

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

## FISCAL YEAR 2011 PERFORMANCE AND ACCOUNTABILITY REPORT



An independent agency responsible for administering the Javits-Wagner-O'Day Act (41 U.S.C. 46-48c) and the AbilityOne Program.



## TABLE OF CONTENTS

Executive Director’s Message .....	2
Section 1: Management’s Discussion and Analysis .....	4
Mission and Organization Structure .....	4
Performance Goals, Objectives and Results .....	6
Analysis of Financial Statements and Stewardship Information .....	8
Analysis of Systems, Controls and Legal Compliance .....	8
Other Management Information, Initiatives and Issues .....	9
Limitations of the Financial Statements .....	10
Section 2: Performance Section .....	11
Goals with Five Year Trending.....	11
Explanation of Variances between Targets and Actuals.....	14
Goals with Incomplete Data.....	15
Measures Changed or Dropped.....	15
Assessment of Data Reliability and Completeness.....	15
Use of Data to Improve Outcomes.....	16
Plans for Improving Performance.....	16
Section 3: Financial Section .....	18
Financial Audit Report .....	18
Section 4: Other Accompanying Information.....	18



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

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November 15, 2011

The Honorable Jacob J. Lew  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

Dear Mr. Lew:

The Committee for Purchase From People Who Are Blind or Severely Disabled (the Committee) respectfully submits the enclosed FY 2011 Performance and Accountability Report (PAR). The Committee is an independent Executive Branch agency that administers the Javits-Wagner-O'Day Act of 1971 (as amended.) This statute authorizes the Committee to guide and oversee an employment program for people who are blind or who have other significant disabilities, known as the AbilityOne Program.

The Committee's mission, and that of the AbilityOne Program, is to create employment opportunities for people who are blind or who have other significant disabilities in the manufacture and delivery of products and services to the Federal Government. Through AbilityOne employment, many individuals with the most barriers to employment are able to work, to reduce their dependence on disability benefits programs and to become taxpayers for the first time. At the same time, Federal agencies receive quality products and services that are furnished by the AbilityOne workforce, on time and at reasonable prices.

Employment is a key pillar of President Obama's Plan to Empower People with Disabilities. The Committee's mission, vision and accomplishments make significant contributions to this goal. The AbilityOne Program network of nonprofit agencies is the single largest source of employment for this segment of the U.S. population. Our preliminary FY 2011 results indicate that a record level -- more than 50,000 individuals who are blind or who have other significant disabilities -- received employment through the AbilityOne Program. Not only do AbilityOne employees earn experience, income and tangible benefits, but our Quality Work Environment (QWE) initiative is enhancing the nature of their employment -- promoting opportunities to do the work of their choice, with flexibilities and supports, at competitive wages, with access to training and a clearly articulated career ladder.

Performance data related to the AbilityOne employment mission is verified by the Committee's staff upon receipt of certified annual reports from all participating nonprofit agencies. The Agency's compliance function includes on-site audits of nonprofit agency data to ensure that it is properly captured, classified and reported, consistent with the Agency's emphasis on stewardship. Our compliance staff also provides training throughout the year to nonprofit agencies on the proper tracking, classification and reporting of their data. This data is then analyzed by the Committee staff and compared to previous year's certified data to identify discrepancies or anomalies. A detailed discussion of our data assessment is found in Section 2 of the enclosed report.

The External Services Branch of the Finance Division at the General Services Administration (GSA) provided financial systems services to the Committee under an interagency agreement during FY 2011. These services included an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Committee relied primarily upon audits of the Finance Division conducted by the Office of the Inspector General at GSA to uncover material weaknesses in the systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Committee by that office. The Committee also contracts for an outside, independent audit of its financial position each year. This audit will be forwarded to OMB upon completion to comprise Section 3 of the enclosed report.

More than 13 million working age Americans who are blind or have other severe disabilities experience significant barriers to employment.<sup>1</sup> Among this segment of the population, the rate of *employment* is extremely low. In fact, over 60% of these individuals are not currently employed. The AbilityOne Program attempts to correct this inequity, providing over 50,000 job opportunities to people who are blind or who have other significant disabilities. The Program's delivery of such jobs, as well as quality products and services at a fair market price, is built on a foundation and spirit of accountability and transparency. We look forward to further enhancing and demonstrating the performance results of the AbilityOne Program.

