\$3,892,613,998	-1.2%

Increasing employment is a bottom-line metric for the AbilityOne Program. In FY 2020, direct labor hours decreased 4.4 percent, to 46 million, while year-over-year employment declined approximately 1 percent, to 42,200 employees.

The decline in number of jobs can be attributed primarily to:

- COVID-19 pandemic, which caused significant disruption in manufacturing and service delivery schedules, and drastically impacted demand for certain supplies and services.
- Department of Education’s Workforce Innovation and Opportunity Act (WIOA) guidance, which anecdotally has discouraged some State vocational rehabilitation agencies from referring candidates to AbilityOne jobs.
- VA’s “Rule of Two” contracting preference program, which prioritizes veteran-owned and service-disabled veteran-owned companies over AbilityOne NPAs, resulting in the losses of AbilityOne contracts and several hundred jobs.

Employees working on AbilityOne contracts in FY 2020 earned more \$675 million in wages, plus at least \$150 million in health and welfare benefits. The average hourly wage across the program was \$14.70, up from \$14.12 in FY 2019. Employees with disabilities now earn an average wage of \$15.64 per hour on AbilityOne contracts at SourceAmerica nonprofit agencies, as of Q2 FY 2021. AbilityOne sales totaled nearly \$4 billion in FY2020.

Promotions declined by about 9 percent in FY 2020 for AbilityOne employees who are blind or have significant disabilities. The Commission also tracks competitive placements, in which AbilityOne employees are assisted in finding jobs outside of the Program: 1,743 in FY 2019.

While the number of AbilityOne jobs is the leading concern for the Commission, quality is also a top priority, as discussed under the Employee/Customer Satisfaction goal above.

The Commission's role in employment growth is three-fold:

First, the Commission educates and communicates with Federal agencies to assist them in maximizing their AbilityOne purchases. This involves developing educational materials and disseminating information through digital platforms. The primary resources necessary for these efforts are personnel.

In 2020, the Commission began a major focus on implementing the Office of Federal Procurement Policy (OFPP) memorandum on ["Increasing the Participation of Americans with Disabilities in Federal Contracting."](#) It encourages agencies to pledge 1 percent to 1.5 percent of their contract spend to employment of people who are blind or have significant disabilities. This initiative could create tens of thousands of jobs for years to come for this underserved population – but it is essential that it receive sufficient oversight.

Since the memorandum's publication, the Commission, NIB and SourceAmerica have worked in close collaboration to determine an appropriate strategy to support the memorandum's purpose "to create a stronger pathway for the increased participation of persons with disabilities in Federal contracting through the AbilityOne Program" and "promote greater awareness and use within the Federal acquisition workforce of other Federal programs that facilitate employment of persons with disabilities."

The Commission and CNAs have met with OFPP to discuss marketing and education support for Federal agency AbilityOne Representatives (ABORs)⁵, including what content should be developed and where it should be disseminated. Where ABORs have been identified, initial meetings between designated CNA staff and the ABORs have taken place. The Commission and CNAs have also provided trainings and capabilities presentations for several Federal agencies.

In addition to designating an ABOR Program Manager, the Commission is providing spend breakouts to each agency and, to assist contracting officers, targeting upcoming expiring contracts that AbilityOne NPAs could perform.

Second, the Commission makes additions, changes or deletions of products and services on the AbilityOne Procurement List. Managing the Procurement List is a mission-critical process, with numerous variations such as product updates and price changes.

Third, the Commission has the authority to authorize additional NPAs, as well as designate additional CNAs. The Commission also provides guidance to the CNAs, including direction

⁵ AbilityOne Representatives (ABORs) are contracting officers in Government agencies who act as liaisons and advocates for AbilityOne.

to prioritize efforts to increase employment growth, in the Commission's Cooperative Agreements with the CNAs.

Also relevant to employment growth is the Commission's focus on accelerating the process of phasing-out payment of subminimum wages in AbilityOne under special certificates authorized by Section 14(c) of the Fair Labor Standards Act.

The Commission's position is that all employees – with or without disabilities – should be paid at least the applicable minimum wage when the authority of the AbilityOne Program is used to award Federal contracts.

For that reason, the Commission's Spring 2021 Regulatory Agenda includes a proposed rule to change the regulatory suitability criteria for AbilityOne products and services to explicitly include consideration of the payment of minimum wage, prevailing wages, or higher wages to people who are blind or have significant disabilities.

Phasing out entirely the already limited use of 14(c) certificates in the Program will eliminate a longstanding area of concern among stakeholders and the disability community, and will therefore increase the potential for growing AbilityOne jobs.

5.4 Strategic Goal 4: Business Excellence

The Commission executes mission-critical business processes with NIB and SourceAmerica, participating NPAs and Federal customers. The strategic objective is to improve the effectiveness and efficiency of three critical business processes:

1. Procurement List addition process, which generates employment
2. Fair market pricing policy and procedures
3. Program Fee determination and implementation process

The Commission's Cooperative Agreements with NIB and SourceAmerica include Commission requirements for timeliness and accuracy in CNA submissions of requests for Procurement List or pricing transactions. The Quality Assurance Surveillance Plans (QASPs) in the Cooperative Agreements measure timeliness and accuracy against specified standards.

