

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

**FISCAL YEAR 2023  
CONGRESSIONAL BUDGET JUSTIFICATION**



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

*Operating as the U.S. AbilityOne Commission*





## OFFICE OF THE CHAIRPERSON

March 25, 2022

Dear Member of Congress,

The U.S. AbilityOne Commission is pleased to submit the Commission's fiscal year (FY) 2023 budget justification for \$13,124,000, including not less than \$3,124,000 for the Office of Inspector General.

This justification reflects the Commission's commitment to improve stewardship, eliminate subminimum wages in the AbilityOne Program, develop a new strategic plan, advance equity by implementing executive orders, and partner with Federal agencies to increase and improve employment opportunities for people who are blind or have significant disabilities.

During FY 2023, the Commission will begin to implement the objectives in its forthcoming strategic plan, which includes supporting competitive integrated employment for people who are blind or have significant disabilities.

The Commission will also finalize its proposed rule "Prohibition on the Payment of Subminimum Wages Under 14(c) Certificates as a Qualification for Participation as a Nonprofit Agency Under the Javits Wagner O'Day Program." In addition, we will continue to build the AbilityOne Representative (ABOR) program, which has the potential to create tens of thousands of jobs for individuals who are blind or have significant disabilities.

The Commission will maintain its emphasis on effective stewardship of the agency and AbilityOne Program, which currently provides jobs for approximately 40,000 individuals who are blind or have significant disabilities. The agency will also continue to increase transparency and expand engagement with stakeholders.

### ***Anticipated 50% Growth in AbilityOne***

The Commission needs to prepare for a multiyear 50% increase in purchases through the AbilityOne Program to meet evolving customer requirements. This sales growth is anticipated as a result of the Office of Federal Procurement Policy (OFPP) memorandum on "[Increasing the Participation of Americans with Disabilities in Federal Contracting.](#)" which in 2020 called on Federal agencies to devote at least 1% of their contract expenditures to AbilityOne products and services, with a further goal of increasing those expenditures to 1.5% in FY 2022. The Commission anticipates that Federal agencies will reach this aggressive new goal over time – e.g., the Department of Defense has a five-year plan to achieve this goal.

Following the guidance in the OFPP memorandum, the Commission and its largest customer agencies have created ambassadors called AbilityOne Representatives (ABORs), who advocate for the AbilityOne Program. The program has quickly grown over the past year to encompass ABORs at 18 CFO Act agencies, plus an additional seven (7) ABORs at DoD components including the military services.

To be prepared to responsibly manage the growth likely to stem from these initiatives, the Commission requests a budget increase in 2023 to invest in Program compliance and oversight, in IT, in program management, and in outreach and communications.

The current government-wide focus on equity and inclusiveness may also lead to AbilityOne Program growth, as a number of Federal agencies have highlighted AbilityOne contracting in their Equity Action Plans and Diversity, Equity, Inclusion and Accessibility (DEIA) efforts.

A major step forward in 2022 has been the [final report to Congress](#) issued by the Section 898 “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity” that was established by the 2017 National Defense Authorization Act. The report made 24 recommendations to modernize the AbilityOne Program. While the Commission has already implemented just over half of the recommendations, managing the remaining modernization efforts will place many new demands on our small staff.

### ***Effective Stewardship***

The requested investments will advance the key Commission priority area of Effective Stewardship, as described in the Commission’s March 2021 [Report to the President](#). Increased funding will enable the Commission to make further progress in improving oversight, compliance, accountability, and transparency. Achievements in this area have included the agency’s recent addition of its first Chief Financial Officer, who is successfully advancing change in enterprise risk management, financial management and internal controls. Investment in the Commission also supports the AbilityOne Program’s essential contribution to the nation’s response to COVID-19 by delivering essential products and services to Federal agencies.

