

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

FISCAL YEAR 2017 BUDGET JUSTIFICATION



An independent 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



TABLE OF CONTENTS

Introduction.....	2
1.0 Program and Budget Justification Summary	4
2.0 Legal Authority, Mission, Vision and Program Structure	7
2.1 Budget Comparison Among Organizations	9
3.0 Analysis of Resources Requested	
3.1 Recommendations for Efficiency, Effectiveness and Mission-Related Investments.....	10
3.2 Implementation of Management Reform Priorities	11
3.3 Personnel Requirements.....	11
3.4 Information Technology	15
3.5 Budget Request by Object Class.....	17
3.6 Establishment of Independent OIG.....	20
4.0 Agency Restructuring or Work Process Redesign	22
5.0 Performance Goals, Measures and Indicators	
5.1 Effective Stewardship	23
5.2 Employee and Customer Satisfaction	24
5.3 Employment Growth	26
5.4 Business Excellence	27
6.0 Evidence and Evaluation	
6.1 Use of Evidence and Evaluation.....	28
6.2 Evidence Template	29
7.0 Proposed Appropriation Language	31
8.0 Conclusion	32
Appendix I: Financial Management Summary.....	33
Appendix II: Statement of Chief Information Officer	34

Introduction - FY 2017 Budget Justification

More than 46,000 Americans who are blind or have significant disabilities rely on the AbilityOne Program to provide job opportunities. The U.S. AbilityOne Commission¹ (Commission) is requesting an increase in funding for the critical staffing and related resources needed make the AbilityOne Program more effective -- better able to fulfill its mission and to serve the vocational needs of the disability community. In particular, the Commission requires additional resources to provide enhanced compliance monitoring and oversight of the AbilityOne Program. It is also necessary for the Commission to build its capability and capacity to manage increasingly complex program operations and, as discussed throughout this budget, recently enacted oversight requirements.

The Commission, comprised of 15 Presidential Appointees, is responsible for implementing the Javits-Wagner-O'Day Act (41 U.S.C. §§ 8501-8506). A 25-person staff performs oversight, stewardship and daily operations for the AbilityOne Program it authorizes, which has nearly \$3B in annual sales to the Government. Through the AbilityOne Program, individuals who are blind or significantly disabled participate in the U.S. labor force, earn income and contribute to our nation's tax base. Collateral benefits of this program include transitional housing, training, support services and jobs for wounded warriors and other veterans with significant disabilities.

After holding the line on its funding level for several years, the Commission requires additional investments to be made in FY 2017 in order to perform both its minimum statutory and regulatory oversight functions for the AbilityOne Program and to implement relevant provisions of the Consolidated Appropriations Act of 2016. The latter established new statutory requirements necessitating technical expertise in areas such as contracting, program management, data analysis, policy development, investigation and auditing. The Commission is not currently staffed or resourced for these technical skill sets, which are essential to sustaining and fully implementing formal, written agreements with the Commission's designated Central Nonprofit Agencies and the recently established Office of Inspector General in FY 2017.

As you review the Commission's FY 2017 Budget, we ask you to keep these factors at the forefront of your evaluation.

- In 2013², the Government Accountability Office (GAO) recommended more oversight by this agency.
- A staff of 25 is not adequate to fully oversee and maintain the public trust in hundreds of nonprofit organizations and nearly \$3B in annual contract value.
- The requested 72-person Federal agency with oversight of 500+ contractors across 50 states and 3.5M miles remains conservative and an efficient allocation of resources.
- Approval of this budget request enables the Commission to build significantly more robust compliance and oversight capability, including an Office of Inspector General, and to more effectively manage all aspects of the AbilityOne Program.

¹ The statutory name of the Agency is the Committee for Purchase From People Who Are Blind or Severely Disabled.

² GAO Report 13-457, May 30, 2013.

- Employment of people with disabilities is both an Administration and a nonpartisan, priority. AbilityOne has the experience and capacity to effectively address this priority.
- \$838M dollars have been returned to the U.S. Treasury through the AbilityOne contract close-out initiative alone; not to mention the increased tax revenues from AbilityOne employees who are blind or have significant disabilities.
- 550,300 working age veterans have service-connected disabilities rated for severity between 70-100% by the Department of Veterans Affairs.³ An important benefit of AbilityOne is the numerous wounded warrior transition programs, training and employment of veterans provided by AbilityOne authorized providers.

All appointed members of the Commission are united in endorsing this budget and emphasizing the clear and absolute need for additional funding to do the mission.

Public perceptions and damaging media reports that the Commission lacks the resources to provide sufficient oversight threaten the future employment mission of the AbilityOne Program. The agency respectfully requests funding for adequate resources to provide effective stewardship. This is not a sudden request, however, but the result of a careful review of the Federal agency and the AbilityOne Program. Modest increases in the Commission's funding have been specified in the President's Budget on several occasions since 2010, but they have rarely been realized.

Oversight of this multi-billion dollar program with a budget of less than \$6M has long been a challenge. Budget cuts, no increase or minimal upticks to a very small budget increasingly imperil the Agency mission and the public trust. The Commission is diligent in its commitment to fiscal responsibility and conservative spending. However, delays in appropriated funding, reduced staffing, curtailed backfilling of key positions, rescheduled compliance reviews and deferred updates to critical information technology and equipment combined now require a substantial increase in the Commission's FY 2017 budget to vigorously address this situation.

In a heightened climate of disappointed bidders and protest litigation, the Commission and the AbilityOne Program have been the target of claims of insufficient oversight and allegations of tolerating fraudulent activity. Our data refutes these claims, and in both 2014 and 2015, the Commission prevailed in the Court of Federal Claims. Nevertheless, such accusations erode public trust and support. The FY 2017 budget seeks the resources to ensure our diligence in pursuit of the mission is not overtaken by the imbalance between agency oversight resources and the program's growth in employment, value and private interests.

The AbilityOne Program's sales have grown as much as 273% from FY 1995 to FY 2015. The agency mission encompasses employees who are blind or significantly disabled as well as Federal customers from coast to coast. Budget straight-lines and small, percentage-based adjustments to approximately \$5.396M since 2010 do not enable the Commission to meet the new, increased requirements and challenges faced in FY 2017. Fully funding the FY 2017 budget will restore the Commission's capability and capacity to protect and preserve AbilityOne Program integrity while positioning the program as an important employment option for people who are blind or who have significant disabilities.

³ American Community Survey, 2013, Veterans Service-Connected Disability [www.disabilitystatistics.org/reports/acs.cfm?statistic=10].

1.0 Program and Budget Justification Summary

The U.S. AbilityOne Commission's budget builds on the President's and our Nation's commitment to make the critical investments needed to accelerate and sustain economic growth in the long run. It also includes significant investments to strengthen program accountability. Increased investment in the Commission's oversight and monitoring ability is imperative to ensure prudent stewardship of taxpayer dollars and to enable a renewed focus on the AbilityOne Program's employment mission.

For the past five fiscal years (FY 2012 – FY 2016), the Commission's annual appropriation has been essentially flat; remaining between \$5.2M and \$5.5M⁴. During this time, sweeping changes in the Federal acquisition environment and the disability/public policy environment have taken place, and the Commission's resources have not enabled it to keep pace, much less to move into a forward-leaning, leadership position in the employment of people who are blind or who have significant disabilities.

The AbilityOne Program is the only Federal employment program that creates and sustains job opportunities for people whose visual impairment or significant disabilities have precluded them from engaging in sustained competitive employment. The Program accomplishes its employment mission through Federal agency purchases of products and services on the AbilityOne Procurement List. More than 46,000 people who are blind or significantly disabled were employed within the AbilityOne Program last year. This employment level has been impacted by the recent years of budget austerity, sequestration and the Government shutdown, resulting in a decrease of more than 4,000 jobs since FY 2012. As discussed below, changes in the business environment and in public policy require the AbilityOne Program to modernize and invest in the human resources, structure and tools to ensure the program's integrity and future.

According to the Government Accountability Office (GAO), bid protest filings have increased in four of the past five years,⁵ a trend likely influenced by the Government's overall reduction in contract spending. Likewise, the number of contract-related claims pending in the Court of Federal Claims at the end of FY 2014 was double the number pending at the end of FY 2012⁶. The AbilityOne Program has experienced a small number of appeals or protests overall, but has seen an upturn in bid protest litigation recently. As a result, the Commission's administration of the AbilityOne Program, particularly its compliance monitoring and oversight, has become higher profile with greater scrutiny.

From a strategic perspective, the Commission has and continues to review program data, and as well as Agency processes and procedures, to identify ways to strengthen AbilityOne Program evaluation oversight. This review considered recommendations from the GAO in 2013, recommendations from a working group of Inspectors General in 2014, and the direction of Congress in the Consolidated Appropriations Act, 2016. As a result, the Commission has determined that increased resources necessary to strengthen the AbilityOne Program's stewardship activities in FY 2017 and the out-years, to include funding an Office of Inspector General (OIG) for the AbilityOne Program.

It is essential for the Commission to enhance its monitoring efforts and related actions in a manner that more thoroughly reviews AbilityOne participants' compliance and equally importantly, in a manner that addresses misconceptions about the Commission's commitment to strong oversight.

⁴ The FY 2016 enacted level, \$6.191M, less \$750,000 specifically designated for OIG funding, results in \$5.441M.

⁵ GAO, Report GAO-15-256SP, <http://www.gao.gov/assets/670/667024.pdf> [retrieved Sept. 10, 2015]

⁶ United States Court of Federal Claims, Statistical Reports, <http://www.uscfc.uscourts.gov/reports-statistics> [retrieved Sept. 10, 2015]

This budget will increase compliance personnel and to position them, along with other key staff members, geographically closer to the nonprofit agencies they must oversee. It will put in place the necessary building blocks for program accountability, including those required by the Consolidated Appropriations Act of 2016. These include additional focus on policy development and implementation of written agreements with program central nonprofit agencies; more robust data, reporting and records management; financial and pricing analysis; subject matter expertise in contracting, vocational rehabilitation and product engineering; and the necessary infrastructure to enable the Commission as a Federal agency to support its employees, comply with all reporting requirements and enable its personnel to focus on their unique job duties.