Additionally, the NIB and SourceAmerica Cooperative Agreements address the AbilityOne Program Fee determination implementation. Collection of fees and expenditure of fees by NIB and SourceAmerica are more closely tracked, and certain costs have been deemed unallowable. As required by the Consolidated Appropriations Act, 2016, the Commission sends quarterly reports on the Program Fee and Program sales to Congress.

6.0 Evidence and Evaluation

The Commission gathers and reviews data and evidence on an ongoing basis to improve performance; maximize accountability; guide decision-making; develop strategy; and adjust

priorities, policies and procedures.

In addition to the metrics discussed in Section 5, above, the Commission collects and monitors data related to variables that include:

- Number of veterans employed in the Program
- Federal customer sales
- AbilityOne sales by state
- AbilityOne subcontracts with small businesses
- AbilityOne subcontracts with Veteran-Owned or Service-Disabled Veteran-Owned Businesses
- AbilityOne subcontracts with Women-Owned Small Businesses
- Number of AbilityOne employees working on products vs. services
- Data reflecting the AbilityOne response to COVID-19

AbilityOne Program data show where employment is gained, sustained or lost. Combined with Federal spending analyses, this data helps the Commission understand which lines of business support the most reliable, highest-skilled, highest-paying positions for AbilityOne employees, and should thus be the focal points for growing AbilityOne job opportunities.

Data and evidence-based reviews also play a substantial role in the Section 898 Panel. As noted earlier, the Commission is participating in and supporting the Panel's work, which includes consideration of data related to employment and pricing.

To increase its capacity to develop qualitative and quantitative evidence, and consistent with the Agency Reform Plan, the Commission takes the following steps to advance its mission and improve the Program's effectiveness:

- Ensure that data and evidence are collected or built, analyzed, understood, and appropriately acted upon.
- Ensure that staff with appropriate analytic skills and backgrounds are hired and supported.
- Increase and enhance use of administrative data to build evidence.
- Partner with other Federal agencies to share data or jointly design and fund studies.

7.0 U.S. AbilityOne Commission Office of Inspector General

Executive Summary

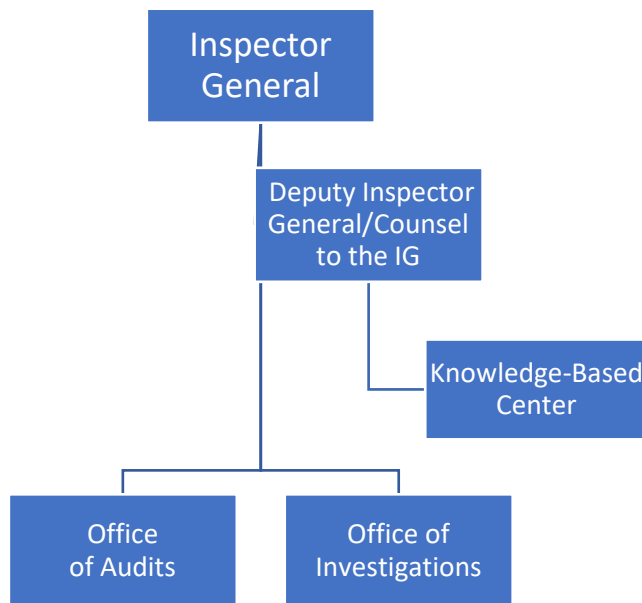
The U.S. AbilityOne Commission (Commission) is responsible for creating and maintaining employment opportunities for people who are blind or have significant disabilities. The Commission is headquartered in Washington, D.C., where it administers the \$3.9 billion

AbilityOne Program (Program) that encompasses approximately 500 nonprofit agencies (NPAs) located across all 50 states, Guam, and Puerto Rico.

The Office of Inspector General (OIG) is an independent organization designed to detect and deter waste, fraud, and abuse. The OIG, with its audits and investigations, helps promote a more effective and efficient Commission and Program. The OIG protects the integrity of the Commission and Program by ensuring that operations are conducted appropriately and achieve their intended purpose. The OIG is responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of Agency resources and programs; and preventing fraud, waste, abuse, and mismanagement.

The U.S. AbilityOne OIG consists of a number of units: the immediate office of the Inspector General (IG) and Deputy Inspector General, the Office of Counsel, the Office of Audits, and the Office of Investigations (OI). The OIG is currently staffed by six (6) full-time employees: the Inspector General, Deputy Inspector General (DIG) & Counsel to the IG, Assistant Counsel, Assistant Inspector General for Audits (AIGA), Assistant Inspector General for Investigations (AIGI), and Investigative Law Clerk.

Figure 1: AbilityOne OIG Organizational Structure



Source: OIG

To leverage its limited resources, the OIG created a Knowledge-Based Center to share resources with other Federal agencies. This shared services model allows the OIG to continue operating with limited resources.

The OIG has to date developed its Audit and Investigations Plans; published informative Top Management Challenges and Performance Reports; issued Semiannual Reports to Congress; and completed essential audit and investigative reports.

Workforce Needs and Work Product

The current OIG staffing level requires further build out to accomplish the required oversight of a \$3.9 billion Program. The OIG is requesting \$3.0 million for Fiscal Year (FY) 2022 to fulfill its mission and statutory mandates. The requested level of funding will allow the OIG to hire needed staff to perform audits and investigations to accomplish appropriate oversight milestones. In addition to hiring full-time staff, the OIG intends to further leverage its Knowledge-Based Center to tap the time and talents of professionals throughout the Federal community. The OIG is utilizing MOUs with other agencies and hosting interns and CIGIE fellows, as well as leveraging shared services.