Sincerely,

/ s /

E. Ballard  
Executive Director

Enclosure

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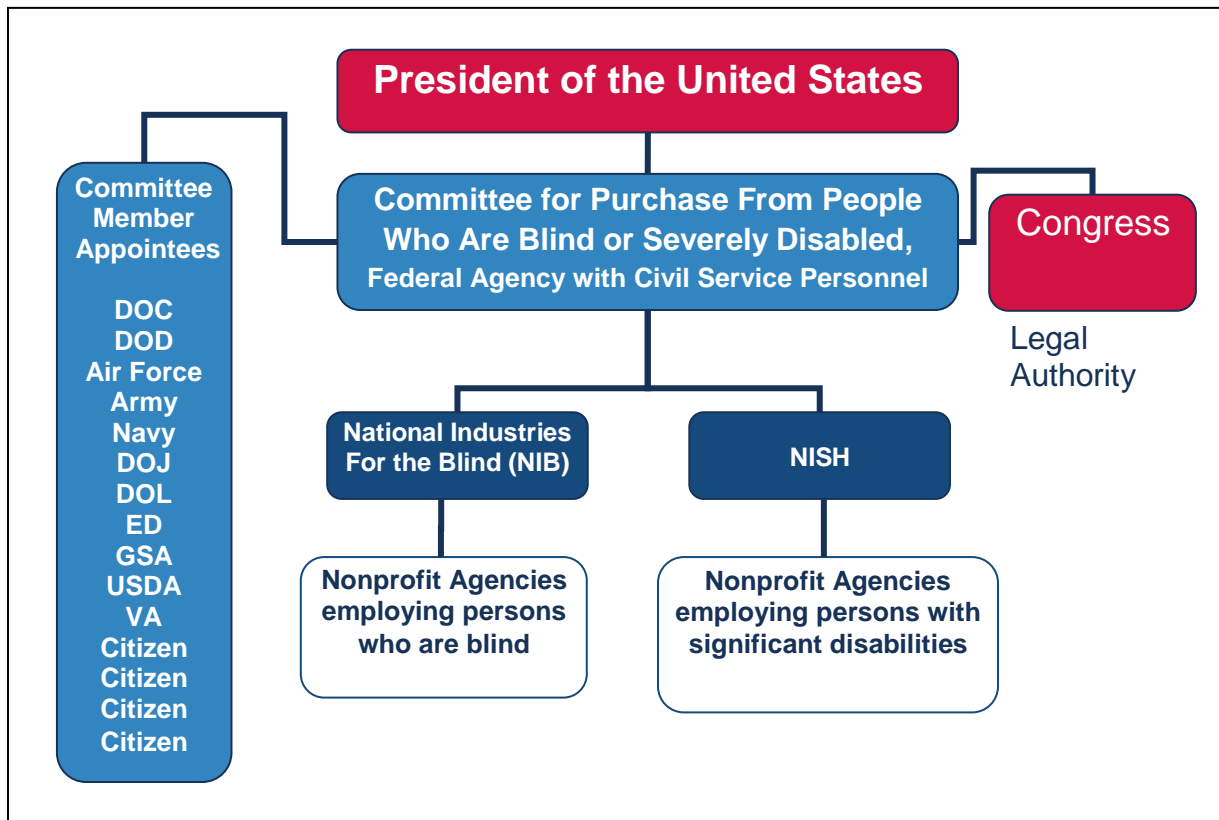
<sup>1</sup> Data source: U.S. Census Bureau: Americans With Disabilities: 2005, Issued December 2008, Report P70-117, Household Economic Studies, Current Population Reports, By Matthew W. Brault.

Section 1: Management’s Discussion and Analysis

**Mission and Organizational Structure**

The Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) was established by the Wagner-O’Day Act of 1938, which later became the Javits-Wagner-O’Day Act of 1971 (as amended). The Act authorizes the Committee to administer an employment program, known today as the AbilityOne Program, which generates job opportunities for approximately **50,000** people who are blind or have other significant disabilities, in the manufacture and delivery of products and services to the Federal Government. The vision of the AbilityOne Program is to enable all people who are blind or have other severe disabilities to achieve their maximum employment potential.

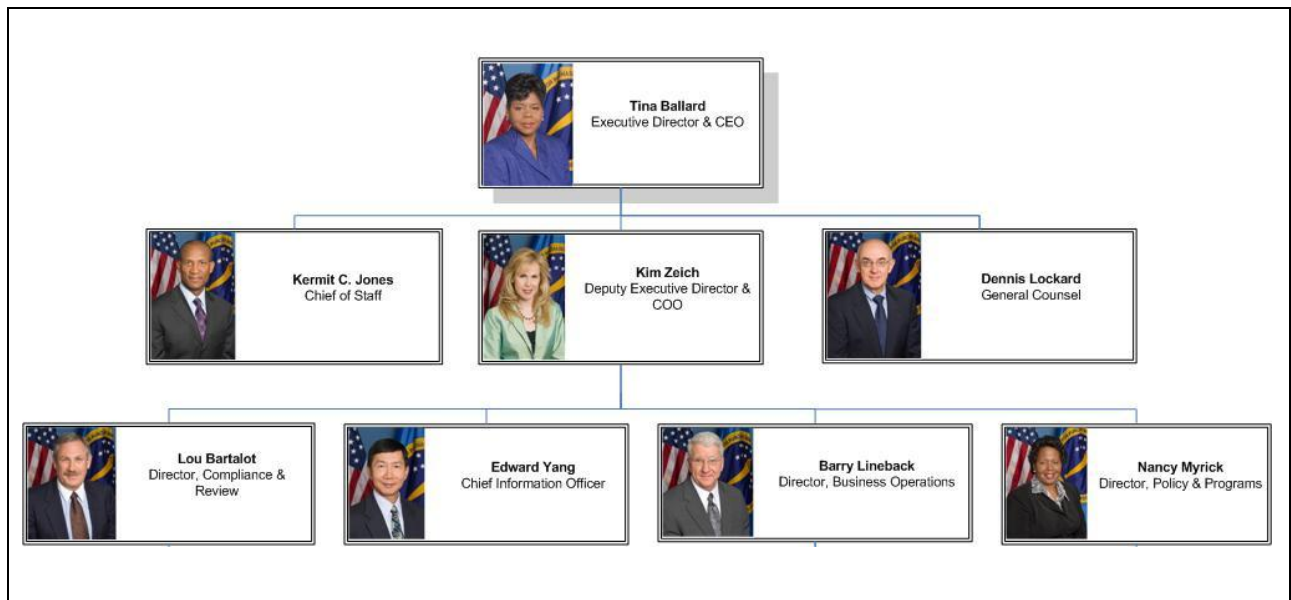
The Committee is comprised of 15 Presidentially-appointed members, who were supported by a full-time civil service staff of 27 Federal employees in FY 2011. In accordance with the enabling legislation, a unique public-private structure is in place to administer and support the AbilityOne Program. The Act directs the Committee to designate one or more central nonprofit agencies to assist it in implementing the AbilityOne Program. The Committee has designated National Industries for the Blind (NIB) and NISH (serving people with a wide range of significant disabilities) to fulfill this role. NIB and NISH assist more than 600 private nonprofit agencies and/or State agencies to participate in the AbilityOne Program and in so doing, to employ people who are blind or who have other significant disabilities. The AbilityOne Program organization structure is illustrated below.