Underinvestment in the Commission, conversely, will negatively impact the mission. Inadequate resources increase the risk that public trust and confidence will erode as the result of shortfalls in Program oversight. Such erosion of public trust could result in job losses for people who are blind or have significant disabilities.

Enhanced IT experience and capability are particularly important as the Commission strives to modernize its aging IT equipment. The legacy application supporting the Commission’s business operations is its 14-year-old Procurement List Information Management System (PLIMS), which has material deficiencies in capability, functionality, interoperability with other Federal acquisition platforms, and user interfaces.

### ***Eliminating Subminimum Wages and Supporting Competitive Integrated Employment***

FY 2023 funding will also enable the Commission to continue its landmark transformation of the AbilityOne Program’s alignment with modern national disability policy.

In October 2021, the Commission began a formal rulemaking process to prohibit payment of subminimum wages under Section 14(c) of the Fair Labor Standards Act on contracts within the AbilityOne Program. The proposed rule “Prohibition on the Payment of Subminimum Wages Under 14(c) Certificates as a Qualification for Participation as a Nonprofit Agency Under the Javits Wagner O’Day Program” was published in the Federal Register on October 12, 2021. The Commission plans to issue the final rule by the end of FY 2022.

### ***Maintaining the Pace of Progress***

The agency continues to work with the Commission’s Office of Inspector General. Through reports, audits, alerts and other actions, the OIG enhances confidence in the Program, improves economies and efficiencies, and promotes Program growth. The OIG also provides vital oversight to deter and detect bad actors.

AbilityOne is an engine of opportunity and economic empowerment for people who are blind or have significant disabilities—a population that historically experiences the lowest employment rate of any segment of U.S. society. It also holds the potential for increasing economic opportunities for such individuals by launching them into jobs throughout the American economy. On behalf of the U.S. AbilityOne Commission and the individuals employed nationwide through the AbilityOne Program, thank you for your consideration and support.