Audits

The OIG risk-based Audit Plan is a comprehensive blueprint for the scheduled, value-adding oversight work that will build confidence in the program, enhance economy and efficiency, and foster program growth. The plan covers statutorily mandated work products and discretionary work to include emphasis in the areas of AbilityOne's direct labor hour requirements, Program fees, and reportable expenditures, as highlighted by the House Committee on Appropriations Report for FY 2018 Funding Bill Report (H. Rep. 115-244 at 135). Pursuant to the FY 2018 Funding Bill Report, the Office of Audits (OA) executes the OIG risk-based Audit Plan and provides independent, objective assessments of the Commission's programs and operations. In FY 2020, the Office of Audits published:

- Four reports with 33 recommendations to improve the performance, accountability, and integrity of the Commission's financial, administrative, and information security operations (see Table 1), and
- A Management Alert on the Commission's lack of progress in implementing an Enterprise Risk Management (ERM) Framework.

Table 1: OIG FY20 Audit Reports and Recommendations Summary

Report Short Name	Report Number	Report Date	Number of Recommendations
FISMA	20-01	11/21/2019	3
Financial Statement Audit	20-02	12/13/2019	18
Program Fee	20-03	12/20/2019	5
Cooperative Agreement Audit	20-04	4/8/2020	7
Total			33

Source: Generated by the OIG using report data compiled as of September 9, 2020

The Management Alerts and the Top Management Challenges Reporting, OA outsourced audit/evaluation work to independent public accounting (IPA) firms with one (1) government auditor overseeing the work in the role of Contracting Officer's Representative. The OIG has succeeded in completing performance audits of the major business areas of the Commission including the AbilityOne Program Fee, Cooperative Agreements, Allocation of Assignments of Products and Services, and the Procurement List operations.

The audit unit will use additional resources to build out the audit staff and hire audit professionals to perform audits of the programs and operations. Increasing audit resources will allow OA to employ the personnel necessary to perform complex performance audits of the Program. The increase in resources will enable the OA to perform statutorily mandated projects such as audits of DATA Act compliance, and Government Purchase Card (GPC)/Government Travel Card (GTC) risk assessments. With approximately 500 NPAs, a Program size of \$3.9 billion, a nonexistent ERM framework by the Commission, and over 33 open audit recommendations requiring comprehensive follow-up, the allocation of additional resources for OIG to lead and properly execute its audit program is required. OA requires a minimum of five staff to provide in-house AbilityOne Program expertise. We estimate the cost for salaries and benefits along with funding to outsource specialized audits at \$1,383,000.

Investigations

The Office of Investigations (OI) conducts investigations over the programs and operations of the Commission as well as interagency investigations into fraud, waste, or abuse by the approximately 500 nonprofits within the \$3.9 billion Program. OI is responsible for supporting more than 10 complex, nationwide investigations involving potentially several hundred million dollars of fraud—resulting in hundreds or thousands of lost job opportunities for Americans who are blind or have significant disabilities, many of whom are veterans. A large new matter alone involves allegation of fraud that is the largest case to date and will involve resources.

The Program is unique. The AbilityOne Program is used across the Federal government by multiple Agencies and has a diverse geographical setting. As a consequence, OI works with many partner-agencies, each of which may assign multiple special agents. A recent example of the type of work is available at OIG's new [website](#) hosted by oversight.gov.

The contracts are also unique, in that they are awarded via a mandatory procurement list and carry higher risk for potential fraud. We estimate that active cases total approximately \$300,000,000 in potentially fraudulent contracts.

Description	Key Numbers
States And Territories	52
Participating Nonprofits	Approximately 500
Individuals Employed	42,200
Federal Agencies That Use Program	40
Federal Locations Hosting Workers	1,000
Annual Spending At Risk	\$300,000,000

With increased resources OI can better support and develop interagency investigations, improving efficiencies and saving time and money for the Federal agencies and military that use the AbilityOne Program. OI will establish a proactive investigative program using data analytics to identify fraud indicators. This will increase the number and quality of investigations, bring more cases to resolution, meaningfully decrease fraud in the Program, result in higher levels of recovery for the Federal government and—most importantly—prevent the job losses due to Program fraud for Americans who are blind or have significant disabilities, many of whom are veterans.

The OIG requires a minimum of five full-time investigative staff to conduct and complete a comprehensive investigative program. We estimate the cost for salaries and benefits at \$800,000 with an additional \$100,000 requested for investments in foundational investigative infrastructure such as digital forensics equipment and software, investigative tools, and specialized training.

Reducing the Federal Footprint and Maximizing Economies

Since inception, OIG has been responsible for its own rental expenses, and the Agency has not generally supported resourcing. This is in contrast to the practice of Federal agencies with similarly sized OIGs in the community have with their agency. Section 6(d) of the IG Act of 1978 (IG Act), as amended, requires each agency to provide its OIG “*with appropriate and adequate office space at central and field office locations of such establishment, together with such equipment, office supplies, and communications offices, and provide necessary maintenance services for such offices and the equipment and facilities located therein.*” See Section 6(d) of the IG Act of 1978. The Commission staff has been resistant to following these practices, which creates additional resource burdens on the OIG while not maximizing economies. A Commission move is scheduled to occur during FY 2021 or in the

first quarter of FY 2022. OIG and the Agency will co-locate with increased economies and efficiencies in this constrained budget atmosphere, and the Agency will be responsible for the lease. Accordingly, we are not requesting separate funds for rent or related expenses in FY 2022.