**Figure 1. AbilityOne Program Structure**

The President appoints 15 Committee members who provide oversight and guidance to the Agency and who, by law, make certain determinations about products and services suitable for the Procurement List. Eleven of the appointees represent Federal agencies, while four are private citizens representing the employment concerns of people who are blind or who have other significant disabilities. At the close of FY 2011, the Chairperson was J. Anthony Poleo, appointed to represent the Department of Defense. The Vice Chairperson was James Kesteloot, private citizen from Chicago, Illinois. Within the Committee, there are four Subcommittees where substantive policy issues are discussed and recommendations are forwarded to the full Committee for approval and implementation. These goals and related indicators were updated for the performance period of FY 2010-2014, as stated below.

A member of the Senior Executive Service serves as chief executive officer and leads the full-time civil service staff who carries out strategic as well as routine business of the Committee as a Federal agency. The staff handles all day-to-day business and prepares the information required by the appointees for decision making. The staff is organized into the following functional areas: compliance, information technology, business operations, policy and programs and executive team. Senior leaders for these functional areas are shown in the chart below. There were 27 FTEs on staff at the end of FY 2011 with all funded positions filled. More than 20 positions that were previously identified as necessary to perform compliance, operations and information technology functions for the growing AbilityOne Program were unfunded, thus not filled.



**Figure 2. Committee Civil Service Senior Leader Organization Chart**

## Performance Goals, Objectives and Results

The Committee utilizes the following performance goals and indicators to evaluate the success of its execution of the mission and particularly, its administration of the AbilityOne Program:

1. Effective stewardship, demonstrated by the number of participating nonprofit agencies verified to be in full compliance with program rules and regulations.
2. Employee and customer satisfaction, demonstrated by increases over time in percentages of employees and customers who report that they are satisfied or highly satisfied with what the AbilityOne Program provides them.
3. Employment growth, demonstrated by the increase in jobs and hours worked by the AbilityOne Program's workforce.
4. Business excellence, demonstrated by improved processes that affect the entire enterprise, including decreased cycle time for the AbilityOne Program's key business transactions.

Fiscal Year 2011 preliminary data shows that it was a year of growth and improvement in key programmatic areas. Where FY 2011 data is not yet available, this report refers to FY 2010 data. The Committee's continued emphasis on nonprofit agency compliance resulted in 98.3% of AbilityOne-participating nonprofit agencies achieving full compliance with the statutory direct labor ratio requirements in FY 2010. The objective is 100% nonprofit agencies in full compliance. Final FY 2011 data will be reconciled and available in January 2012, while preliminary data is shared in Section 2 of this report. The Agency's continued emphasis on compliance is warranted, as the Committee must ensure both that the AbilityOne Program is serving the intended beneficiaries and that it continues to provide an effective (and cost effective) way for the Federal Government to help individuals who are blind or who have other significant disabilities achieve employment and economic independence. As the AbilityOne Program continues to grow in pursuit of its mission, and as the Committee has sole responsibility for determining program compliance, it is imperative for the Committee to prioritize its monitoring and auditing functions related to nonprofit agencies in the program.

In FY 2011, the Committee made great strides toward another important objective, enhancing the quality as well as the quantity of employment offered through the implementation of its "Quality Work Environment" (QWE) initiative. This initiative was designed to identify and promote best practices to support the quality of employment provided to the AbilityOne Program's nationwide workforce—resulting in expanded choice, increased training opportunities and a clear path for advancement for individuals who are blind or who have other severe disabilities. By the end of FY 2011, more than 25% of AbilityOne nonprofit agencies had become early adopters of the QWE initiative and were in the process of conducting self-assessments or implementing their QWE action plans. The QWE initiative closely correlates with the elements of job satisfaction that AbilityOne nonprofit agency employees identified in 2011 as having the most potential for improvement.