As a small agency, the Commission does not have additional programs from which it can reprioritize resources or offset the cost of fulfilling new requirements. As discussed later in this budget, numerous cost-avoidance and efficiency measures have been maximized over the past five years and will continue to be leveraged. However, the Commission requires a budget of \$10.612M to accomplish its requirements and key priorities, which is \$4.421M above the FY 2016 enacted level. The FY 2017 funding level is consistent with Federal policies to make investments in programs and activities to increase employment, particularly for long unemployed or underemployed Americans, and to ensure that our Government operates with the highest ethical standards with robust oversight and accountability.

In the Evidence and Evaluation section of this request, the Commission will demonstrate that the AbilityOne Program creates and sustains employment for our target population, provides increases in earning potential and upward mobility for these individuals, and results in a high level of employee and customer satisfaction. It will also show that the Commission's policies, procedures and compliance methods are appropriate and effective to either prevent, or identify and correct, noncompliance with the applicable statutes and regulations, but they cannot be fully implemented with the current level of resources. Independent evaluations, such as the GAO report referenced above, further identify and inform our needs for enhanced program oversight in the form of written agreements, policies, procedures and audits. This evidence supports the Commission's rationale for seeking a higher level of funding in FY 2017 and beyond.

The U.S. AbilityOne Commission's FY 2017 budget builds on our country's vision for growth and opportunity for a subset of the U.S. population that encounters the most barriers to full employment. As discussed throughout this request, the Commission continues to pursue four fundamental, strategic goals to achieve its employment mission. First, the austere budget environment is driving the Commission to strengthen oversight of the Javits-Wagner-O'Day Act and the AbilityOne Program which it implements. Second, the Commission must monitor and continuously seek to enhance both employee and customer satisfaction. Together, these foster the third core goal, employment growth for the AbilityOne workforce – the essence of the Agency's mission. Finally, the Commission maintain focus on business excellence to ensure its critical processes are executed efficiently and effectively.

The Commission has considered the policies, strategies, and resources necessary to administer the AbilityOne Program in accordance with Administration and Congressional priorities, our mission and core goals. The Commission respectfully seeks a funding level of **\$10.612 million** for FY 2017.

Table 1: U.S. AbilityOne Commission Budget Summary (\$ Millions)				
Category:	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request
Personnel	3.162	3.255	3.405	6.498
Benefits	816	826	858	1.727
All Other	1.279	1.281	1.178	2.387
Total	5.257	5.362	5.441 ⁷	10.612

At the FY 2017 proposed budget of \$10.612 million, the Commission will be able to provide robust program oversight and to implement the provisions of the 2016 Consolidated Appropriations Act, such as providing enhanced reporting and establishing an Office of Inspector General. Salary and benefits will account for more than 77 percent of the total budget requested. The Agency is currently understaffed in virtually all areas of program administration, from management, to finances, to operations, to policy and communications, to compliance. The Commission has prioritized increasing human capital while keeping overhead costs minimal through reduced, highly efficient office space, maximization of technology and telework, and prioritization of travel and other operating expenses for the highest priority activities, such as oversight.

The Commission’s purpose and statutory duties that require these resources can be summarized as:

- Increasing employment opportunities for people who are blind or have other significant disabilities. (Job Creation)
- Establishing rules, regulations, policies and procedures to assure effective implementation of the Javits-Wagner-O’Day Act and the AbilityOne Program it authorizes. (Job Creation and Program Integrity)
- Monitoring central and participating nonprofit agencies’ compliance with the JWOD Act, Commission regulations and procedures [GAO Report GAO-13-457.] (Program Integrity)
- Determining which products and services procured by the Federal Government are suitable to be furnished by persons who are blind or have other significant disabilities employed at qualified nonprofit agencies. (Job Creation)
- Determining and revising fair market prices for items procured by the Federal Government. (Job Creation)
- Informing Federal agencies about employment of people who are blind or significantly disabled and the statutory mandate that items on the Procurement List be purchased from qualified nonprofit agencies employing this population. (Job Creation and Oversight)
- Encouraging and assisting entities of the Federal Government to identify additional products and services that can be provided by people who are blind or have other significant disabilities. (Job Creation)

The Commission has no legislative proposals currently pending.

⁷ The FY 2016 enacted level was \$6.191M, less the \$750,000 specifically designated for OIG funding, resulting in an \$5.441M for Agency salary and expenses, hereafter reflected as \$5.441M.

2.0 Authority, Mission, Vision and Program Structure

The Javits-Wagner-O'Day Act of 1971, codified at 41 U.S.C. §§8501-8506 and implemented through 41 CFR 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 more than 45,000 Americans who are blind or who have other severe 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 other severe disabilities in the manufacture and delivery of products and services to the Federal Government.

The vision of the AbilityOne Program is:

The AbilityOne Program enables 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 significantly disabled 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 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.

The agency is directed by 15 Commission members appointed by the President. Eleven of these appointees work for and represent other Federal agencies, while four appointees are private citizens representing the employment concerns of people who are blind or significantly disabled. The Commission elects a Chairperson and Vice Chairperson among its members, and the Chairperson is officially the Agency Head. A career member of the Senior Executive Service is the Agency's Executive Director and chief executive officer. The Executive Director leads a full-time civil service staff in performing the day-to-day activities necessary to administer the statute and the AbilityOne Program. The primary functional areas of the Agency are Compliance, Operations, and Policy/Programs, and the Agency is supported by a small cadre of information technology and resource management professionals.

The Presidential appointees, supported by the Commission staff, formulate policy and make decisions regarding legal and administrative matters for the AbilityOne Program. By statute, the Commission members are responsible for additions to and deletions from the Procurement List of products and services delivered by authorized nonprofit agencies employing people who are blind or significantly disabled. After opportunities for public comment and after due deliberation, the Commission determines which items are suitable for the Procurement List and requires Federal agencies with such requirements to procure them from the nonprofit agency(ies) designated by the Commission.

An organization chart follows.

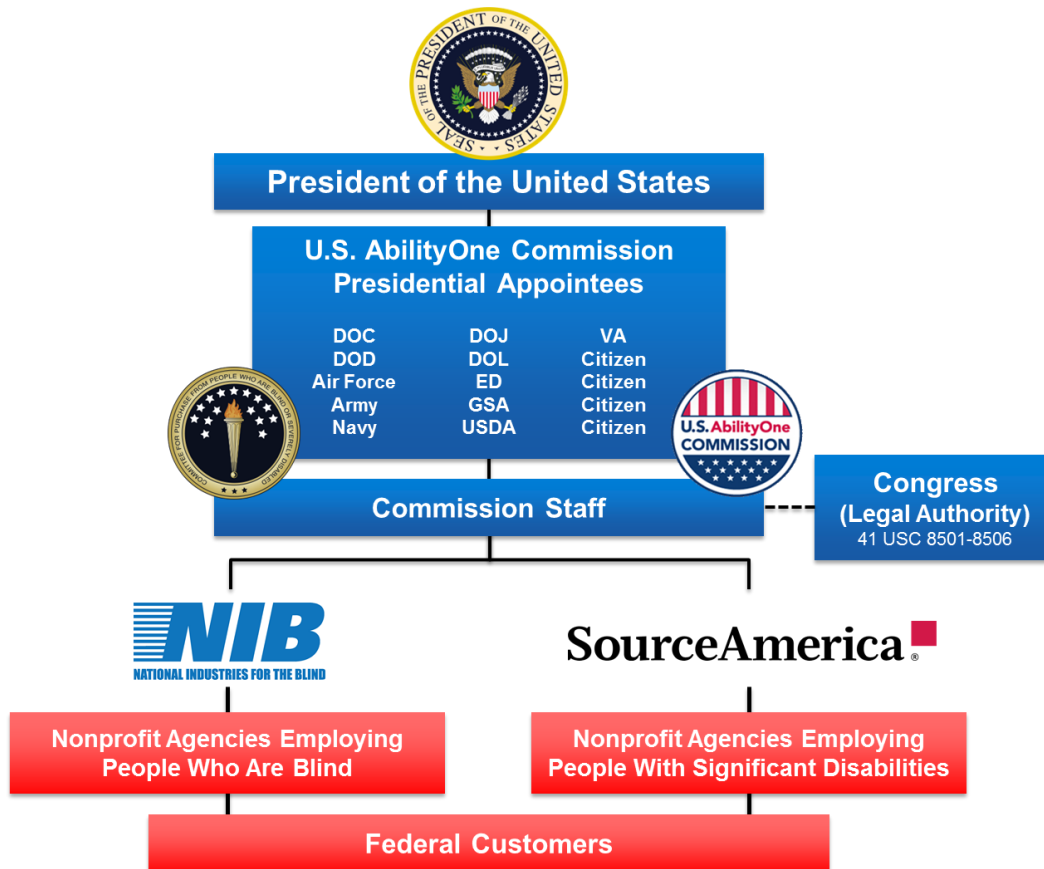


Figure 1. AbilityOne Program Organization.

2.1 Budget Comparison Among Organizations

The Javits-Wagner-O’Day (JWOD) Act authorizes the designation of one or more Central Nonprofit Agencies (CNAs) to assist the Commission in administering the statute and the AbilityOne Program. National Industries for the Blind (NIB) and SourceAmerica (formerly known as NISH) have been designated by the Commission to perform these duties. NIB and SourceAmerica are private, not-for-profit organizations that allocate orders and provide other technical and financial assistance to more than 560 State and local nonprofit agencies that participate in the AbilityOne Program. The charts below illustrate the difference in resources available to the Commission, solely funded by appropriation, and the CNAs, whose resources come from a fee based on AbilityOne Program sales. Critical program functions such as oversight, compliance, pricing and Procurement List decision-making are inherently governmental and must be performed by the Commission. However, in FY 2015, the CNAs’ revenues and staffing levels exceeded the Commission’s level by more than 95%. The FY 2017 budget requests seeks additional appropriations for the Commission to ensure the adequacy of resources for inherently governmental duties.