Technology

The OIG currently does not have in-house access to hardware or software systems that would allow it to conduct data analytics, forensic or cybersecurity initiatives and activities, or workflow integration and streamlining. To improve and enhance its IT capabilities, the OIG will need to expend approximately \$100,000 in FY 2022.

Council of Inspectors General on Integrity and Efficiency (CIGIE)

Funding will be necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE) for their operational activities and Government-wide support of the IG community. In accordance with the reporting requirements of Section 6 of the IG Act, this budget request relates to a necessary expense for OIG's support of CIGIE, which is funded from the OIG's discretionary budget.

Training

The OIG training needs are based on training requirements for Federal law enforcement, investigative, legal, and audit personnel. Audit personnel are required to have 80-hours of training every two years to meet generally accepted government accounting standards (GAGAS), and investigators have CIGIE and DOJ mandated training requirements. We are also establishing a core group of managers to stand up the major OIG functions, and we intend to provide them with ongoing quality leadership and management training. OIG's funding request for training is \$98,000.

Budget Exhibits

Inspector General Reform Act Statement

The Committee for Purchase From People Who Are Blind or Severely Disabled, operating as the U.S. AbilityOne Commission, Office of Inspector General (OIG) was authorized by the Consolidated Appropriations Act of 2016. The IG Act requires certain specifications concerning the OIG budget submission for each fiscal year. Each Inspector General is required to transmit a budget request to the head of the agency specifying:

- Aggregate amount of funds requested for the operations of the OIG;
- Portion of this amount requested for OIG training; and
- Portion of this amount necessary to support CIGIE.

Section 6 of the IG Act was amended by the Inspector General Reform Act of 2008 (P.L. 110-409) to require certain information concerning OIG budget submissions. For FY 2022, this information is as follows:

- OIG's aggregate budget estimate and request to OMB for FY 2022 is \$3,000,000 to remain available through September 30, 2022;
- OIG's funding request for training needs is \$98,000; and
- Funding necessary to support CIGIE from OIG's discretionary budget.

The projected required cost for the salaries and benefits of an anticipated 12 FTE OIG staff is \$2,030,000.

FY21 Appropriation Level:

“For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled [...] established under section 8502 of title 41, United States Code, \$10,500,000: [...] Provided further, that no less than \$2,500,000 shall be available for the Office of Inspector General.” Consolidated Appropriations Act, 2021, Pub. L. No. 116–260 (December 27, 2020).

Office of Inspector General
Committee for Purchase From People Who Are Blind or Severely Disabled

	FY 2021 Enacted	FY 2022 Budgeted
	\$ 2,500,000	\$ 3,000,000
ALL PERSONNEL		
	9 FTE	12 FTE
Base Salary, Full-time permanent	\$ 1,244,176	\$ 1,480,358
Performance Awards	\$ 40,000	\$ 70,000
Special Act Awards	\$ 7,000	\$ 18,000
Subtotal	\$ 1,291,176	\$ 1,568,358
ALL BENEFITS		
Full Time Employee Benefits	\$ 385,695	\$ 458,911
Public Transportation Subsidy	\$ 3,500	\$ 7,000
Subtotal	\$ 389,195	\$ 465,911
ALL TRAVEL		
Mission Related Travel (Domestic)	\$ 40,000	\$ 67,000
Other Transportation of Persons (Domestic)	\$ 2,000	\$ 8,000
Subtotal	\$ 42,000	\$ 75,000
ALL RENT & COMMS		
Rent to GSA	\$ 34,048.00	\$ -
Wireless Communications Services- Commercial Provider	\$ 6,000	\$ 24,000
Utility Services- Electricity	\$ 750	\$ -
Subtotal	\$ 40,798	\$ 24,000
PRINTING		
Printing and reproduction	\$ 1,000	\$ 1,000
Subtotal	\$ 1,000	\$ 1,000
OTHER SERVICES		
Advisory and Assistance - Commercial	\$ 578,817	\$ 604,900
Mission Support Contractual Services- Commercial Sources	\$ 40,000	\$ 42,832
Program Training- Commercial Provider	\$ 42,000	\$ 68,000
Good and services from Federal sources	\$ 6,600	\$ 18,000
Program Training - Fed Agency Provider	\$ 12,000	\$ 30,000
(PBS only) DHS Security Protection	\$ 1,414	\$ -
Subtotal	\$ 680,831	\$ 763,732
SUPPLIES AND MATERIALS		
Office and General Supplies- Non-Federal	\$ 5,000	\$ 20,000
Subtotal	\$ 5,000	\$ 20,000
LAND AND STRUCTURES		
Relocation- Buildings, Improvements & Structures, or Moving Expenses	\$ 50,000	\$ 82,000
Subtotal	\$ 50,000	\$ 82,000
GRAND TOTAL	\$ 2,500,000	\$ 3,000,000

8.0 Combined Agency-Related Appropriation Language (including OIG)

SALARIES AND EXPENSES

For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled (referred to in this title as "the Committee") established under section 8502 of title 41, United States Code, \$12,000,000:

Provided, That in order to authorize any central nonprofit agency designated pursuant to section 8503(c) of title 41, United States Code, to perform requirements of the Committee as prescribed under section 51-3.2 of title 41, Code of Federal Regulations, the Committee shall enter into a written agreement with any such central nonprofit agency:

Provided further, That such agreement shall contain such auditing, oversight, and reporting provisions as necessary to implement chapter 85 of title 41, United States Code:

Provided further, That such agreement shall include the elements listed under the heading "Committee For Purchase From People Who Are Blind or Severely Disabled-Written Agreement Elements" in the explanatory statement described in section 4 of Public Law 114-113 (in the matter preceding division A of that consolidated Act):

Provided further, That any such central nonprofit agency may not charge a fee under section 51-3.5 of title 41, Code of Federal Regulations, prior to executing a written agreement with the Committee:

Provided further, That no less than \$3,000,000 shall be available for the Office of Inspector General.