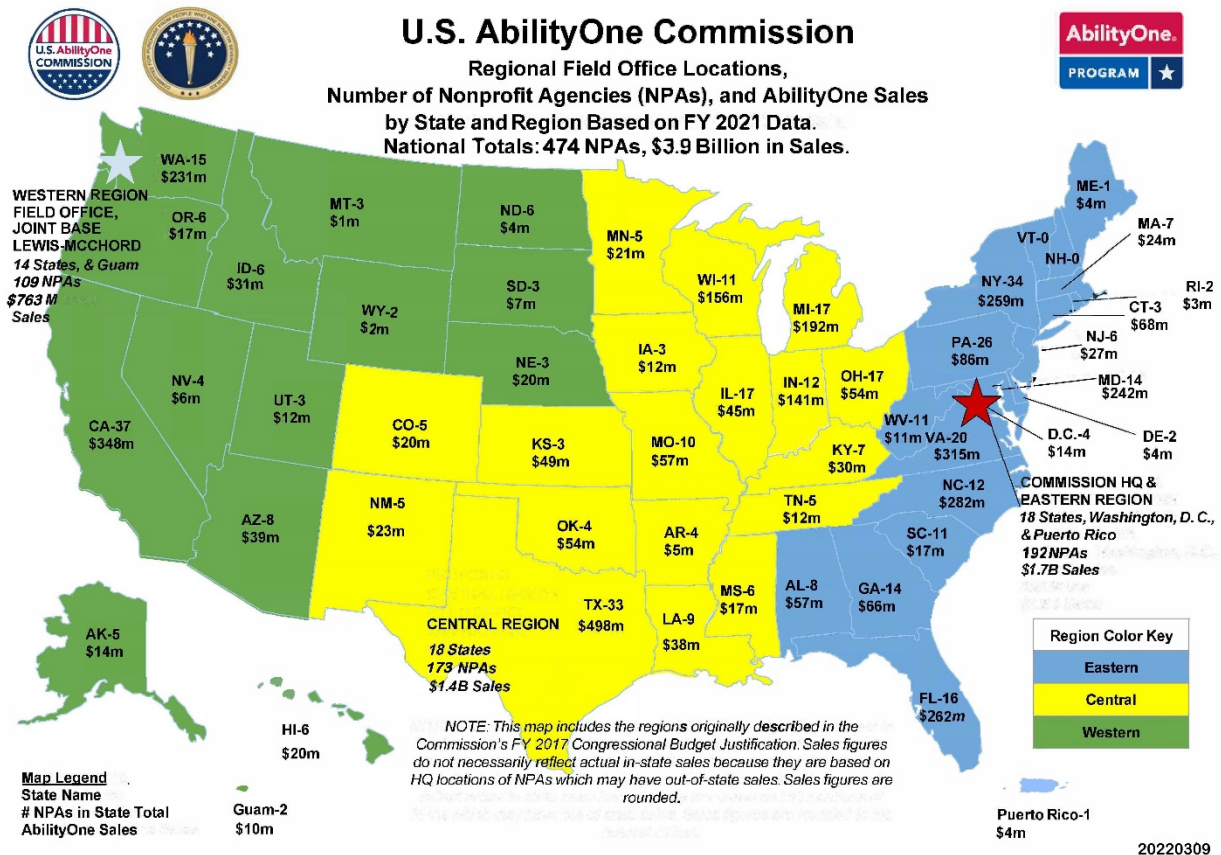
Sincerely,

Jeffrey A. Koses  
Chairperson and Presidential Appointee

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AbilityOne People and Numbers – FY 2021	
AbilityOne employees who are blind or have significant disabilities	40,000
AbilityOne wages paid	\$668,592,334
Estimated Health and Welfare Fringe Benefits (in addition to wages)	\$150,000,000
Average hourly wage	\$15.22
Cost per job (Commission FY 2021 \$10.5M budget ÷ 40,000 jobs)	\$262.50
Sales of products and services to Federal customers	\$3.9 billion
Wounded, ill or injured veterans working in AbilityOne direct labor jobs	2,500
AbilityOne nonprofit agencies remaining open during pandemic	95%
AbilityOne total placements	1,515
AbilityOne total promotions	2,072



Note: Map data reflect sales by the 474 NPAs that participated in the AbilityOne Program at any point during FY 2021. On September 30, 2021, 450 NPAs were participating in the AbilityOne Program.

# 1.0 Program and Budget Justification Summary

## 1.1 Overview

The U.S. AbilityOne Commission<sup>1</sup> FY 2023 budget justification is:

Agency	\$10,000,000
Office of Inspector General (OIG)	\$ 3,124,000
Total	\$13,124,000

The agency’s \$10 million in net discretionary budget authority represents an increase of \$1 million (11 percent) over the 2022 budget justification of \$9 million. The increase in budget will be used as follows:

- \$523,000 for salaries and benefits for 3 additional FTEs:
  - Program Manager for AbilityOne Representative (ABOR) program
  - Audit, Compliance, and Risk Management Liaison
  - Communications and Training Specialist
- \$252,000 for increased salary liabilities associated with the anticipated Congressionally determined FY 2023 cost of living adjustment (based on a planning assumption percentage)
- \$125,000 for continued modernization of the agency’s core IT system – the Procurement List Information Management System (PLIMS)
- \$50,000 for cybersecurity requirements and IT contract services
- \$50,000 for increased training and professional certification requirements

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

**Table 1. FY 2023 Budget Request (in \$ millions)**

Category	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Request
Personnel	4.228	4.228	4.588	4.607	6.042
Benefits	1.120	1.120	1.357	1.444	1.924
All Other	1.652	3.002*	2.055	2.299	2.034
OIG	1.250	1.650	2.500	2.650	3.124
<b>Total</b>	<b>8.250</b>	<b>10.000</b>	<b>10.500</b>	<b>11.000</b>	<b>13.124</b>

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

The requested funding is needed for the Commission to fulfill its mission of creating employment opportunities for people who are blind or have significant disabilities in the manufacture and delivery of products and services to the Federal government.