At the same time, in FY 2011, the Committee was able to leverage its central nonprofit agencies' research on Federal customer satisfaction with the AbilityOne Program. Over 300 Federal acquisition personnel, ranging from contracting officers, contract specialists and acquisition managers, responded to questions regarding their overall satisfaction, likelihood that they would

recommend AbilityOne solutions, and their perceptions of AbilityOne quality, timeliness and pricing. The key findings were that 84% of Federal customers reported being either very satisfied or satisfied with the AbilityOne Program’s provision of solutions, and 84% of customers reported that they would recommend the AbilityOne Program to other Federal agencies (more details are found in Section 2).

Employment growth remains a significant area of success for the AbilityOne Program. In FY 2011, an estimated 1,359 FTEs were created through additions to the Procurement List (PL). While lower than the record 1,865 FTEs added in FY 2010, this level of growth exceeded that of each of the previous three fiscal years as shown below, and exceeded the five-year average. It is also notable that AbilityOne employees tend to work less than a 2,000 hour full-time equivalent year, often due to the nature of their disabilities. The creation of 1,359 FTEs is likely to result in more than 2,600 new opportunities for AbilityOne employees to work.

	<b>FY 2007 Results</b>	<b>FY 2008 Results</b>	<b>FY 2009 Results</b>	<b>FY 2010 Results</b>	<b>FY 2011 Results</b>	<b>5-Year Average</b>
PL Additions	107	133	115	169	151	135
New FTEs	745	696	1107	1865	1359	1154

**Table 1. Fiscal Year 2007-2011 Procurement List Addition Results.**

While tracking Procurement List additions provides an important indicator for future employment levels, the Committee pays particular attention to the year-end employment results, in both the number of total AbilityOne employees, and the hours of direct labor they performed. These measures indicate a continued upward trend since FY 2007.

	<b>FY 2007 Results</b>	<b>FY 2008 Results</b>	<b>FY 2009 Results</b>	<b>FY 2010 Results</b>	<b>Average Change 2007-2010</b>	<b>FY 2011 Preliminary</b>
Hours	41.0 M	43.8 M	45.6 M	48.0 M	+5%	48.8 M
Employees	42,208	43,388	45,936	47,427	+4%	>50,000
Wages	\$415 M	\$457 M	\$494 M	\$528 M	+8%	TBD

**Table 2. Fiscal Year 2007-2011 AbilityOne Employment Results.**

Finally, in FY 2011, the Committee continued to emphasize the improvement of mission-critical business processes such as the method for adding products and services to the Committee’s Procurement List. After performing a Lean Six Sigma study and diagnosis in FY 2010, four teams developed and tested streamlined processes in FY 2011. The most successful of these tests eliminated 49% of transactions for its type of process and was rolled out for program-wide use. Other lean projects resulted in the development and dissemination of updated standard operating procedures and guidelines, enabling staff and business partners to reduce uncertainty and reduce the potential for rework.



Accomplishments during FY 2011 have set the stage for additional successes in FY 2012 and beyond, despite the challenging and austere budget environment. The implementation of strategies to achieve enterprise-wide goals, objectives and growth continued to drive the AbilityOne Program toward creating and sustaining more jobs for people who are blind or who have other significant disabilities.

### **Analysis of Entity's Financial Statements and Stewardship Information**

Though it is a small, independent agency, the Committee accomplishes an important mission that is national in scope – touching approximately 50,000 lives in FY 2011. It does so without a national infrastructure, and with very limited appropriated funds. The agency's 2011 enacted budget was \$5,385,000; this was a decrease of approximately 0.2 percent over its FY 2010 funding level of \$5,396,000. As in FY 2010, Committee's budget in FY 2011 was primarily used to fund salaries and benefits for its 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 to attend meetings, to educate audiences about the AbilityOne Program, and most importantly, to audit nonprofit agencies' compliance with the law and relevant regulations. Any change in the agency's financial position from the previous fiscal year is nominal. There were no significant changes in the types or amounts of assets, liabilities, costs, revenues, obligations, or outlays.

The Agency was funded at a level below the President's 2011 budget request and slightly below the previous fiscal year. All staff positions established during or prior to FY 2010 are filled, and there has been no attrition for the past two years. To maximize available resources, the Committee sought business efficiencies in FY 2011 through the use of technology and volume purchasing negotiated by the General Services Administration. However, even with these and other efficiencies planned for FY 2012, the Agency will not be able to absorb future decreases without jeopardizing the staff's ability to assure nonprofit agency compliance and to execute its business operations in a timely manner.

### **Analysis of Systems, Controls and Legal Compliance**

The Committee's performance goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. Given its small size, the Committee does not have a formal internal controls program, though it does have processes and procedures to prevent the unauthorized use or misappropriation of Government assets going undetected. The External Services Branch of the Finance Division at the General Services Administration (GSA) provided financial systems services to the Committee under an interagency agreement during FY 2011. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Committee relied primarily on audits of the Finance Division conducted by the Office of the Inspector General at GSA to uncover material weaknesses in the systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Committee by that office.

Concurrently, the Committee is responsible for reviewing and reconciling the reports GSA generates from the Financial Information Management System (FMIS) on behalf of client agencies such as the Committee. The Agency began completing monthly reconciliation of the financial statements generated from FMIS, instead of periodic reconciliation, to prevent the agency from experiencing a future material weakness in internal control over financial reporting. In earlier audits, the Agency was advised that its capitalization of property, plant and equipment required strengthening. Thus, corrective action began in FY 2011 to prevent the agency from experiencing a future material weakness in internal control over financial reporting related to property capitalization.