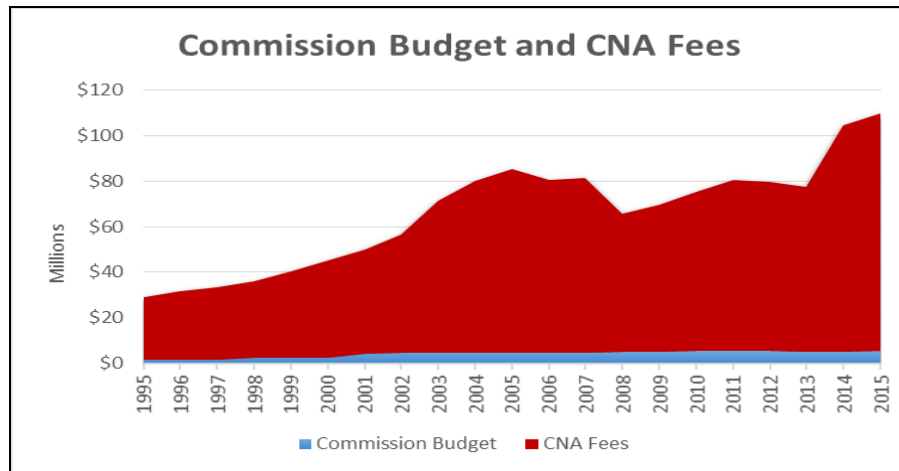


Figure 2. Comparison of Commission Appropriation to CNA Funding

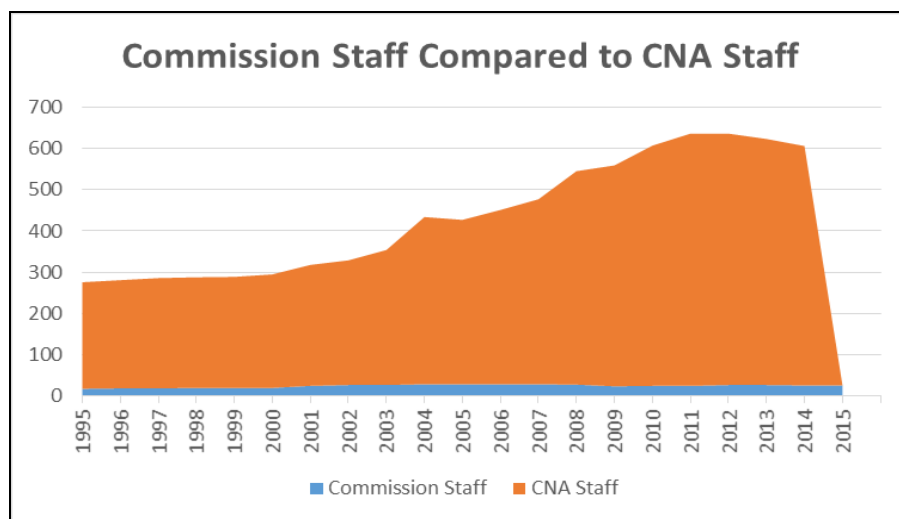


Figure 3. Comparison of Commission Staff FTEs to CNA Staff FTEs.

3.0 Analysis of Resources Requested

3.1 Recommendations for Efficiency, Effectiveness and Mission-Related Investments

In accordance with OMB Memorandum-13-14, the Commission has reviewed and considered ways to reduce fragmentation, overlap, and duplication, and to increase its effectiveness. As the Commission administers only the Javits-Wagner-O'Day Act and the AbilityOne Program it authorizes, there is no overlap or duplication within the Agency. The Commission has also considered whether its mission and the AbilityOne Program overlap other Federal agencies' employment programs for people with disabilities. GAO Report GAO-12-342SP, "Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue," reviewed overlap among Federal programs that relate to or assist individuals with disabilities. GAO included the AbilityOne Program in this review, but did not find any overlap or duplication with other Federal agencies' programs. The Commission creates jobs for its target population through nonprofit agencies and the Federal procurement system, while the other programs studied provide policy, training, grants or other supports, but not direct employment, to people who are blind or have other significant disabilities.

The Commission continues to leverage the Federal Strategic Sourcing Initiative and other strategic sourcing approaches to obtain the products and services it needs at volume discount pricing. Savings have been achieved through this method in several areas, such as wireless services, domestic package delivery services and office supplies. The Commission's finance and human resources requirements are processed by the U.S. Department of Agriculture (USDA) and the General Services Administration (GSA) respectively, where shared services are provided to multiple agencies, boards and commissions on a reimbursable basis. As in previous years, the Commission makes strategic use of contractor support to minimize staffing and training costs in highly technical areas such as IT support services.

Several Administration-driven initiatives to achieve efficiencies are leveraged by the Commission. In FY 2017, the Commission will continue to use teleconferencing to minimize the need for travel that is not related to compliance activities, such as recurring meetings and general educational briefings. One year ago, in FY 2015, the Commission reduced its Washington, D.C. area footprint by working with GSA to obtain a smaller office suite with more shared or collaborative spaces that take into account the increased practice of telework. Nearly all Commission employees participate in the Agency's telework program, which has also reduced spending on office supplies and on public transportation subsidies. As discussed in Section 4.0, the savings in rental space and supplies will be re-programmed for use in proposed regional offices.

This budget requests mission-critical investments in personnel needed to fully execute the Commission's responsibilities for program administration and compliance. In report GAO-13-457, the GAO strongly recommended improving AbilityOne oversight through several methods. They recommended additional policies targeting oversight, business processes and performance evaluation; more transparency and dissemination of pricing procedures and tracking of price changes; and the establishment of an independent OIG for the Commission and AbilityOne Program. Prominent among these recommendations was the establishment and implementation of formal, written agreements with the AbilityOne central nonprofit agencies. The Consolidated Appropriations Act of 2016 subsequently directed the fulfillment of such written agreements and equally importantly, authorized the establishment of an OIG.

Human capital is the most critical shortfall in terms of strengthening the program and fully implementing the new statutory requirements. Accordingly, several new positions are requested, along with the backfill of previous positions that are vacant through attrition, but remain open, due to the Commission's diminished ability to meet salary and benefits requirements. This request also includes increases in facilities, equipment, training and travel to support the new FTEs. Importantly, we continue to maximize telework to keep facilities cost at a minimum.

3.2 Management Reform Priorities

The Commission's FY 2017 budget request is consistent with the reform priorities outlined in its FY 2016 Budget and the President's Management Priorities, namely:

- Effectiveness – The Commission's **evaluation** of program effectiveness through the Agency's data and independent reviews is discussed in **Section 6.0** of this request;
- Efficiency – The Commission's assessment and pursuit of program **efficiency** is discussed in **Section 4.0** of this request;
- Economic Growth – The Commission's mission and purpose of the AbilityOne Program, creating employment opportunities for people who are blind or significantly disabled, is directly related to economic growth. The benefits of the AbilityOne Program include the employment and earnings of people who were not previously able to obtain or maintain employment on their own; providing a cost-effective way for people to help themselves. The Program's performance in mission-driven metrics such as **employment growth and increases in wages** are discussed in **Section 5.0** of this request; and
- People and Culture – The investments proposed in this budget request correlate most closely with the priority of "unlocking the full potential of today's Federal workforce and building the Federal workforce of the future." The investments in **people and culture**, to include enhancing the organization's structure, and providing the necessary training and development, are discussed below in **Subsection 3.3 Personnel Requirements**, and **Subsection 3.5 Budget Request by Object Class**, respectively.

3.3 Personnel Requirements

To execute its compliance responsibilities most effectively and implement the AbilityOne mission, the Commission requires a significant investment in personnel. In FY 2015, and anticipated in FY 2016, the Agency's staffing level of 27 FTEs (two of these positions were vacant at the end of FY 2015) is simply insufficient to handle the workload and address the Commission's highest priorities going forward. The complexity of the AbilityOne Program's business environment and scrutiny of Commission oversight warrants additional expertise in numerous positions across the Agency. It is necessary for Commission staff to implement regulatory, policy and business process changes as a result of the Consolidated Appropriations Act of 2016. The Commission must also handle increased legal challenges, to further update or develop policies and procedures for consistent program administration, and to expand its compliance capacity to review a larger proportion of AbilityOne qualified nonprofit agencies, as well as contract compliance, Central Nonprofit Agency compliance and AbilityOne authorized distributor compliance.

The Commission has exhausted its ability to reprogram and retrain existing personnel to focus on oversight, compliance and policy priorities. Additional FTEs are needed to conduct in-depth compliance reviews, to evaluate disability documentation for program eligibility and to fill gaps in Agency policy. At the same time, most of the Agency's other positions are "one deep" and require more support to handle the workload; expertise is needed in key technical areas such as pricing and product engineering. The Commission also lacks the infrastructure to support senior leaders and free them to focus on the highest priorities. For example, the Agency needs a paralegal specialist to support its General Counsel, and a human resources specialist to support the Chief of Staff. The Commission currently lacks the capability and capacity to handle its own finances or contracting, which hinders the Commission in considering legislative proposals to change the AbilityOne business model to a more typical, FAR-based contract approach. While the Commission has relied on shared services for finance, human resources and contracting in the past, the necessary growth in personnel and potential changes to the business model require some organic capability in these areas.

As discussed in Section 4.0 below, the Commission proposes restructuring to establish or embed key personnel and capabilities in ideally three regional offices to supplement the reach and timeliness of response from the Commission's sole office in the Washington, D.C. area today. Personnel in the eastern time zone are challenged in dealing with urgent compliance or contract issues that arise on the west coast (particularly in the afternoon) or in Hawaii and Guam. There are also numerous opportunities to educate nonprofit agencies and Federal customers about compliance requirements as well as AbilityOne capabilities, policy and pricing procedures that cannot be accommodated from a single east coast office. The Commission proposes to serve the high concentration of Federal agencies and AbilityOne contracts in major metropolitan areas such as Chicago, Dallas and across the west coast with interdisciplinary teams as discussed among the FTEs required.

The Commission proposes to add a total of nine (9) new oversight-related FTEs. Six of these positions would be located in the Washington, D.C. office, including two key positions for the recently enacted Office of Inspector General (OIG), namely an acting IG and at least one deputy IG for investigations and/or audits. In the first few years, their primary role is to establish the necessary policy and procedures for the AbilityOne OIG, to facilitate the handling of cases in the near future. The Commission also requires one new compliance analyst focused specifically on CNA compliance -- an area that requires more attention per GAO Report GAO-13-457 and has previously not been a focal point for compliance reviews. Another compliance specialist position based in Washington, D.C. will augment the bandwidth of the Commission's current nonprofit agency-focused compliance team, enabling the Agency to conduct several additional reviews per year. It is necessary to increase the Commission's compliance staffing in order to step up the number and schedule of AbilityOne compliance reviews. The remaining two headquarters-level compliance specialists would focus on contract compliance to help prevent or identify violations of Federal contract requirements.