The Commission administers and oversees the AbilityOne Program, through which approximately 40,000 people who are blind or have significant disabilities are employed at approximately 450 nonprofit agencies (NPAs) from Guam to Maine.

The AbilityOne Program is important to the nation because people who are blind or have significant disabilities have the highest unemployment level of any other segment of American society, across all age groups and at all levels of educational attainment.<sup>2</sup> In addition, the Program has the potential to be a gateway to enabling employees with disabilities to move to jobs throughout the U.S. economy.

## 1.2 Benefits of Investments in the Commission

Investments in the Commission drive results and improve outcomes directly aligned with its statutory mission, White House priorities, Congressional mandates, Federal government requirements and customer feedback, and input from other key stakeholders.<sup>3</sup> Benefits of investment include:

### *AbilityOne creates jobs for approximately 40,000 people who are blind or have significant disabilities*

- More than 2,500 wounded, ill or injured veterans work in direct labor jobs in the AbilityOne Program. In addition, AbilityOne NPAs employ nearly 3,700 veterans

<sup>2</sup> Department of Labor, Bureau of Labor Statistics. [“Persons with a Disability: Labor Force Characteristics Summary – 2021”](#) (retrieved March 13, 2022).

<sup>3</sup> Benefits of investments in the Commission also include furthering its key priority areas of Effective Stewardship and Prioritizing Initiatives to Grow the Program as described in the Commission’s March 2021 [Report to the President](#).



working in indirect labor positions, including supervisory and management roles. In total, more than 6,200 veterans work at AbilityOne NPAs.

### ***AbilityOne returns dollars to the U.S. Treasury***

- Empowering AbilityOne employees through job opportunities increases tax revenues from the Program’s approximately 40,000 people who are blind or have significant disabilities.
- AbilityOne employees earned more than \$668 million in wages in FY 2021, plus at least \$150 million in health and welfare fringe benefits.
- AbilityOne employees earned more than \$6 billion in wages since 2011.
- AbilityOne employees have identified more than \$2 billion for de-obligation from AbilityOne contracts through the Program’s contract close-out initiative.

### ***The Commission is well-positioned to expand competitive integrated employment (CIE) in AbilityOne workplaces; to assist and incentivize nonprofit agencies to create opportunities for employees to work in CIE outside of AbilityOne projects; and to provide support for changes to the Javits-Wagner-O’Day (JWOD) Act to increase the Program’s potential to achieve CIE across the board.***

- In October 2021, the Commission issued a [proposed rule](#) to disqualify nonprofit agencies from participating in the Program if they use certificates under Sec. 14(c) of the Fair Labor Standards Act on AbilityOne contracts to pay less than the Federal minimum wage or prevailing wage, if applicable. The Commission anticipates issuing the final rule in March 2023.
- In March 2022, the Commission published a [draft Strategic Plan for FY 2022-2026](#) with a range of innovative approaches to expand CIE in the Program within the constraints of the JWOD Act. The Commission will review public comments on the draft Strategic Plan and subsequently issue a final plan.

### ***Investments in the Commission are strengthening oversight and compliance throughout the AbilityOne Program***

- Additional funding in FY 2021 enabled the Commission to strengthen its compliance capabilities by hiring one (1) compliance specialist and two (2) vocational rehabilitation specialists, thereby providing enough staff to resume onsite NPA compliance reviews in August 2021, with compliance teams visiting NPAs in California, Connecticut, Florida, Maryland, Texas, Virginia and Washington.
- Virtual compliance visits to NPAs were conducted for most of FY 2021 due to pandemic-related travel restrictions. Concurrently, Commission staff began to shadow CNA teams conducting compliance-related virtual regulatory assistance visits to evaluate the utility of

such visits, observe and assess the technology and processes used to review NPA records virtually, and monitor CNA performance during these visits.