With the above ongoing actions, the Committee provides reasonable assurance that its systems of internal accounting and administrative control comply with applicable requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123 (revised December 21, 2004). The Committee also provides reasonable assurance that the agency's management accountability and internal controls are adequate and effective. The objectives of internal controls are to provide reasonable assurance that:

- Programs achieve their intended results;
- Resources are used consistent with the Agency's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely information is obtained, maintained, reported, and used for decision making.

In accordance with the Improper Payments Information Act of 2002, the Committee reports that it had no significant improper or erroneous payments in FY 2010 or FY 2011. Because no significant improper or erroneous payments occurred, no corrective action is necessary.

### **Other Management Information, Initiatives and Issues**

After 73 years of existence, the AbilityOne Program has become much more than was ever imagined. It is now the single largest employer of people who are blind or severely disabled in the U.S., tapping into the abilities of more than 50,000 individuals nationwide. In the beginning, nonprofit agencies provided very simple commodities such as mops and brooms purchased by the Federal Government. Now they are providing a myriad of complex products (many of which are military unique) and services. Even after seven decades, two important aspects of the AbilityOne Program remains the same: (1) providing needed employment to an untapped labor resource that has limited opportunities to participate in the national economy; and (2) providing Federal customers with quality goods and services at a fair market price to support their critical mission needs.

In light of our nation's continued military operations, one of the Committee's top priorities is growing employment opportunities for and outreach to wounded veterans. In addition to its normal job development activities, the AbilityOne Program has targeted certain lines of business that match the interests of veterans with disabilities. Research performed during FY 2011 found that Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) veterans returning with significant injuries and disabilities have vocational interests and aptitudes in administrative work,

automotive repair, healthcare support, information technology, managerial positions and park ranger/wildlife service positions, among others that are aligned with the AbilityOne Program's book of work. The Committee also worked to engage and collaborate with other agencies that provide rehabilitation and vocational services to wounded veterans. The AbilityOne Program is unique in its ability to provide specific employment and training opportunities at locations where the veterans choose to live and work using their skill sets.

The AbilityOne Program constituted less than one percent of the Government's total procurement dollar spending in FY 2011. However, it has enabled thousands of Americans who are blind or have other severe disabilities to have meaningful employment. While some people who are blind or have other significant disabilities will remain within the AbilityOne Program, others are able to obtain employment outside the program, in the general workforce. In FY 2010, the most recent year for which we have data, more than 2,000 people with disabilities working in the AbilityOne Program were able to obtain competitive or supported employment.

### **Limitations of the Financial Statements**

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Section 2: Performance Section

**Goals with Five Year Trending**

Five year trending is available for the Committee’s Stewardship and Employment Growth Goals. These have been tracked for many years prior to the current Strategic Plan. For goals that do not have a full five years’ worth of data, we provide below the metrics and charts used to track progress with as much data as is available.

Goal #1: Effective Stewardship is measured by percentage of nonprofit agencies found in compliance with all statutory requirements. The trend for nonprofit agencies’ compliance, particularly with the Agency’s statutory direct labor ratio requirement, has remained at a very high level during the five-year period, hovering around 98 percent. Preliminary data for FY 2011 shows that there may be a slight decrease in the level of compliance among nonprofit agencies. While a delta of approximately 2% it is not especially significant, the Committee takes any change in its compliance statistics very seriously. The reasons for this variance and strategies to improve performance are discussed in the respective sections below.

	<b>FY 2007 Results</b>	<b>FY 2008 Results</b>	<b>FY 2009 Results</b>	<b>FY 2010 Results</b>	<b>FY 2011 Preliminary</b>
Nonprofits In Compliance	601/615	599/610	590/603	592/602	582/606
Percentage (Target 100%)	97.7%	98.2%	97.8%	98.3%	96.0%