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2022.)

9.0 Agency-Related Appropriation Language

The Agency requests that the following be included in the 8.0 appropriation language.

"Provided further, that Office of Inspector General salary and expenses greater than \$3,000,000 shall be available as determined by the Committee for Purchase From People Who Are Blind or Severely Disabled"

*Agency Note: The Committee's available resources are for salaries and expenses within the President's budget and the appropriation. The Committee budget supports the OIG with shared services and rent. Additional support is provided to the extent practicable. This language clarifies the appropriation set aside for the OIG. The Commission may, but is not required to, provide additional funds for OIG salary and expenses.

Appendix I

Financial Management Summary

Though it is a small independent agency, the Commission accomplishes an important mission that is national in scope – touching the lives of over 42,000 people who are blind or have significant disabilities. It does so with very limited appropriated funds. The Agency’s FY 2021 budget was \$10,500,000, with no less than \$2,500,000 for the Office of Inspector General which included \$350,000 for one-time costs associated with the move of the Commission office. This budget was primarily used to fund salaries and benefits for the Commission’s civil service staff and private-citizen members, and to pay for rent and communications, intergovernment support services, information technology support, and other general expenses.

The Commission’s goals, objectives, targets and measures are focused on oversight of the AbilityOne Program. Financial efficiencies are achieved to support the Commission’s mission by leveraging financial system shared services under an interagency agreement with the Financial Information and Operations Division, U.S. Department of Agriculture, Office of the Chief Financial Officer. These services include financial management and systems, financial reporting and accounting, budgeting and analysis, and personnel and payroll systems.

The Commission’s FY 2019 and FY 2020 financial audits – including the Agency’s management response to the findings – are posted on the Commission’s OIG webpage. In both audit periods, the independent auditors disclosed instances of noncompliance with laws or regulations. In response, the Commission appointed an investigation officer from the General Services Administration. The investigation determined that the instances of noncompliance were violations of the Anti-Deficiency Act (ADA).

The Commission took the appropriate steps for reporting ADA violations to OMB in accordance with OMB Circular A-11, Section 145. To prevent a recurrence of ADA violations, the Commission hired a Chief Financial Officer who is an experienced subject matter expert in financial management. Subsequently, the Commission implemented a corrective action plan, improved separation of financial duties within the Agency staff, and implemented a funds control policy with appropriate authority levels and procedures for funds control, funds management, obligation, and invoice payment. These actions, combined with internal controls and annual leadership training, addressed the root cause of the violations and the audit recommendations.

Improper Payments Reductions

In accordance with the Improper Payments Information Act of 2002, the Commission reports that it had improper or erroneous payments in FY 2019 and FY 2020. The Commission’s FY 2019 and FY 2020 financial audit included findings regarding potential Anti-Deficiency Act violations.

As indicated above, the investigation of the findings determined that the improper payments were ADA violations. The Commission took required actions in accordance with OMB directives for reporting ADA violations to OMB, and applied corrective actions to address the root cause of violations.


The Commission has no grant-making authority, makes no payments to beneficiaries, has no unneeded real property and has no debt-collection program. Nearly all of the Agency's resources are dedicated to personnel, rent and communications, intergovernment support services, and information technology support. The Agency is committed to monthly reconciliation of all spending, including payroll.



Appendix II
Statement of Chief Information Officer

May 28, 2021

I affirm that as the Chief Information Officer of the U.S. AbilityOne Commission, I played a significant role in reviewing and recommending planned IT support and increases in IT resources for the Agency for the submission of the FY 2022 budget justification. There have been limited IT investments in equipment and cloud storage. The Commission has requested an increase in funding to upgrade the Agency's Procurement List Information Management System (PLIMS), and buy IT equipment and software licenses for new employees.


Shang-iong (Edward) Yang, CIO

Appendix III

FY 2021 Agency Planned Staffing Increase

FY 2021 Agency Planned Staffing Increase

Position Needed	Location (Focus Areas)	FTEs	Source of Requirement / Justification
Chief Financial Officer GS-15 <i>(Hired Nov 2020)</i>	HQ (Financial Management / Enterprise Risk Management)	1	Federal Managers' Financial Integrity Act (FMFIA) & OMB Circular A-123
Senior Budget Analyst GS-14	HQ (Financial Management / Enterprise Risk Management)	1	Federal Managers' Financial Integrity Act (FMFIA) & OMB Circular A-123
General Counsel Operations Attorney GS-15	HQ	1	Litigation and Legal Services
General Counsel General Attorney GS-14	HQ	1	Litigation and Legal Services
Compliance Inspector GS-12	Central U.S. Field Office (Program Eligibility Compliance: Qualifications to work in the Program)	1	2017 Consolidated Appropriations Act & OIG Top Management Challenges Report
Vocational Rehabilitation Specialist GS-12		1	
Compliance Inspector GS-12	Western U.S. Field Office (Program Eligibility Compliance)	1	2017 Consolidated Appropriations Act & OIG Top Management Challenges Report