- The Commission plans to pursue a hybrid model of onsite and virtual compliance reviews, using virtual when travel is impractical, not cost-effective, or limited by pandemic-related restrictions.

***The Commission is pursuing opportunities to create tens of thousands of jobs for people who are blind or have significant disabilities by implementing guidance in the Office of Federal Procurement Policy (OFPP) memorandum on [“Increasing the Participation of Americans with Disabilities in Federal Contracting.”](#)<sup>4</sup>***

- The OFPP memorandum encouraged agencies to pledge 1% of their contract spend in FY 2021 to employment of people who are blind or have significant disabilities, and to increase that pledge to 1.5% in FY 2022. Twelve agencies have made pledges.
  - Anticipated Program growth as the result of Federal agency pledges to increase spending on AbilityOne products and services will require adequate compliance resources to ensure appropriate oversight.
- Rapid expansion of the AbilityOne Representatives (ABORs) program due to the memorandum has resulted in Federal agencies appointing 18 ABORs to serve as advocates for AbilityOne. The Commission has appointed a program manager to handle the increased engagement with ABORs.
- Educational sessions about AbilityOne capabilities and utilization for Federal agencies – USDA, Commerce, Education, Interior, Treasury, General Services Administration, VA, DoD, and NASA have all participated in training conducted by the Commission and CNAs.
- The Commission’s draft Strategic Plan for FY 2022-2026 also calls for engagement with a range of Federal agencies with the goal of increasing employment opportunities for people with significant disabilities throughout the economy.

***AbilityOne is advancing Executive Orders promoting equity and opportunity*<sup>5</sup>**

- AbilityOne’s mission directly aligns with EO 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government” and its definition of underserved communities as including people with disabilities.

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<sup>4</sup> The agency’s Equity Action Plan includes agency actions related to the Office of Federal Procurement Policy (OFPP) memorandum on “Increasing the Participation of Americans with Disabilities in Federal Contracting.” The plan was submitted to OMB on January 20, 2022.

<sup>5</sup> The agency issued a [Tribal Consultation Plan](#) in response to the January 26, 2021 [“Presidential Memorandum on Tribal Consultation and Strengthening Nation-to-Nation Relationships”](#). The Commission has also submitted plans as required by EO 13985 and EO 14035.

- The Commission directly supports EO 14035 “Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce” and its emphasis on advancing equity for employees with disabilities.

***AbilityOne’s essential workforce is an indispensable part of America’s response to the COVID-19 crisis***

- AbilityOne continues to staff critical, uninterruptible services including dining facilities and switchboard operations at military bases and VA medical facilities.
- AbilityOne employees clean and sanitize Federal buildings, including the Pentagon and military hospitals, to ensure safe and sanitary conditions for tenants working on-site in government facilities.
- NPAs manufacture urgently needed Personal Protective Equipment (PPE) and sanitizing items, answering demand spiking as high as 1,000% above pre-pandemic levels.
- AbilityOne’s toll-free customer service number increased hours to 24/7 to provide a real-time response to Federal customers needing PPE or other products.<sup>6</sup>

***Investments in the Commission facilitate increases in transparency and public engagement<sup>7</sup>***

- Expanded public engagement has significantly boosted participation by, and input from, key stakeholders including the disability community. Increases in Commission public engagement at its regular quarterly public meetings include:
  - Changing from in-person to virtual quarterly public meetings has increased attendance from approximately 50 attendees to approximately 300 registrants. Virtual meetings have placed new demands on Commission IT staff, as well as additional expenses due to video platforms and Federal Register notices.
  - Federal Register notices of Commission quarterly public meetings pose questions for discussion, solicit written statements to the Commission and encourage verbal presentations and exchanges with Commission members.

Examples:

- The Federal Register [notice](#) for the April 8, 2021, Commission quarterly public meeting included the following:

“...the Commission will hold a listening session, and requests input on the following questions:

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<sup>6</sup> More information about the Commission and AbilityOne Program response to the pandemic are available on the Commission COVID-19 [webpage](#).