**Table 3. Fiscal Year 2007-2011 Stewardship/Compliance Results.**

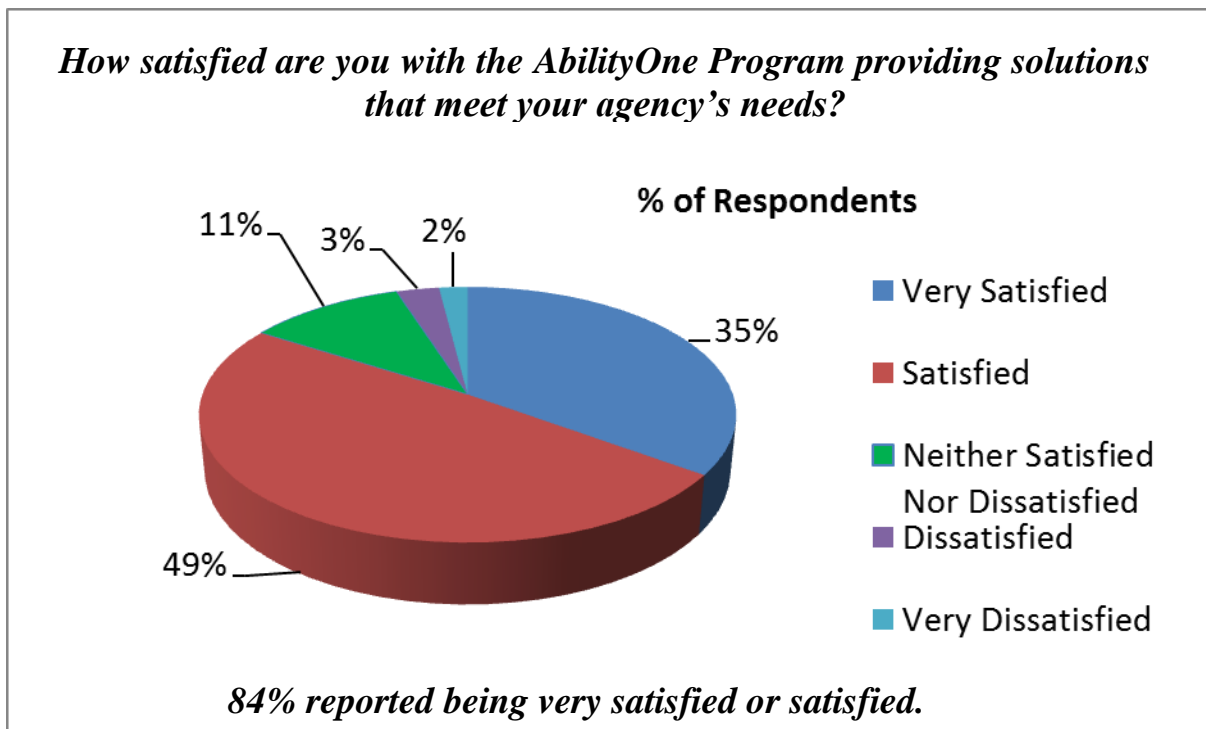
Goal #2: Employee/Customer Satisfaction was primarily measured with quantitative data collected via survey instruments, though some qualitative data has been gathered through listening posts and other small group feedback models, as well. Surveys of AbilityOne employees across the country were developed and implemented by the central nonprofit agencies using third party research expertise. The data was analyzed and made available in FY 2011. Results for nine core job satisfaction elements measured of AbilityOne employees are below. The scores indicate positive responses, e.g., “Very Satisfied” or “Satisfied.”

<b>Core Element of Job Satisfaction</b>	<b>AbilityOne Employees Score</b>	<b>Industry Benchmark, if available</b>
Receiving Supervisor Feedback	81%	72%
Managing my Job/Career	69%	65%
Training and Support	81%	67%
Access to Equipment	87%	N/A
Information on Outside Resources	62%	N/A
Cross Training Opportunities	72%	58%
Pay	69%	N/A
Safe Work Environment	90%	90%
Overall Satisfaction	85%	68%

**Table 4. AbilityOne Employee Satisfaction Scores Delivered in FY September 2011.**

The AbilityOne scores reflect the combination of responses from nonprofit agencies associated with National Industries for the Blind (NIB) and with NISH, serving people with a range of significant disabilities. Industry data for comparison was provided by the third party research firm working with NIB. The employee survey results summarized above revealed a high level of satisfaction by a majority of program participants. Subsequent analysis enabled the central nonprofit agencies to identify areas where ongoing improvement efforts can be focused as part of the Quality Work Environment (QWE) continuous improvement process. These are further discussed in the section below, “Using Data to Improve Performance.”

The other main audience for satisfaction with the AbilityOne Program is the Federal customer. As with the employee data, the customer satisfaction data is not available for a multi-year period. However, the Committee now has benchmark levels of Federal customer satisfaction that can be used to track improvements over the next five year period. In FY 2011, more than 300 Federal acquisition personnel from a universe of about 1,200 randomly selected contracting officers, contract specialists and acquisition managers responded to survey questions developed by the AbilityOne central nonprofit agencies. The questions included how likely the customers were to recommend an AbilityOne solution to other Federal agencies (84% were Very Likely or Likely), and explored their perceptions of AbilityOne quality, timeliness, communication and pricing. The overall satisfaction question, displayed below, was seen as the best proxy for the various aspects of customer satisfaction in combination.



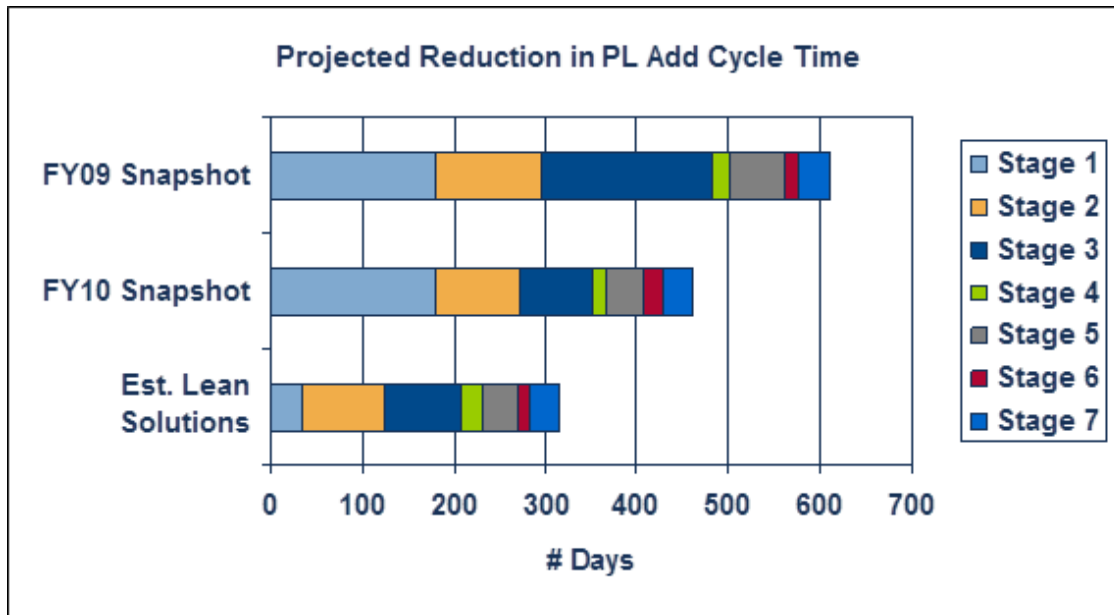
**Figure 3. Overall Federal Customer Satisfaction Data from FY 2011 Study.**