With thousands of contracts across the AbilityOne portfolio, the Commission has identified contract compliance as a high risk area in need of greater oversight. AbilityOne contracts are worth nearly \$3B in the aggregate, and nonprofit agency contractors must not only ensure AbilityOne-related compliance, they must also comply with numerous Federal laws and regulations, and fully meet the Government's quality and performance standards. The Commission often finds that contracting offices do not closely oversee AbilityOne contract compliance, particularly as the Commission has designated the nonprofit they must use, and the Federal Acquisition Regulation (FAR) prohibits past performance reporting on AbilityOne contracts. However, if contract violations or performance disputes arise, it is typically attributed to the AbilityOne Program as a whole, which damages the program reputation and reduces future employment opportunities. The reality is that the acquisition

community and public hold the Commission responsible for the compliance of AbilityOne nonprofit agencies whether the violations are related to the JWOD Act or other contract-related requirements.

Beyond augmenting compliance staffing based in the Washington, D.C. area, the Commission proposes to add one compliance specialist to each of its proposed new regional offices. Having a compliance specialist in the west, north/central and south regions of the country will truly enhance the Commission's compliance and oversight of nonprofit agencies. If the Commission is notified that a nonprofit agency has failed to make payroll, suddenly closed its doors or some other urgent complaint is received, the regional compliance staff will be better positioned to respond and visit locations that are not in proximity to Washington, D.C. or the east coast. The Commission staff in the field will also make "surprise" visits and repeat visits to follow up with noncompliant agencies and verify that corrective actions are taken.

The Commission's compliance specialists are skilled in conducting site reviews, documentation reviews and applying statutory and regulatory requirements to the nonprofit agencies. However, the AbilityOne Program was criticized in FY 2015 for reliance on the nonprofit agencies' assessment of the medical or psychological documentation provided by prospective or current AbilityOne direct labor employees. Written, signed documentation is the standard in government and in business, but the Commission must take additional steps to assure Federal officials and the public that AbilityOne employees and AbilityOne participating nonprofit agencies are truly meeting the standards for the definition of "significantly disabled." Accordingly, the Commission proposes to establish four (4) FTEs, including one headquarters position and three regional personnel, who are vocational rehabilitation (VR) specialists with extensive knowledge of disabilities and resulting functional limitations as they relate to employability. These VR positions will assist the compliance team in assessing the quality and legitimacy of the disability documentation supporting individuals' classification as significantly disabled for purposes of the AbilityOne Program.

Policy provides fundamental support to program accountability, as it's necessary to clearly articulate the rules before enforcing the rules. The Commission currently has one half of an FTE dedicated to policy, including maintaining the policy system, developing and vetting new policies and then disseminating the policies. This staffing is simply inadequate to keep dozens of Agency and program policies current, nor does it enable the Commission to strategically address gaps in policy, including emerging policy requirements based on recently statutory changes. The Commission proposes to correct this shortfall with two new policy specialist FTEs, one technical writer and a records management specialist (4 total FTEs). Most Federal agencies have a "policy shop" able to handle policy needs and to work on new regulations. The Commission greatly needs to update its section of the Code of Federal Regulations and to work with the appropriate councils to update FAR Subpart 8.7. The requested resources will enable these critical initiatives to proceed.

The Commission proposes to address other shortcomings in its current staffing by hiring five (5) subject matter experts in the technical areas of pricing and engineering. While strengthening compliance is paramount and the employment mission is fundamental, AbilityOne operates in the acquisition system and must demonstrate fair market pricing and the conformance of its products to Federal requirements. The law requires that all prices for products or services on the Procurement List must be approved and adjusted by the Commission. The Agency has one director and just 1.5 FTEs for price analysis, which limits the capacity for independent review and analysis of recommended prices submitted jointly by the nonprofit agencies and contracting activities. Our customer satisfaction research shows that perceived high pricing is a barrier to growing the AbilityOne Program, and requires greater scrutiny by the Commission. In addition to increasing

analytical capacity, we must continually educate both customers and participants about AbilityOne pricing. Embedding a price analyst in the regional offices enables the Commission to cover a wide range of pricing needs on both the customer and nonprofit side of the negotiation table.

The Commission must also ensure that AbilityOne products meet the Government's specifications or commercial item descriptions, and the Commission alone interprets the scope of the requirements on the Procurement List. To enforce the mandatory source nature of AbilityOne products, the Commission must identify which non-AbilityOne commodities are equivalent to Procurement List items and thus should not be purchased by Federal agencies. There are endless variations and replacements made to both Government-unique and retail-type products, making it necessary to analyze the similarities and differences between thousands of commercial items and AbilityOne products. The Commission requests the resources to establish two FTEs that are interdisciplinary engineers capable of making these product evaluations, providing expertise on the scope of mandatory requirements and/or adapting the manufacturing processes to increase the employment and productivity of people who are blind or significantly disabled.

The Commission's Operations team executes hundreds of transactions each year to maintain the Procurement List, which is the lifeblood of the AbilityOne Program, as products and services on the list create direct labor hours of employment. Updating products, service locations, prices and other elements of Procurement List requirements is critical. The Operations team is essentially "one deep" in all positions, with one director, one products expert, one services expert and supporting positions responsible for quality reviews and the Federal Register Notice process. Beyond the new pricing analysts, an additional six (6) FTEs are requested to right-size the operations team and provide appropriate resources to effectively maintain the Procurement List. A deputy director is needed to manage numerous operational functions and provide supervision to Operations team members, freeing the Director of Business Operations for more strategic and policy-related efforts. The Agency needs to backfill operations positions that were reprioritized for compliance staffing several years ago. This resulted in a shortfall of resources to review and provide guidance for complex contract requirements considered for Procurement List additions. The Commission also needs a senior operational FTE in each of the new regional offices, both to serve as director and to address business matters in their local areas.

Recent negative attention directed at the AbilityOne Program highlights another need for the Commission, to increase its ability to respond to media inquiries and to communicate the facts about the AbilityOne to both Federal agencies and the public. Lack of resources and capacity has left the Commission unable to fully engage in the kind of education and outreach needed to raise awareness, understanding and preference for the AbilityOne Program, and unable to capitalize on opportunities such as accepting speaking invitations, developing webinars and providing frequently refreshed AbilityOne training through Government channels like the Federal Acquisition Institute and Defense Acquisition University. The Commission is requesting five (5) FTEs to enhance its communications reach, including one public affairs specialist in each of the new regional offices, and two for the headquarters office. The assignment of a public affairs specialist to each regional office will result in an expanded ability to participate in training and communication opportunities across the country.

Finally, the Commission must address its deficient infrastructure to operate more effectively and efficiently as a Federal agency. While shared services have been, and should continue to be leveraged for savings wherever possible, they cannot provide the kind of dedicated resources or responsiveness needed for priority actions. The Agency needs a dedicated FTE to focus on budget execution and financial issues, a dedicated Human Resources specialist to serve as the liaison between the

Commission and its shared service provider for personnel issues, and it is necessary to establish a basic contracting competency with a warranted contracting officer and contract specialist. Senior personnel need technical support in order to maximize their time and expertise, thus the Commission proposes one FTE each for paralegal support, information technology support and data analysis. After maximizing technology such as voicemail, email and electronic document exchange to reduce administrative needs, the Commission sorely needs support to manage travel, meetings, scheduling, and document preparation such as administrative records, official correspondence and reports. Two administrative assistant FTEs are proposed for headquarters; one to support the OIG and one to support compliance travelers and senior staff; while one administrative assistant is requested for each of the three regions, for a total of five (5) FTEs.

3. 4 Information Technology

As an overview, maintenance and utilization of the Commission’s information technology (IT) infrastructure is a continued area of emphasis for the Agency’s management. There are no new technological initiatives in development, nor significant investments sought for this budget cycle. The Commission neither operates nor uses data centers, and maintains a small IT infrastructure footprint in the form of its own local area network and website server.

The Procurement List Information Management System (PLIMS) supports all AbilityOne business transactions with customers and program partners, and enables the Commission staff to meet government-wide goals for telework. The Commission requires contractor support to maintain this electronic workflow system and for its general network support. Both are small value contracts with small businesses; equivalent to one or 1.5 FTEs’ worth of work each as scoped in the present year.

The Commission requires an increase of \$194,000 for this contract support in FY 2017, due to the need to establish new user accounts and to issue/maintain IT equipment for the new FTEs described in this justification. Likewise, the Commission requests the additional funding for hardware and software to equip the new FTEs. The cost per person for hardware and software is roughly \$1,800.

Table 2: Information Technology (IT) Summary Table				
Category:	(PY) FY 2015	(CY) FY 2016 Budget	(BY) FY 2017 Request	% Change from FY 2015 Budget
Personnel	1 FTE	1 FTE	2 FTE	100.0%
Network Maintenance	\$191,000	\$196,000	\$390,000	99.0%
PLIMS System Programming	\$190,000	\$195,000	\$213,000	9.2%
Hardware	\$20,000	25,000	\$65,000	160.0%
Software	\$30,000	36,000	\$80,000	122.2%
New Investments	\$0	\$0	\$0	0%
Total	1 FTE \$440,000	1 FTE \$451,000	2 FTE \$748,000	65.9%

IT Resource Statements: The Commission’s Chief Information Officer has reviewed and contributed to the Agency’s IT investments in this budget request. There are no significant new investments in systems, but the Commission will need to procure basic IT equipment such as laptop computers or handheld devices for new OIG staff members, new compliance team members and other proposed FTEs. In future budget requests, the OIG will identify the resources necessary to establish its own, independent local area network. The CIO routinely reviews and submits the planned IT support for AbilityOne Program objectives; as does the Agency’s Chief of Staff (there is no dedicated Chief Financial Officer position at this time.) The statements attesting to these facts are attached in the Appendix section.

Agency Provisioned IT Services Spending Summary (formerly Cloud Computing Summary):

In FY 2014, the U.S. AbilityOne Commission migrated the majority of its physical server architecture to a private, cloud-based virtual server model. In FY 2015, the Agency further updated and streamlined its IT operations by utilizing the Microsoft Office 365 Government public cloud and creating a hybrid/mixed cloud model with email migrated to this environment. This enabled the Commission to consolidate and share commodity IT functions, resulting in a more efficient use of resources and an enhanced user experience. In FY 2016, the Commission will evaluate moving its VMware server infrastructure to a public cloud-based computing environment to determine whether it will further reduce operating costs. The Commission will evaluate the outcomes prior to planning further investments in cloud computing, thus no additional resources are requested in FY 2017.