<sup>7</sup> The agency’s Equity Action Plan, submitted to OMB on January 20, 2022, references this increased public engagement.

“1. How can the AbilityOne Program contribute to objectives of [Executive Order 13985](#) on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government?”

“2. What future Commission meeting topics or presentations would members of the public like to see to better understand the AbilityOne Program?”

“3. How can the Commission increase transparency in its administration of the AbilityOne Program and/or its own operations?”

- The Federal Register [notice](#) for the October 7, 2021, Commission quarterly public meeting included the following:

“...the Commission invites comments or suggestions regarding:

“1. Best practices by nonprofit agencies to modernize AbilityOne employment.”

“2. Recommendations for pilot tests to increase integrated employment in the AbilityOne Program—please address how such tests should be designed and how they fit within the Commission's statutory authority.”

- The Federal Register [notice](#) for the February 10, 2022, Commission quarterly public meeting included the following:

“...the Commission invites comments or suggestions regarding:

“1. The Individual Eligibility Evaluation (IEE) forms used by the Commission as documentation of significant disability.”

“2. Third party certification or verification of significant disability.”

- The Commission received valuable responses during these public meetings and has used the input in its decision-making and development of agendas for future public meetings. By continuing this kind of frank and constructive exchange, we can create the shared awareness and understanding that are essential to the success of the Commission and the Program.

***The Commission is continuing to meet Congressional and Executive Branch mandates***

- Consolidated Appropriations Act, 2016, requirements for Commission to (1) establish Cooperative Agreements to govern its relationship with the CNAs, and (2) establish an OIG.
- Implement 898 Panel recommendations.

- Consolidated Appropriations Act, 2017, requirement for Commission to establish a Western U.S. Field Office.
- Office of Management and Budget (OMB) requirements for IT and cybersecurity.

***Implementing recommendations of the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity” (898 Panel)***

- FY 2017 National Defense Authorization Act (NDAA) directed the Secretary of Defense to establish the Panel, whose mission is to address the effectiveness and internal controls of the AbilityOne Program related to DoD contracts.
- 898 Panel duties included annual reporting to Congress on ways to eliminate waste, fraud and abuse, and recommending changes to business practices and IT systems.
- Panel sunsetted after issuing its [Fourth and Final Report to Congress](#) in January 2022.
- Fourth Report tracked 24 recommendations.
- Under the 2017 NDAA, DoD is authorized to terminate an NPA’s AbilityOne contracts if that NPA does not comply with certain Panel recommendations. Program-wide, failure to implement Panel recommendations could jeopardize approximately 25,000 jobs for people who are blind or have significant disabilities.

Modernizing IT and strengthening cybersecurity (see Section 3.2, Information Technology (IT) Requirements, below)

Enhancing Commission financial stewardship and Enterprise Risk Management (see Section 4.1, Strategic Goal 1: Effective Stewardship, below)

**1.3 Current challenges**

Current challenges facing the Commission include:

- Meeting the requirements of an increasing number of Congressional and Executive Branch mandates (see above).
- Bolstering resources to meet mission requirements and increase oversight.
  - Additional staffing will be essential for the Commission to increase and manage oversight of the Program during the expansion of the AbilityOne Representative (ABOR) program in accordance with the OFPP memorandum “Increasing the Participation of Americans with Disabilities in Federal Contracting” (see Section 1.2, Benefits of Investments in the Commission).
- The 898 Panel and AbilityOne’s Federal customers cite the need for more funding and staff for the Commission.