**Goal #3: Employment Growth** targets in the 2010-2014 Strategic Plan differ for products and services. The Committee’s expectation was that it would be more difficult to realize increases in manufacturing than it would be to grow service positions. The goal was to increase direct labor hours attributable to products by 2% per year, and to increase the direct labor hours for the performance of services by 7% per year. Earlier in this report, Table 2 (see page 7) showed that for the period, the total (combined) increase in direct labor hours worked under the AbilityOne Program was approximately 5%. More granular data for products and services is found below in Table 5, which shows that products growth exceeded the target, while services growth was below the target. Both show a positive average change through FY 2010. However, services did not grow to the extent expected, as discussed in the section below, “Explanation of Variances.”

	2007	2008	2009	2010	2011	Avg. Change 2007-2010
Product Hours	10,801,233	11,517,975	11,859,032	13,221,040	TBD	7.00%
Services Hours	30,225,223	32,254,489	33,788,937	34,828,711	TBD	4.85%

**Table 5. FY 2007-2011 Growth in Direct Labor Hours by Products and Services.**

**Goal #4: Business Excellence** is being measured, in part, by the reduction in cycle time achieved in the Committee’s mission-critical Procurement List (PL) process. Its cycle time was mapped and diagnosed in 2009, showing the “pessimistic” time from identification of an opportunity for proposed PL addition until the final effective date was more than 600 days. In today’s dynamic acquisition environment, this cycle time is much too long. Through the lean review and some immediate pay-off changes, cycle time was below 500 days when measured in 2010. The target is to continually reduce cycle time, to approximately 50% below the original measurement. The figure below also shows estimated cycle time after deployment of lean solutions in FY 2012.



**Table 6. Reduced Procurement List Addition Cycle Time – 2009-2010.**

## **Explanation of Variances between Targets and Actuals**

The five-year trending data shows some minor variances between the targets and the actual results for the Committee's Stewardship and Employment Growth goals, as explained below.

The Stewardship goal and target is for 100% of AbilityOne nonprofit agencies to be in full compliance with the statutory requirements. The Committee believes that it would be inappropriate and send the wrong message to target any level below 100% compliance, recognizing that this standard is very ambitious. There are multiple issues and circumstances that can adversely affect a nonprofit agency's ratio, including unanticipated surges in demand for products/services or natural disasters that affect the availability of local AbilityOne workers. In FY 2010, there were 10 nonprofit agencies out of 602 that were found out of ratio compliance, which means that 98.3% of nonprofit agencies were in compliance. This was a record high level, not duplicated in the previous decade. The preliminary FY 2011 data indicates that 24 out of 606 nonprofit agencies were not in full compliance by the end of the year. While all of the reasons for noncompliance are still being collected and reviewed, this small percentage (4%) will be addressed by direct interaction and education to minimize the potential for repeated noncompliance. Nonprofit agencies that are out of compliance for multiple years are subject to having their AbilityOne work removed and may be found no longer eligible to participate in the AbilityOne Program. The consequences for nonprofit agencies that were found out of compliance will be determined by the Committee in early FY 2012.

The targets established for employment growth, which were 2% for products and 7% for services per year, were exceeded in the products area and not achieved in the services area. In fact, products-related direct labor hours grew an average of 7% over the previous four years, and grew just over 11% in the year for which the most recent data is available (FY 2010). This is attributable to a stronger than predicted level of demand for AbilityOne products and the addition of some particularly job-rich product requirements to the Procurement List. On the other hand, service-related direct labor hours increased at a slower pace than targeted. On average, service hours increased 4.85% over the previous four years, and grew approximately 3% in FY 2010. The FY 2011 data is not yet available for the fourth quarter in order to include it in the trending and comparison. However, it is fair to say that many AbilityOne service requirements across the country were down-scoped in the past two fiscal years in order to meet customers' budgetary pressures. While many new years of work were created in the services arena, these were offset to some degree by losses in existing service projects.

The committee will continue to expect and target 100% compliance by its nonprofit agencies. However, the Committee may revisit its product- and service-specific targets based on the data analysis and current forecasts.