Position Needed	Location (Focus Areas)	FTEs	Source of Requirement / Justification
Operations / Price Analyst GS-13	HQ <u>Pricing and Procurement List Transactions Support</u>	1	2017 NDAA Sec. 898 Panel Recommendations – Business Process Reengineering, Update PLIMS, Centralized Pricing Database
Operations Program Support Specialist (GS- 7/12)		1	
PLIMS Software/Data Support Specialist GS-7/12		1	
Cybersecurity Officer GS-14	HQ (Cybersecurity & IT Support)	1	2017 NDAA Sec. 898 Panel Recommendations and Cybersecurity Enhancement Act of 2014
IT Specialist (Cyber Network Engineer) GS-13	HQ (Cybersecurity & IT Support)	1	2017 NDAA Sec. 898 Panel Recommendations and Cybersecurity Enhancement Act of 2014
Information Specialist GS-12	HQ (Cybersecurity & IT Support)	1	2017 NDAA Sec. 898 Panel Recommendations and Cybersecurity Enhancement Act of 2014
FY 2021 Planned Staffing Increase		13	

Appendix IV

U.S. AbilityOne Commission Update

AbilityOne Response to COVID-19 Crisis



U.S. AbilityOne Commission Update

AbilityOne Response to COVID-19 Crisis

July 9, 2020



AbilityOne is a pivotal part of America's response to the COVID-19 crisis.

Federal customers depend on AbilityOne's proven and reliable employees – 45,000 people who are blind or have significant disabilities – working at the grassroots level to meet the unprecedented and fast-changing demands of this national emergency.

Many AbilityOne employees are designated as essential and serve on the front lines of the COVID-19 crisis.

U.S. AbilityOne Commission – Leading Through the Crisis

AbilityOne is protecting its people, surging nationwide to meet exponential increases in demand, and supporting the national emergency response at all levels of government.

- **Commission immediately created a crisis team – the integrated nerve center for AbilityOne’s COVID-19 response actions.**
 - Contingency Support Operations and Communications (CSOC) Team.
 - Single point of contact for Federal customers, Central Nonprofit Agencies (CNAs), and AbilityOne’s 500 nonprofit agencies.
 - Centralized strategic repository for all AbilityOne COVID-19 response activities. Staffed by Commission, National Industries for the Blind (NIB), SourceAmerica.
 - Provides seamless execution and real-time information to decision-makers at Federal agencies on high-demand stock and raw materials availability / delivery.
 - Crisis response team collaboration between Commission and CNAs – NIB and SourceAmerica – strengthens capacity, accelerates processes and provides solutions that meet key requirements.

- **Commission crisis response is based on transparent and frequent communication with stakeholders – swiftly issued new guidance, decisions and communications to help Federal agencies meet emergency needs:**
 - [Chairperson Robinson letter to Board Chairs of NIB and SourceAmerica](#)
 - [Procurement List Change -- Scope Expanded for Make-To-Order Kits, and Manufacturing and Development Assistance -- Available to All Contracting Activities During National Emergency](#)
 - [AbilityOne Flexibilities Related to the Coronavirus \(COVID-19\) Emergency and Recovery for the Duration of Fiscal Year 2020](#)
 - [AbilityOne Contingency Support Operations and Communications \(CSOC\) Team and COVID-19 National Emergency Guidance](#)

Page 1 photo: The USNS Comfort arrived in New York Harbor on March 30, 2020, to support the local healthcare system strained by COVID-19. People with disabilities employed by VersAbility Resources, an AbilityOne-participating nonprofit in Hampton, Virginia, loaded the ship with meals for the 1,000-plus crew members – one of many AbilityOne actions to support the pandemic response at all levels of government. Photo by Kenneth Wilsey, FEMA



Employees at TRDI, in San Antonio, are among those performing essential janitorial services for Federal agencies including GSA and the Dept. of Homeland Security.

AbilityOne Program Highlights

- **Uninterrupted employment continues for vast majority of 45,000 AbilityOne employees – trained, proven, resilient, ready to work.**
- **95 percent of AbilityOne nonprofits have remained open throughout the crisis.**
 - Essential manufacturers in industrial base, producing 14,000 different products.
 - Expertise to train employees, renew national stockpiles, produce Personal Protective Equipment (PPE).
- **Commission is in continual contact with senior procurement officials** to identify demand for products and services – Army, Air Force, Defense Logistics Agency, GSA, HHS and FEMA.



Industries of the Blind, in Greensboro, N.C., is among the nonprofit agencies manufacturing masks.

- **AbilityOne continues to staff critical, uninterrupted services including:**
 - Dining facilities and switchboard operations at military bases and VA hospitals.
 - Call centers for the Internal Revenue Service and Veterans Affairs, as well as an unemployment call center for the State of Florida.
 - Base Supply Centers, which remain open at most military installations.
 - Now, and as Federal workforce returns, AbilityOne employees sanitize Federal buildings including the Pentagon and 32 hospitals on military bases.