- Growing gap between appropriations, expenses and mission.
- Increasing operating costs such as inflation and Cost of Living Allowances pay raises.
- 31 FTEs staffed the agency at the end of FY 2021.
  - Other \$4 billion programs have 100+ FTEs.
- Aging IT infrastructure (see Section 3.2, Information Technology (IT) Requirements).
- Required office move – the agency and OIG are consolidating offices, resulting in a reduction of their collective footprint by 24%.
  - The agency and OIG terminated their existing leases ahead of schedule to conserve funds.
- The COVID-19 pandemic created the conditions in which the agency has demonstrated the overall effectiveness of telework for an extended period of time.
  - As standard policy the Commission staff has transitioned to a maximum telework posture to save money, improve sustainability and expand talent recruitment nationwide.

## **2.0 Background**

### **2.1 Legal Authority, Mission, and Vision**

The legal authority for the Committee for Purchase From People Who Are Blind or Severely Disabled, which operates as the U.S. AbilityOne Commission, is established in the Javits-Wagner-O’Day Act of 1971 (JWOD Act), codified at 41 U.S.C. §§8501-8506 and implemented through 41 C.F.R. Chapter 51.

The Commission is an independent Executive Branch agency, with exclusive responsibility for administering the JWOD Act and the AbilityOne Program, which is responsible for employing approximately 40,000 Americans who are blind or have significant disabilities.

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

To tap America's underutilized workforce of individuals who are blind or have significant disabilities to deliver high quality, mission-essential products and services to Federal agencies in quality employment opportunities.<sup>8</sup>

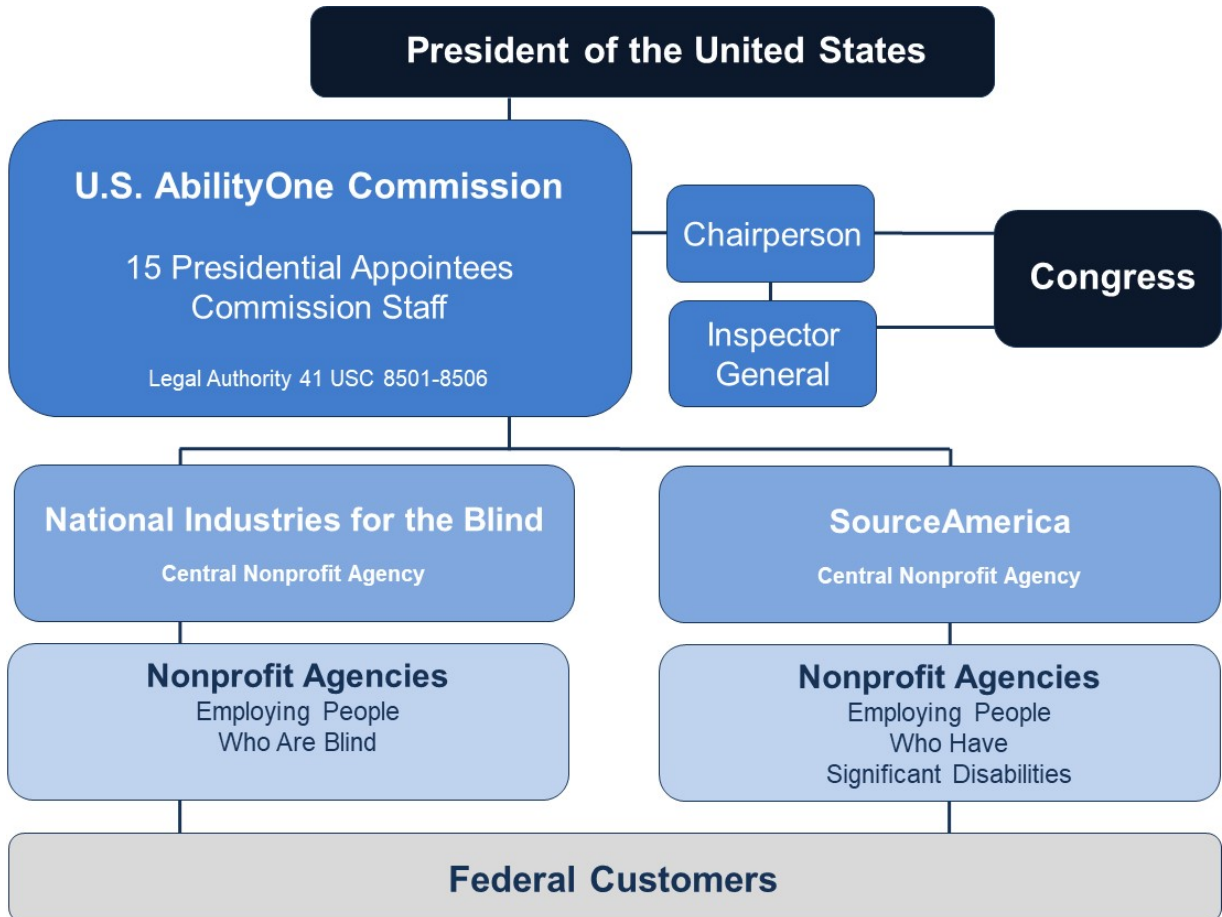
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<sup>8</sup> Proposed in the Commission’s draft Strategic Plan for FY 2022-2026.