## **Goals with Incomplete Data**

The Agency's employee/customer satisfaction and business excellence goals were developed in 2009. Accordingly, the data collection for these two goals was initiated in 2009 in anticipation of the Strategic Plan becoming effective in 2010. For employee and customer satisfaction, a significant amount of data became available in 2011, primarily through the efforts of the AbilityOne Program's central nonprofit agencies. This data will serve as a benchmark against which increases in satisfaction can be measured, most likely every two to three years. Likewise, the business excellence goal to reduce critical process cycle time was identified in 2009 and its initial measurement took place at that time. The cycle time was again measured in 2010, and will be measured around the end of this calendar year (2011). Although five-year trending is not yet possible, this data has already been extremely valuable in highlighting and reinforcing the benefits of efficiencies that are being achieved through Lean processes.

## **Measures Changed or Dropped**

No measures have been changed or dropped since the establishment of the FY 2010 – 2014 Strategic Plan.

## **Assessment of Data Reliability and Completeness**

Most of the key program data used for analysis and reporting is collected from each participating nonprofit agency in the AbilityOne Program. The source data are well defined and documented in the Committee's compliance procedures and handbooks disseminated by the central nonprofit agencies. The Committee and the central nonprofit agencies utilize on-site audits and technical support visits to educate nonprofit agencies and verify that their collection techniques are valid and accurate.

The data must be verified by the head of the nonprofit agency and an officer of its Board of Directors. In addition, the data is initially provided to the central nonprofit agencies (NIB and NISH) for their review. The data will not be accepted if it is not complete or contains any discrepancies. The data is now generated and transmitted electronically to reduce the potential for errors in data entry. A senior officer of either NIB or NISH must sign off on the data, certifying it to be accurate to the best of his or her knowledge. Finally, the Committee staff conducts data analysis looking for potential issues and requests verification of those found. A thorough reconciliation process is executed each year to ensure data accuracy.



## **Use of Data to Improve Outcomes**

During FY 2011, the Committee continued to use the data it collected to identify potential compliance issues or other performance goals that require special attention. Beyond ensuring that statutory ratio requirements were properly reported and fulfilled, the Committee used compliance audits and other data collected to identify areas for technical assistance such as the appropriate standards for documentation of disability and documentation of supports and services necessary for an individual to be capable of competitive employment.

The satisfaction data gathered from AbilityOne employees and customers will be used to identify areas for improvement and to develop strategies to increase satisfaction in key areas. The employee satisfaction survey results show opportunities for improvement that correlate nicely with the core and progressive practices being disseminated through the Quality Work Environment (QWE) initiative. The customer satisfaction data points to a need for ongoing outreach, education and pricing sensitivity in this austere budget environment.

Finally, as discussed briefly above, the employment growth data, particularly when broken out for direct labor hours added through products and services, provides insights into where the AbilityOne Program is currently experiencing success in gaining market share and expanding into new lines of business, and where the program needs to develop new strategies and tactics to increase opportunities for employment of the individuals served.

## **Plans for Improving Performance**

Stewardship and compliance will continue to be the underpinning of the AbilityOne Program going into FY 2012 and beyond. The slight decrease in the percentage of nonprofit agencies in compliance will be studied in detail to identify any specific trends or areas that require targeted education.

While FY 2011 showed a noteworthy upward trend in employment, the AbilityOne Program has continued to face challenges in meeting its mission. In particular, there is volatility due to the military drawdown and other Federal agency budget reductions, resulting in the purchase of fewer AbilityOne products and services by some agencies. It is critical for the Committee to lead the AbilityOne Program in building stronger relationships with key customers to increase jobs for the AbilityOne workforce.

It has become clear that the Committee must focus on increasing employment through new lines of business to replace products that have become obsolete and to expand services beyond markets that are saturated. In light of today's economic environment, the need to raise awareness, understanding and preference for the AbilityOne Program among government and other stakeholders who can positively impact the employment options for people who are blind or who have other significant disabilities has never been so important. Beginning in 2008, the Committee has initiated and forged several new business partnerships with the Department of Defense and members of the defense industry, which are expected to result in significant growth for AbilityOne jobs.

New initiatives could result in significant increases in AbilityOne jobs over the next five years. However, the Committee must have the infrastructure in terms of human capital and information technology to handle this expected and much-needed employment growth. The staff is close to its capacity to maintain the AbilityOne business transactions already coming in, even with the automation of many functions via a new information management system.

### Sections 3 and 4: Financial Section and Other Accompanying Information

As required by the ATD Act, the Committee's quarterly unaudited financial statements were submitted to OMB. These financial statements were prepared by the General Services Administration (GSA) from the accounting records of the Committee in accordance with generally accepted accounting principles.

The General Services Administration also prepared the principal financial statements to report its financial position and results of operations pursuant to the requirements of 31 U.S.C. § 3515(b). GSA prepared the statements from its books and records in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB. The agency's financial statements and reports are prepared from the same books and records, and both are used to monitor and control budgetary resources.

The Committee's FY 2011 independent financial audit is still in process. The results, including all required financial statements and documentation, will be forwarded to OMB as soon as they are available. This will include the Summary of Financial Statement Audit, Management Assurances and the Legal Representation Letter.

Under the Inspector General Act, the Committee is categorized as a non-designated agency and is not required to establish an Office of Inspector General.