Austin Lighthouse for the Blind met exponential increases in demand for hand sanitizer and soap products, with the help of employees like Brandon Colvin (above).

- **Exponential growth in demand – especially for PPE and sanitizing products.**
 - High-demand products include gloves, masks and gowns.
 - More than 1,000% increase in demand for some items.
 - One distributor said filling 1 month of orders would require 14 years of inventory.
 - Some nonprofits are running production lines 24/7.

- **Nonprofits re-tooling production lines, buying equipment, hiring people, adding shifts – warehouse space is available to accommodate increased production.**
 - Contracts awarded to AbilityOne nonprofit agencies to produce cloth masks for Army, Air Force and U.S Census Bureau. (Census purchased 2.7 million.)
 - Commission working with Army Corps of Engineers and Navy on potential mask orders, and with DLA for gowns.

- **AbilityOne has been a linchpin in major emergency response actions.**
 - USNS Comfort deployment to New York City – Loaded meals for crew of 1,000 before ship sailed to NYC to support overwhelmed healthcare system.
 - At New York City’s Javits Center and other hotspots, provided laundry services for more than 3,000 troops supporting temporary medical facilities.
 - USS Theodore Roosevelt – AbilityOne produced an Expeditionary Medical Facility Medical/Surgical Push Package for a 150-bed facility deployed to Guam to support this aircraft carrier.
 - AbilityOne employees proudly support our warfighters – from providing PPE to making uniforms to making U.S. flags that honor our fallen.

- **AbilityOne is protecting employees.**
 - Commission Chairperson issued [letter](#) to Board Chairs of NIB and SourceAmerica stressing importance of health and safety of AbilityOne employees.
 - CNAs regularly send guidance, best practices, assistance to nonprofit agencies.
 - SourceAmerica launched PPE Resource Order Center, providing PPE to member nonprofit agencies at cost.

- **Nationwide news media coverage and key Commission information** are on the [AbilityOne COVID-19 web page](#). [NIB](#) and [SourceAmerica](#) also have COVID-19 web pages.

About the AbilityOne Program

The AbilityOne Program is one of the largest sources of employment in the United States for people who are blind or have significant disabilities. Approximately 45,000 people who are blind or have significant disabilities, including approximately 3,000 veterans, are employed at approximately 500 nonprofit agencies nationwide, across 15 time zones, from Maine to Guam.

In FY 2019, AbilityOne provided nearly \$4 billion in products and services to the Federal government. The Program operates at more than 1,000 locations, representing 40 government agencies. It operates more than 150 Base Supply Centers at military installations and government facilities.

Over the past 10 years, AbilityOne employees:

- Earned nearly \$6 billion in wages.
- Received more than 3,800 promotions.
- On contract closeout projects, identified \$2.7 billion for de-obligation.

About the U.S. AbilityOne Commission

The AbilityOne Program is administered by the [U.S. AbilityOne Commission](#), the operating name of the Committee for Purchase From People Who Are Blind or Severely Disabled. The Commission is an independent Federal agency comprised of 15 Presidential appointees: 11 represent Federal agencies, and four serve as private citizens who are knowledgeable about employment barriers facing people who are blind or have significant disabilities.

The Commission designates Central Nonprofit Agencies (CNAs) to facilitate the employment of people who are blind or have significant disabilities. CNA cooperative agreements with the Commission include performance work statements, quality assurance surveillance plan deliverables, and agreement clauses. The Commission currently executes the AbilityOne Program based on cooperative agreements with three CNAs: National Industries for the Blind, SourceAmerica and the American Foundation for the Blind. CNAs are private sector organizations. (American Foundation for the Blind is currently in a research phase.)

Appendix V

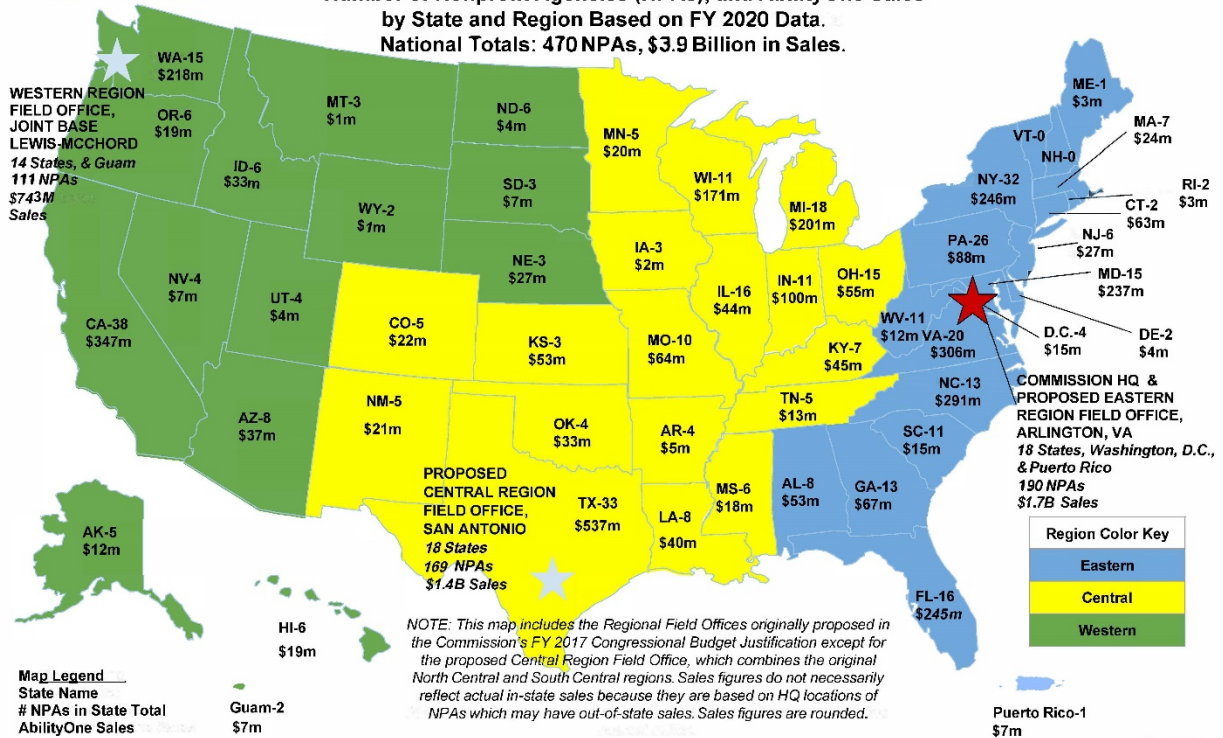
AbilityOne Nonprofit Agencies and Sales by State