Table 3. Agency Provisioned IT Services Spending (in \$ millions)				
Type	FY 2014	FY 2015	FY 2016	FY 2017
Public Cloud	0	0	0	0
Private Cloud	.03 (Virtual machine)	.02 (Virtual Desktop)	.03	0
Community Cloud	0	0	0	0
Hybrid Cloud	0	.02 (email server)	.02	0
Non-Cloud Provisioned Services	0	0	0	0

Cyber Security:

The Commission relies on its interagency agreement with the Department of Homeland Security, National Cyber Security 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 for a reasonable fee. There are no additional funds requested for cyber security purposes in FY 2017.

3.5 Budget Request by Object Class

Table 3: FY 2017 Budget Request by Object Class (in \$ millions)				
	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request
Personnel	\$3.162	\$3.255	\$3.405	\$6.498
Benefits	816	826	858	1.727
Travel	130	151	145	433
Rent & Communications	544	455	405	620
Printing	20	25	18	42
Services	509	584	540	1.063
Supplies	30	35	25	48
Equipment	46	49	45	181
Losses & Claims	0	0	0	0
TOTAL	\$5.257	\$5.362	\$5.441⁸	\$10.612

Object Class Narrative for FY 2017 Request:

Salaries and Benefits - \$8,225,000. The Commission requires funding to maintain its current personnel (27 FTEs when all slots are filled) and to make a substantial investment in 45 new FTEs to adequately staff compliance and oversight, policy and public affairs, pricing and operations as well as other technical support needs such as data analysis and product engineering. The Commission also needs to establish the infrastructure to manage the Agency’s business and to prepare itself to oversee the AbilityOne Program of the future, including a financial officer, a human resources specialist, contracting professionals and support in IT, paralegal and administration. The need and rationale for each position is discussed in Subsection 3.3 of this request.

The new FTEs, salaries and benefits include funding to sustain and grow an Office of Inspector General (OIG), which was authorized by the Consolidated Appropriations Act of 2016.

As with the FY 2016 proposed level, salary and benefits represent more than 77 percent of the total Agency budget, sufficient to cover the projected workforce of 72 FTEs with fringe benefits. Each of these positions has been reviewed to ensure it is providing the maximum benefit in support of the Agency’s priority goals, such as program compliance assurance, employment growth and sustainment, policy development, legal and records management support. Positions will continue to be reviewed and reprogrammed as necessary to most efficiently and effectively promote the mission.

This amount also includes four 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. These Special Government Employees are paid at the Executive Level IV rate on a per-diem basis when conducting Commission business.

⁸ An additional \$750,000 was appropriated in FY 2016 to establish the Office of Inspector General, for a total of \$6.191. The OIG funds are not reflected in the Commission’s budget object class chart.

Travel - \$433,000. In accordance with Administration guidance, the Commission reduced travel expenditures from the FY 2010 baseline level through FY 2015, through the use of virtual meetings, virtual compliance audits and reduced participation in training, seminars and communications events. However, the need for enhanced compliance monitoring and oversight dictates a need for increased travel resources in FY 2017, particularly for mission-critical compliance reviews. The majority of the travel resources needed, almost three-quarters of this amount or nearly \$300,000, will fund increased on-site audits or reviews to verify nonprofit agencies' compliance with applicable statutory and regulatory requirements. At the present level, when appropriations were not delayed beyond the first quarter, the Commission staff has been able to visit approximately 80 to 100 nonprofit agencies per fiscal year. With a universe of 565 nonprofit agencies, this results in a nonprofit agency being reviewed on-site once every five to six years, with certain nonprofits reviewed more frequently based on size, scope or risk factors. From an oversight and risk management perspective, this is no longer adequate to effectively monitor compliance and ensure public trust.

It is imperative that the Commission have the resources, both for staffing and travel dollars, to conduct a thorough, on-site compliance review of every nonprofit agency in the program every two to three years. Given the higher visibility of the AbilityOne Program over the last year, the Agency must also increase follow-up visits to verify that all corrective actions have been implemented as directed. Virtual review techniques are employed to gather and verify some information prior to the site visit, but there is no substitute to in-person reviews in terms of identifying noncompliance and providing guidance to the nonprofit agencies to enhance their future compliance results.

The Commission's FY 2017 budget increases its compliance team staffing from a director, a deputy and three compliance specialists, with the capacity to visit 100 nonprofit agencies per fiscal year, to an additional six compliance specialists for program-specific reviews, two contract compliance specialists and one CNA compliance-focused specialist. This level of staffing will enable the Commission to reach about 250 nonprofit agencies per year for routine compliance reviews, and to conduct up to 50 follow-up reviews based on the extent to which corrective action or detailed monitoring is warranted. Some compliance specialists will be assigned to regional duty stations to lessen the amount of cross-country travel, but all will need to travel to the nonprofit agency headquarters and service locations, which are geographically dispersed and located in all 50 states, Puerto Rico and Guam.

Other subject matter experts will be required to travel to nonprofit agencies or Federal contracting offices as necessary. Vocational rehabilitation specialists are needed to perform reviews of disability documentation, provide training and assist nonprofit agencies with employee assessment for eligibility to participate in the AbilityOne Program. Operations and price analysts are needed to work with Federal agencies and nonprofit agencies to resolve performance issues and address pricing disputes or impasses. Travel by management and communications team members for presentations and other public speaking events will be reserved for high value opportunities to educate large audiences about AbilityOne policies, initiatives and results. We anticipate this program travel combined not to exceed \$65,000 for local as well as air travel.

The Commission continues to conserve meeting-related travel dollars wherever possible, and will continue to maximize use of telephonic or video teleconferencing. This budget line includes travel by the private citizen Presidential Appointees serving as Commission members and any travel support required as reasonable accommodations to appointed private citizens with disabilities. While maximizing teleconferences, the Commission members must travel to conduct official business, with

Federal organizations, organizations within the private disability community, Congress and the Administration. This budget requests \$45,000 for such official travel, with the expectation that four quarterly official Commission meetings and up to two executive sessions will be held in FY 2017. A share of the total travel resources will also be reserved for use as required by the OIG. The remaining travel dollars requested will enable Commission staff to conduct or to participate in training during FY 2017 when, by necessity, it is held outside of their duty stations.

Rent & Communications- \$620,000. The primary driver of this budget class is the cost of space for the Commission. We negotiated a smaller footprint for the Agency's office in the Washington, D.C. area, which reduced the rental cost for FY 2017 and the out-years. Some of this limited space must now be dedicated to the OIG, until separate funding and facilities can be established in the out-years. A modest amount of space costs have been included for the three proposed regional offices, which will have a bare-bones amount of square footage and combined, will not exceed the savings from the reduction in Washington space costs. The remaining funds described in this budget class are necessary for monthly charges for current telecommunications equipment, which are minimized as much as possible through strategic sourcing. The Commission also maintains wireless phone service, high speed web connectivity and remote access Internet service provider accounts to provide staff members access to network and email accounts while on travel or teleworking. These have been increased commensurate with the needs of the proposed additional FTEs. A small portion of this budget category includes standard business expenses for postage, domestic package delivery and teleconference bridge lines.

Printing - \$42,000. In accordance with the Administrative Procedures 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 2017, the Commission intends to leverage the requested policy resources to propose various updates to the Code of Federal Regulations, which will increase the amount and cost of Federal Register printing during the year. The Commission does not intend to use this budget line to print informational materials or educational collateral which can be disseminated electronically.

Services - \$1,063,000. The Commission has two service contracts that support its information technology infrastructure; one for general network support and one for programming of the Agency's information management system. While the costs for these contracts have been held nearly flat for the past five years, the Commission will need to increase investment in this area – particularly for network support – to support the additional FTEs. As a small Federal agency, the Commission relies on shared services to fulfill the majority of its needs for HR/personnel support, accounting and payroll services. More than 25% of this budget object class goes to pay for such shared support services, which also include payment to the Department of Homeland Security for cyber security support and reimbursement to the Office of Personnel Management for the costs of submitting and running vacancy announcements, receiving a certification of eligible candidates, and screening new hires to include drug testing. The shared services must cover the needs of the OIG in FY 2017, as well.

The services category also includes services we require to meet statutory requirements. In accordance with FISMA, the Commission must review and report on its security functions on a yearly basis. Similarly, the Accountability of Tax Dollars Act of 2002 requires every agency, regardless of size, to conduct an annual audit of its financial statements. In both of these instances, the Commission procures the services of experts to perform the review functions so that the Commission can then take action to ensure full compliance. Given the projected increase in the size of the Agency's staffing and budget, we anticipate that the financial audit will cost more in FY 2017 and in the out-years. This

category also funds training and professional development necessary for Commission staff in 2017, which has grossly underfunded for the past five years. Again, with new FTEs coming in, professional development and job-specific training will be absolutely necessary.

Supplies and materials - \$28,000. The Commission continues to target this object class for savings in order to have the necessary funds for higher priority requirements. Staff members have reduced office supplies consumption, particularly paper and toner. Spending in this was reduced by more than 30% in FY 2013, and reduced nearly another 10% in FY 2014. In FY 2015, it was necessary for the Commission to make some replenishment purchases of business essentials. With the proposed increase in staffing, to include regional offices and the OIG, it will likewise be necessary to make investments in FY 2017 to provide new employees with the supplies needed to do their jobs. The Commission will continue to fund subscriptions to technical reference such as West Law, technical manuals and other publications that enable employees' performance of official duties. We have reduced purchases of non-critical items such as plaques or other nominal tokens presented in the form of awards and recognition, and do not expect to resume pre-2013 levels of spending for this area.

Equipment - \$181,000. The Commission must refresh hardware and software for its existing 27 FTEs, and must purchase new hardware and software for the additional FTEs sought in this budget. The Agency uses Federal Strategic Sourcing Initiative (FSSI) contract vehicles to obtain the best discount pricing for the Government in this area. We also avoid duplication of equipment by issuing staff members who telework or travel a laptop that they use at docking stations when working in the office. This object class includes approximately \$75,000 for necessary software licenses and \$58,000 for hardware and equipment, to include equipping the OIG personnel.

3.7 Establishment of an Independent OIG

The AbilityOne Program's unique public-private structure was set up more than seven decades ago when Federal purchasing was simpler and much smaller in scale. Today, nearly \$3 billion -- primarily appropriated funds -- are spent with the program's qualified nonprofit agencies as consideration for the delivery of suitable products and services, and tens of thousands of people who are blind or have significant disabilities are employed as a result. Despite the program's size, scope and increasing complexity, the AbilityOne Program lacked an office to independently audit and investigate waste, fraud, and abuse and to make recommendations for enhancing program integrity and operations. A Designated Federal Entity (DFE) Office of Inspector General (OIG), as defined by the Inspector General Act of 1978, was authorized in the Consolidated Appropriations Act of 2016 and will now carry out such independent oversight functions.

The establishment of an OIG was well supported. Between 2007 and 2013, the U.S. Government Accountability Office (GAO) conducted two studies on the Commission and found the need to exercise stronger oversight (See GAO-07-236 and GAO-13-457). In 2014, a working group of Inspectors General also prepared a report to address oversight of Federally-funded entities currently operating without an OIG. Both the GAO's and the IGs' studies/reports recommended that an independent OIG be established for the AbilityOne Program. The reports further related that while the Commission's annual appropriation has previously hovered just above \$5 million, the operations it oversees establish a compelling, risk-based justification for establishing an independent OIG exclusively dedicated to comprehensive oversight of its programs.

The Commission expects the OIG established in FY 2016 to promote excellence, accountability and integrity in the programs, operations and management of the public-private structure for the AbilityOne Program. Specifically, funding for the OIG will enable it to:

- Conduct, supervise, and coordinate audits and investigations relating to programs and operations of the CNAs and qualified nonprofit agencies.
- Review existing and proposed legislation and regulations to make recommendations concerning the impact of such legislation and regulations on economy and efficiency or the prevention and detection of fraud and abuse.
- Report on current performance and accountability issues and foster sound program management to help ensure effective government operations.
- Provide leadership for activities designed to promote economy, efficiency, and effectiveness, and to promote efforts to reduce fraud, waste, and abuse in the programs and operations of the CNAs and qualified nonprofit agencies.
- Coordinate relationships between the agency and other Federal agencies, State and local government agencies, and non-government agencies to promote economy and efficiency, to prevent and detect fraud and abuse, or to identify and prosecute participants engaged in fraud or abuse.
- Inform Agency heads and Congress of problems in CNAs and qualified nonprofit agencies' programs and operations and the necessity for and progress of corrective actions.
- Report to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal criminal law.
- Any further duties and responsibilities related to the Inspector General Act of 1978 and unique to the AbilityOne Program.

The Inspector General (IG) will initially be supported by a General Counsel obtained via a Memorandum of Understanding with another Federal agency. High priority positions such as an Assistant IG for Investigations and an Assistant IG for Audits will be filled in implementing the FY 2016 Omnibus requirements, and they will establish policies and procedures for operation in accordance with Counsel of Inspectors General for Integrity and Efficiency (CIGIE) doctrine. An administrative assistant will also be hired as a priority, to provide support for travel and reports, while other support needs will be addressed through shared services with the Commission or other Federal agencies. The OIG will develop its own budget and justification beginning in the FY 2018 budget cycle, requesting additional personnel and/or establishing Memoranda of Understanding with other agencies for use of subject matter experts as needed. In the out-years, it may be advantageous to embed OIG staff in the regional offices to be of most benefit to the AbilityOne Program.

4.0 Agency Restructuring or Work Process Redesign

The Commission's primary workflow related to Procurement List additions and management was redesigned in 2008 to leverage technology and support remote workers' concurrent reviews of business transactions. The Agency continues to seek process efficiencies through this electronic workflow by streamlining or combining the necessary electronic transactions to submit and review requests for Procurement List updates. In FY 2015, transactions in key areas were combined to reduce process steps, while other transactions were enhanced to allow Agency personnel to submit data and print reports in new business areas. In FY 2017, the Commission's budget includes a slight increase to its existing programming contract to enhance the Procurement List information management system and to support new users.

During FY 2013-2014, the Commission developed a new work process to mitigate the effect of travel curtailment due to a lapse or delays in funding. Virtual compliance reviews were designed and tested, and demonstrated opportunities for early information gathering and efficiencies in the compliance process. While there is no substitute for full, on-site compliance reviews, and the Commission proposes to increase such compliance reviews substantially in FY2017, the virtual process will allow compliance specialists to maximize travel time and dollars by securing and reviewing certain compliance-related information in advance of the site visit. The efficiency of the combined on-site and virtual audit will be evaluated in FY 2016 and further opportunities to optimize this process will be explored.

The most significant agency restructuring proposed for FY 2017 is the establishment of regional offices and the presence of core staff positions in those regions to facilitate more timely and effective compliance reviews, training, operational support, pricing reviews, and customer communication. The AbilityOne Program provides jobs and performs work in all 50 states as well as Puerto Rico and Guam. The challenges associated with Commission staff being solely located in the Washington, D.C. area include trying to speak real-time with Federal contracting officials or nonprofit agency leaders in time zones that are six hours behind or up to 12 hours ahead of the Eastern time zone. The Commission's ability to rapidly address issues or make unplanned site visits is greatly diminished when geographically dispersed locations must all be reached from the eastern United States. Placing a handful of compliance personnel, operational staff, pricing analysts and other key employees in a small number of regional offices will improve response time, business relationships and the effectiveness of compliance efforts. Being located closer to nonprofit agencies and customers also facilitates follow-up visits, which are important to ensuring effective oversight of the program.

Accordingly, the Commission proposes a small investment in infrastructure and a more considerable investment in personnel to stand up three regional offices – one in the western United States (California), one situated in the north/central region (Illinois) and one in the southern region (Texas) to complement the coverage from the Commission's headquarters and currently its sole duty station near Washington, D.C. The regional offices are designed to have a small footprint, to maximize telework and to leverage administrative support provided by the Commission-designated Central Nonprofit Agencies for shared needs such as meeting room space. Based on our review of the General Services Administration's Lease Inventory as of July 2015⁹, we estimate that the three small regional offices can be rented for the same amount of money that the Commission has saved by reducing its footprint in the Washington, D.C. suburbs in FY 2015. The Agency's total costs for office space will remain below the FY 2014 enacted level.

⁹ GSA Lease Inventory, <http://www.gsa.gov/portal/content/101840> [last retrieved September 12, 2015].

5.0 Performance Goals, Measures and Indicators

This section of the budget narrative addresses performance planning and reporting by the U.S. AbilityOne Commission, on behalf of the AbilityOne Program, in accordance with the Government Performance and Results Act (GPRA) Modernization Act of 2010. The linkage between the goals and the resources requested to execute them in FY 2017 is discussed below.

The Commission conducted Strategic Planning sessions with the participation of its key stakeholders in FY 2013 to update the AbilityOne Program Strategic Plan for FY 2014-2017. For the Agency, as well as the Program, the mission and vision statements (reflected on page 8 of this document) and core goals were validated and remain the strategic direction for AbilityOne. The Commission and stakeholders then worked to refine shorter-term performance goals, tactics and measures, to ensure that the plan is relevant in today's dynamic business environment and can be readily operationalized.

The core goals for the AbilityOne Program are: (1) Effective Stewardship, (2) Employee and Customer Satisfaction and (3) Employment Growth. The Commission has an additional core goal applicable to the Federal agency, which is (4) Business Excellence. The high priority afforded to the execution of these goals is reflected in the Commission's subcommittee structure. Each of the Commission's standing subcommittees is devoted to these core goals. The Agency uses a dashboard approach to report the progress toward each goal, reviewing and using the relevant data to make recommendations at the subcommittee level for decisions at the full Commission level.

5.1 STRATEGIC GOAL 1: EFFECTIVE STEWARDSHIP

AbilityOne Program integrity is paramount, making the Effective Stewardship goal a top priority for the Commission. Effective Stewardship encompasses fostering, monitoring and enforcing nonprofit agencies' compliance with the statutory and regulatory requirements to participate in the AbilityOne Program. In FY 2016 and FY 2017, a greater emphasis will be placed on the Commission's oversight of its Central Nonprofit Agencies (CNAs), in accordance with the recommendations in GAO Report GAO-13-457, with the establishment of written agreements to be completed by mid-FY 2017.

The Commission's quantitative targets for the Stewardship goal pertain to AbilityOne-participating nonprofit agency compliance. The Commission focuses on two key metrics:

- (1) 100% nonprofit agency compliance with applicable laws and regulations to participate in the AbilityOne Program, and
- (2) Completion of 120 on-site compliance reviews per year, resulting in 100% of all nonprofit agencies receiving an on-site review over a five-year cycle.

While striving for a perfect record of nonprofit agency compliance is very ambitious, the Commission holds program integrity paramount, and has established no acceptable level of noncompliance. Nonprofit agencies must demonstrate that 75% or more of all hours of direct labor worked were provided by people who are blind or who have significant disabilities. Based on the Commission's on-site audits and review of nonprofit agencies' certified data for FY 2014, just over four percent (24 nonprofit agencies) were out of compliance with the statutory requirements for the AbilityOne Program, such as the aggregate direct labor hour ratio. The consequences of noncompliance include nonprofit agencies being required to make in-person reports to the Commission; nonprofit agencies being placed on probation; suspension from consideration for AbilityOne work opportunities and/or

removal of eligibility to participate in the Program. Compliance-related data and trends are used to identify priorities for training and communications for the next fiscal year.

In October 2015, the Commission launched a new, more robust form of nonprofit agency certification: Annual Representations and Certifications (“Reps and Certs”). The Annual Reps and Certs increase the Commission’s visibility into additional regulatory and contract compliance areas, and require nonprofit agencies to explain any deviations in writing. The entire Reps and Certs document must be signed by the nonprofit agency’s CEO and Board Chairperson and the False Claims Act will be applicable and enforced. The Commission is already working with its CNAs to provide training via webinars to ensure nonprofit agencies’ understanding of and proper use of the Reps and Certs forms. Commission compliance staff will make training presentations and focus on the Reps and Certs as a key compliance tool going forward.