U.S. AbilityOne Commission



Regional Field Office Locations,
 Number of Nonprofit Agencies (NPAs), and AbilityOne Sales
 by State and Region Based on FY 2020 Data.
 National Totals: 470 NPAs, \$3.9 Billion in Sales.



Appendix VI

U.S. AbilityOne Commission Response to House Report 116-62

The U.S. AbilityOne Commission has taken careful note of the guidance and request for information contained in House Report 116-62, specifically:

“The Committee supports opportunities for the Commission to assert its authority in the oversight of the AbilityOne program, however, is concerned about language in the cooperative agreements between the Commission and the Central Nonprofit Agencies (CNAs) requiring CNAs to report to the Commission any meetings with key stakeholders, including Congressional members and staff. The Committee requests additional information on the justification for and necessity of this language.”

Regarding concerns expressed in House Report 116-62, the Commission made a number of modifications to relevant paragraphs during Cooperative Agreement renegotiations with National Industries for the Blind (signed Dec 14, 2018) and SourceAmerica (signed June 14, 2019).

Both CNAs agreed to the language in the re-negotiated agreements. The language throughout the agreements continues to evolve in a number of areas, and will be modified and adjusted as the parties move forward.

The changes included maintaining the notification requirement but removed the need for the CNAs to provide agendas, clarified that meetings with members of the disability community referred only to public-facing engagement (not private meetings), and specified that the notification requirement does not infringe upon the CNAs’ right to represent their interests or those of their NPAs.

In requesting notice through the Cooperative Agreements of the CNAs’ significant meetings or events, it is not the Commission’s intent to infringe upon the CNAs’ right to express their (or the NPAs’) interests. As the federal agency charged with oversight of the AbilityOne Program, the Commission simply seeks to maintain situational awareness of initiatives and discussions occurring throughout the Program. Such awareness helps the Commission avoid duplication of effort; align with CNAs on key AbilityOne Program issues; and further efficiency, effectiveness, and accountability in the Program.

The Commission notes that SourceAmerica has not informed the Commission of an objection to the notification requirement.

Without this notification requirement – and based on decades of Commission experience with the longstanding CNAs – the Commission’s ability to adequately oversee the Program would be degraded due to the resulting incomplete understanding of CNA interactions with these key stakeholders. Commission understanding of CNA activities is essential to effective oversight, as is the Commission’s informed perspective expected by executive and legislative branch stakeholders.

Appendix VII

Resource Comparison – Commission and CNAs

Comparing the resources of the Commission and its CNAs – National Industries for the Blind (NIB) and SourceAmerica – illustrates a key challenge to the Commission’s oversight that results from inadequate Commission funding.

Combined revenues and staff of the CNAs were 13-19 times larger than the Commission appropriation and personnel in 2020. Consequently, the increasing numbers of Congressional requirements and GAO recommendations for greater Commission oversight of the CNAs place significant and, in some cases, unsustainable demands on Commission staff and further highlight the need for additional staff and funding.

Commission resources come solely from appropriations, while the CNAs’ AbilityOne-related revenue comes from a fee based on Program sales. The graphs below illustrate these differences.

CNAs are not government entities. As the private part of the public-private AbilityOne Program structure, they are not-for-profit organizations that allocate orders and provide other technical and financial assistance to approximately 500 nonprofit agencies that participate in the AbilityOne Program. The Act authorizes the Commission to designate one or more CNAs to help administer the statute and AbilityOne Program. NIB and SourceAmerica have been designated by the Commission and are currently performing these duties.

The Commission must protect the government’s interests by performing critical and inherently governmental functions to ensure Program integrity. Inherently governmental functions include Program and CNA oversight and compliance, as well as Program-related decision-making for pricing and the Procurement List. Given AbilityOne Program sales growth, a continuing focus of the Commission is the adequacy of resources to perform these inherently governmental duties.

Establishing Cooperative Agreements with the CNAs in 2016 was a critical step taken by the Commission to strengthen oversight and evaluate performance. The Commission continues to assess the level of resources required to fully implement and manage the Cooperative Agreements with the CNAs.