The Commission completed 420 compliance reviews in the five-year period from FY 2010-2014, reaching 75% of all AbilityOne nonprofit agencies. While this is a high proportion of all AbilityOne agencies, and includes all of the largest (“top ten”) nonprofit agencies in the program, it remains 25% short of the target for 100% to be visited within the period. Sequestration, the Government shutdown and delays in funding continued to limit the number of on-site compliance reviews made in 2013 and 2014; even when and if funding is restored, it is difficult to make up for lost time with the current staffing level of the Commission’s compliance team. As a result, only 77 reviews were completed in the last year. During this period, the Commission continued to thoroughly review nonprofit agencies’ annual certifications, and utilized virtual reviews to the maximum extent possible. However, its inability to make on-site reviews to all 565 nonprofit agencies during the five-year cycle creates risk for the AbilityOne Program.

Quite simply, more staffing and travel resources are needed to make sure all nonprofit agencies receive routine on-site reviews, follow-up visits and unscheduled visits. The Commission needs to shorten the review cycle from once every five or six years to once every two to three years, to ensure that all of the rules and regulations are being followed, or that deviations are identified quickly. The additional compliance personnel, travel, equipment and training resources needed are requested in Sections 3.3 and 3.5.

5.2 STRATEGIC GOAL 2: EMPLOYEE AND CUSTOMER SATISFACTION

Both employee and customer satisfaction are crucial to accomplishment of the AbilityOne Program’s employment mission. The Commission oversees the evaluation of data from these two key stakeholder groups, which include both quantitative and qualitative measures of satisfaction. The Commission and its AbilityOne partners then develop and execute plans to increase satisfaction in the areas where our data and evidence show the greatest opportunity for improvement.

The first strategic objective under this goal is to increase and sustain AbilityOne nonprofit agency **employee satisfaction** through a continuous feedback process, followed by targeted strategies to achieve improvements. A baseline employee satisfaction level was established in 2010, showing an overall AbilityOne Program employee satisfaction rating of 85%, compared to the 68% industry benchmark level¹⁰. In 2013, employee satisfaction was again measured, with AbilityOne participants

¹⁰ Source: A random sample of AbilityOne employees with significant disabilities and a census survey of AbilityOne employees who are blind were asked a combination of satisfaction questions with the results combined and appropriately weighted. The benchmark industry percentage is a weighted average of Towers Watson employee survey results from the cross-section of industry sectors in the U.S., weighted by size and industry using current Census data.

reporting an increased level of overall job satisfaction level, 86.5%, compared to the U.S. National Norm¹¹ of 70%. The next triennial survey of AbilityOne employees is scheduled to take place in 2016.

At the conclusion of each survey, the Commission worked with National Industries for the Blind and SourceAmerica to identify opportunities to increase satisfaction, particularly through implementation of the Quality Work Environment (QWE) initiative. QWE involves nonprofit agency employers of people who are blind or significantly disabled sharing best practices and pursuing continuous workplace improvement to better serve their workforce. It focuses on four key areas:

(1) increasing wages through increased productivity, (2) providing navigation to supports, services and training, (3) articulating a defined career ladder for employees, and defining steps to climb the ladder, and (4) ensuring an integrated, engaging workplace culture.

Several QWE best practices correlate positively with the elements of job satisfaction most desired by AbilityOne employees, according to employee satisfaction survey results. Accordingly, the Commission influences employee satisfaction by monitoring and encouraging nonprofit agencies' engagement in the QWE initiative and implementation of QWE plans. The Commission expects to achieve full voluntary participation across the AbilityOne Program, but has extended the timeline for adoption in light of the uncertainty and disruption to nonprofit agencies' employment programs during Sequestration, the Government closure and subsequent decrease in AbilityOne employment opportunities. As of the fourth quarter, FY 2015, 85% of all AbilityOne employees worked in nonprofit agencies that participate in QWE continuous improvement efforts, and nearly 60% of all AbilityOne nonprofit agencies were taking part in this voluntary program.

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/services. Important on its own, this objective also facilitates the employment mission. In early FY 2015, a survey of non-Defense Federal Customer Satisfaction and Loyalty was implemented identify strengths and opportunities for improvement among customers who are the primary points of contact for active AbilityOne contracts. The overall response rate was just below 20% and the margin of error +/- 7.1%, requiring conservative use of the data. However, statistically valid findings included an overall 88% satisfaction level with the AbilityOne Program among this segment of customers, up from the previously measured level of 84% in 2011. Other statistically valid findings underscored the Program's need to focus on more competitive pricing and proposals, while quality and timeliness were found to be equal to or better than non-AbilityOne contractors. The results correlated closely with the feedback gathered in an AbilityOne products/services end-user survey conducted in 2014.

The Department of Defense (DOD) has implemented policies that limit their acquisition personnel's participation in surveys without special authorization. If unable to gather quantitative data, the Commission is exploring the use of past performance reports to glean customer satisfaction input. The Commission is also implementing GAO recommendations related to pricing, specifically to enhance transparency in the establishment of Procurement List prices through the dissemination of procedures, manuals and training. After full implementation, we will evaluate the effect of these recommendations on customers' understanding of and perception of AbilityOne pricing. Each of

¹¹ As with the 2010 survey, industry norm data was supplied by Towers Watson, a professional services company that conducts employee research and helps organizations improve performance.

these satisfaction-related tactics will be implemented within the Commission's baseline resources; no additional funding is requested for this goal area.

5.3 STRATEGIC GOAL 3: EMPLOYMENT GROWTH

The AbilityOne Program's mission is to generate employment opportunities for people who are blind or significantly disabled, so employment growth is the bottom-line metric. The quality of AbilityOne employment is a high priority for the Commission, as discussed under the Employee/Customer Satisfaction goal above. The Commission tracks promotions of people who are blind or significantly disabled, which numbered more than 1,530 in FY 2014, including more than 350 promotions into supervisory positions. We also track competitive placements, where AbilityOne employees are assisted in finding jobs outside of the Program, which exceeded 1,930 during the fiscal year. Still, the primary measure for the growth goal is quantitative -- the number of direct labor hours worked by AbilityOne employees and the total number of jobs supported by the products and services on the AbilityOne Procurement List.

AbilityOne Program data shows that in FY 2014, more than 46,000 people who are blind or have significant disabilities worked on AbilityOne contracts, performing nearly 45 million hours of direct labor and earning \$558 million in aggregate wages. The average hourly wage was \$12.44. AbilityOne employment is driven by the delivery of products and services to the Government, and total AbilityOne sales recorded in FY 2014 were \$2.88 billion, essentially flat since FY 2012. The details show that sales of AbilityOne products were down sharply, nearly 30%, attributable to reduced military spending and supply system transformation across key Federal agencies, while services represent the majority of AbilityOne sales and they increased slightly in FY 2014.

The Commission encourages Federal agencies to work with National Industries for the Blind, SourceAmerica and individual AbilityOne nonprofit agencies to identify requirements that may be suitable for addition to the Procurement List. In FY 2014, there were 115 additions made to the Procurement List, which were estimated to create 485 FTEs' worth of direct labor hours for people who are blind or significantly disabled. Preliminary data shows that in FY 2015, year to date, there have been 84 additions to the Procurement List, which are estimated to provide another 427 FTEs' worth of direct labor hours. These numbers show that employment growth is slow, but is starting to rebound from the substantial drops in employment and sales during FY 2013.

Managing the Procurement List is a mission-critical process for the Commission and includes numerous maintenance activities such as product updates, price changes or authorizing additional nonprofit agencies to perform the work. The Commission's Operations staff is virtually one-deep in all technical areas, from products expertise to services expertise, from price analysis to information management. In FY 2017, we have requested additional positions to assist the Commission in managing the Procurement List in a complete, timely and accurate manner. This includes more robust price reviews and more thoroughly documented decision packages. It also includes filling key operational and pricing positions in field offices to work more closely with the customers and the participating nonprofit agencies. These resources are discussed in Sec. 3.3 and 3.5.

In light of the decrease in overall Federal spending, the Commission is also focused on efforts to capture more sales and employment from the products and services already being provided through the program. One key effort was to reduce the sale of retail, commercial products that are the same or "essentially the same" as products on the AbilityOne Procurement List. The Commission issued an interim and then final policy regarding such purchases. AbilityOne worked with the General Services

Administration to remove products from contracts, schedules and online ordering sites when those products overlap those on the Procurement List. The Commission also encouraged AbilityOne nonprofit agencies to identify more opportunities for “reciprocal purchasing,” to use more of their own products and services for internal or operational needs.

5.4 STRATEGIC GOAL 4: BUSINESS EXCELLENCE

The Commission executes mission-critical business processes with its Central Nonprofit Agencies, participating nonprofit agencies and Federal customers. The strategic objective is to improve the efficiency and efficacy of three critical business processes: (1) the Procurement List addition process, which as discussed above generates employment, (2) fair market pricing policy and procedures, and (3) the Central Nonprofit Agency (CNA) Fee determination and implementation process.

For the past two years, the Commission has focused on the most impactful areas for improvement in both the Procurement List addition process and the fair market pricing process: (1) to decrease cycle time and (2) to strengthen the documentation of fact-based analysis supporting Procurement List or pricing decisions. While considerable efficiencies have been identified through a series of Lean Six Sigma projects, another approach to cycle time reduction was pursued in the last year by clarifying the standards for materially complete Procurement List transactions, and reducing the number of transactions that must be rejected and reworked. The Commission issued manuals and other guidance to help employees know, understand and consistently apply the business rules, and has seen the rework rate decrease by 30%. This standardization will also enable new Commission employees to quickly pick up the requirements and procedures for working on Procurement List transactions.

In FY 2017, a cross functional team will continue to review both the standard Procurement List transactions and all stages in the fair market pricing process to identify changes that can further streamline cycle time without sacrificing quality. Accuracy, thoroughness and commitment to documentation of the facts continue to be the other key are of focus for the Procurement List and pricing processes into FY 2017. Feasibility reviews early in the life cycle of a Procurement List addition will be implemented for complex products or services. Project-level Representations and Certifications will be required for proposed Procurement List additions by the end of FY 2017. These “Reps and Certs” will provide additional facts, certified data and other important information to inform and fully document the rationale for the Commission’s business decisions.

Finally, the Commission continues to review the AbilityOne Program’s processes to provide resources to the Central Nonprofit Agencies (CNAs), which receive no appropriated funds, but instead receive a fee on the sales of AbilityOne products and services to the Government. In accordance with the Consolidated Appropriations Act of 2016, the Commission will implement written agreements with the CNAs by mid-FY 2016, which will better specify the Commission’s expectations for use of those resources and will provide a formal process for the Commission to evaluate the CNAs’ performance of their duties. The Commission is also scheduled to revisit the current three-year CNA fee ceiling during FY 2017. These and the above continuous improvement efforts are performed with existing staff resources and do not require additional funding in FY 2017.

6.0 Evidence and Evaluation

6.1 Use of Evidence and Evaluation

OMB Memorandum M-15-11 defines evidence as “the available body of facts or information indicating whether a belief or proposition is true or valid. Evidence can be quantitative or qualitative, and may come from a variety of sources, including performance measurement, evaluations, statistical series, retrospective reviews, and other data analytics and research.” The guidance further discusses the credible use of evidence in decision-making. At the Program level, the Commission has long used evidence such as annual program data and independent reviews to evaluate performance, the efficacy of strategies used to achieve its objectives, and the need for adjustments in priorities, policies and procedures.

The Commission reviews both annual and quarterly data such as changes in the number of program employees, direct labor hours they work, wages they are paid, outplacements that are made to competitive employment, and adoption of best practices in the work environment. This information enables the Commission to gain a better understanding of the nonprofit agencies that participate in the program and the AbilityOne employees themselves. The average hours worked per AbilityOne employee and the number of employees per nonprofit agency are two examples of evidence that has informed the Commission’s decisions or policy positions.

In developing this budget justification, the Commission considered data it collects pertaining to jobs created, job reductions, direct labor hours worked, Federal agency expenditures, wages paid and the compliance ratings of AbilityOne-participating nonprofit agencies. This evidence allows Commission members to monitor and evaluate the progress towards AbilityOne strategic goals and to decide where the Commission’s attention and emphasis is most needed to effectively administer the Program. This year, the program data along with external challenges convinced the Commission that the previous level of funding is no longer sufficient to adequately administer the AbilityOne Program. We request several additional FTEs and the resources to support them as a result of this evaluation.

AbilityOne Program data shows where employment has been gained, sustained or lost during the past year. Combined with Federal spending analyses, this data tells the Commission which lines of business support the most reliable, highest skilled, highest paying positions for AbilityOne workers, and should thus be the focal points for fostering and growing AbilityOne job opportunities. In 2014, the Commission received data collection authority to require annual reporting of veterans’ employment through the AbilityOne Program. This data has already been useful in showing the number of veterans employed, both for direct and indirect labor positions on AbilityOne contracts, which is both relevant to the AbilityOne mission and important to maintaining the support of our Department of Defense customers. More than 3,200 veterans who are blind or have significant disabilities were working in FY 2014 as a result of AbilityOne Program job opportunities.

6.2 Evidence Template

Section 1. Agency Context

Agency Strategy to Advance the Use of Evidence in Decision Making

The Commission embarked on a strategy to transform its mission-critical business processes associated with the Procurement List to require robust, independent data wherever applicable, to ensure that decisions are logical, well-documented and defensible. For example, the Commission's decision packages now include Census data to support recruit plans for employment candidates with significant disabilities in specific geographic areas. The Commission requires documentation from the appropriate source (e.g., technical proposals, evaluation panel work products) where needed to support assessments of transportation, training, safety, capability and capacity related to nonprofit agencies' performance of Procurement List work.

Recent Progress

The Commission's Decision Document template has evolved over the past two years to reflect the above strategy and approach using independent evidence and source documentation to inform the Commission's Procurement List decision process. These changes and the veracity of the Commission's administrative record were instrumental in protest litigation before the Court of Federal Claims in December 2014. The Commission's decision was upheld by the Court.

The Commission's collection and analysis of nonprofit agency wages paid has been useful in several public policy areas. The Commission was able to provide positive, evidence-based input to the Executive Office of the President when the Executive Order raising the Federal contract minimum wage to \$10.10 per hour was under consideration. Likewise, the Commission has provided employment and wage data to the Advisory Committee on Increasing Competitive Integrated Employment for People with Disabilities, whose recommendations to the Secretary of Labor and Congress will be made in 2016.

Current Barriers

There only barriers to the Commission's use of evidence in evaluation and decision-making are the administrative process necessary to authorize the collection of additional data from its nonprofit agency community, and the staffing resources to process and analyze that data for timely use. The Commission has taken a "small steps" approach to the data collection, seeking incremental authority to collect data and working through its priorities, such as veterans' data collection (2014) and nonprofit agency expanded annual data (2015.)

Section 2. Top-priority proposals

Scale-up or Capacity-building proposals

The Commission is midway through the process to obtain additional data collection authority in accordance with the Paperwork Reduction Act for annual representations and certifications of compliance from AbilityOne nonprofit agencies. If approved, the Commission will require its participating nonprofit agencies to submit "Annual Reps and Certs" similar to those required of

Federal contractors in order to maintain their eligibility for AbilityOne contracts. This will replace an existing report format that collected aggregate data but did not seek the level of detail or supporting documentation that will be required in the new Reqs and Certs. The Commission is leveraging existing resources to enhance the capabilities for data collection, storage and reporting within its Procurement List Information Management System. Once in place, the Commission's compliance staff will review the Reqs and Certs submissions and extract additional data and intelligence for use by the Commission in its oversight and implementation of core goals.

7.0 Proposed Appropriation Language

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

SALARIES AND EXPENSES

For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled, established by Public Law 92-28 (41 U.S.C. §8501 et. seq.), \$10,612,000: Provided, That no less than \$750,000 shall be available for the Office of Inspector General.

8.0 Conclusion

The U.S. AbilityOne Commission is requesting a substantial investment in the Agency's capabilities and capacity to strengthen Program oversight. There are several contributing factors that compel the Commission to request this increase. The Agency's funding has remained within the range of \$5.2 to \$5.5M (net, after funding the OIG in FY 2016) since FY 2010, despite an increase in the complexity, size and scope of the procurements conducted under the auspices of the AbilityOne Program and the JWOD Act. The business environment has caused employment opportunities to decrease, at least temporarily, and new strategies are needed to bring the employment level back up to its peak of 50,000 jobs or beyond.

The direction provided by the Consolidated Appropriations Act of 2016 and the earlier Government Accountability Office (GAO) report recommendations (GAO-14-347) support our budget request. The increased oversight of Congress, engagement of Offices of Inspector General, and the litigious, protest environment each require attention to policy, procedures and thorough documentation to support every Commission decision. It is also critical for the Commission to establish and implement strong written agreements with the central nonprofit agencies it has designated to assist in administering the AbilityOne Program. Simply put, we need more people perform these functions and the other critical tasks necessary administer this important jobs program.

The Commission's ability to thoroughly monitor and oversee the Program has not kept pace with the growth in program value and the number of employees in the program. We need to ensure program integrity to protect and preserve this unique employment program for its intended beneficiaries – people who are blind or who have other significant disabilities. The individuals who qualify for and choose AbilityOne employment face many barriers to competitive employment. If they are not able to maintain competitive integrated employment, the AbilityOne Program provides another path for qualifying individuals to enter the U.S. labor force, earn a paycheck, and achieve their own piece of the American dream.

This FY 2017 budget is structured to support the Commission's employment mission and the need for more emphasis on effective stewardship and program integrity. It is not possible to meet either the purpose of the AbilityOne Program or the Commission's oversight responsibility without increased funding. To fully achieve the Commission's strategic goals and objectives, and to increase its oversight capability and capacity, a funding level of \$10.612M is necessary. The Commission's Presidential appointees fully support and endorse this budget, and ask that it be fully funded.

Appendix I Financial Management

Though it is a small, independent agency, the Commission accomplishes an important mission that is national in scope – touching the lives of more than 46,000 people who are blind or who have other significant disabilities. It does so without a national infrastructure, and with very limited appropriated funds. The agency’s 2015 budget was \$5,362,000. This budget is primarily used to fund salaries and benefits for the Agency’s full-time civil service staff and private citizen members, to pay for rent and overhead expenses at the agency’s sole office in Arlington, Virginia, and to fund official travel such as on-site audits of nonprofit agencies’ compliance with the law and relevant regulations.

The agency’s goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. Accordingly, and leveraging the efficiencies of shared services, the Commission obtained financial systems services from the Financial Information & Operations Division USDA - Office of the Chief Financial Officer under an interagency agreement in FY 2015. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Commission relied primarily on audits of the Financial Information & Operations Division conducted by the Office of the Inspector General at USDA to uncover material weaknesses in those systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Commission by that office.

In FY 2014, independent auditors found the Committee’s financial statements presented fairly and the agency’s financial position for the fiscal year ended in conformity with generally accepted accounting principles. Additionally, the auditors did not note any deficiencies in internal controls over financial reporting that would qualify as a material weakness. Also, the audit did not disclose any instances of noncompliance with laws or regulations that would be reportable under Government Auditing Standards or the Office of Management and Budget (OMB) Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended. The agency continues to perform monthly periodic reviews of financial statements against internal control documents to ensure accuracy of transactions between the Committee and our GSA service provider.

Improper Payments Reductions

In accordance with the Improper Payments Information Act of 2002, the Commission reports that it had no significant improper or erroneous payments in FY 2014. As of September 10, 2015, the Commission staff has reviewed and reconciled all FY 2015 payments to date, and has identified no significant improper or erroneous payments in this fiscal year. Therefore, no corrective action is required. The Commission has no grant making authority, makes no payments to beneficiaries, has no unneeded real property and has no debt collection program. The Commission has fewer than eight contracts for services; none in excess of \$215,000 per year, and most are significantly below that threshold. Nearly all of the agency’s resources are dedicated to personnel and rent. The Agency is committed to monthly reconciliation of all spending, including payroll, and remains vigilant to prevent improper payments.



(703) 603-7740
Fax (703) 603-0655

Appendix II Information Technology (IT) Resource Statement

September 14, 2015



1401 S. Clark Street, Suite 715
Arlington, VA 22202

In accordance with OMB Memorandum A-11 dated May 1, 2015, 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. There are no major IT investments in systems, but the Commission has requested an increase in funding to procure IT equipment and software licenses for new employees.

A handwritten signature in black ink that reads "Shang-iong (Edward) Yang".

Shang-iong (Edward) Yang, CIO