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

To remain a trusted source of supply and services for Federal agencies while creating quality employment opportunities across all economic sectors for people who are blind or have significant disabilities.<sup>9</sup>

**2.2 Program Structure and Responsibilities**



***Presidential Appointees***

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

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

<sup>9</sup> Proposed in the Commission’s draft Strategic Plan for FY 2022-2026.

Each appointee representing a Federal government agency is a senior procurement official with decades of experience in acquisition and procurement, or a disability employment policy expert responsible for related programs in their own agencies. Each private citizen appointee is an individual with broad knowledge of the employment problems facing people who are blind or have significant disabilities.

In the past 18 months, three departures due to retirements and the change of Administration left the Commission with three government agency members (Commerce, General Services Administration, and Labor) and eight vacancies (Agriculture, Air Force, Army, Defense (Defense Logistics Agency), Education, Justice, Navy, and Veterans Affairs).

In July 2021, the President [appointed](#) four new private citizens to the Commission. There are now no vacancies in the Commission's private citizen membership.

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

### ***Commission Staff***

The Commission staff maintains agency operations and prepares materials required by law, regulation, and policy to inform the decisions made by the Presidential appointees. The Commission also has an OIG.

### ***Central Nonprofit Agencies***

The Commission has designated two Central Nonprofit Agencies (CNAs) – National Industries for the Blind (NIB) and SourceAmerica – to facilitate the distribution of orders and assist the approximately 450 NPAs participating in the AbilityOne Program.



### 3.0 Analysis of Resources Required

#### 3.1 Personnel Requirements

**Table 2. FY 2023 Additional Requested Personnel**

Position Needed	FTEs	Source of Requirement / Justification
AbilityOne Representative (ABOR) Program Manager	1	OMB Office of Procurement and Policy Memo, "Increasing the Participation of Americans with Disabilities in Federal Contracting"
Audit and Compliance Liaison	1	Federal Managers' Financial Integrity Act (FMFIA) & OMB Circular A-123 Consolidated Appropriations Act, 2017  2017 OIG Top Management Challenges Report
Communications and Training Specialist	1	Office of Federal Procurement Policy (OFPP) memorandum on <a href="#">"Increasing the Participation of Americans with Disabilities in Federal Contracting."</a>  2017 NDAA Section 898 "Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity" – Reports to Congress, 2018-2022

The Commission’s FY 2023 budget justification includes funding for three (3) additional requested personnel as outlined in Table 2. The agency’s current personnel are described in Table 3. (For the OIG request see Section 5.0.)

Additional requested personnel in FY 2023 are required to meet increasing mission requirements (see above, in 1.3 Current Challenges).

In addition, the Commission anticipates a 50% growth in the AbilityOne Program as a result of the OFPP memorandum ["Increasing the Participation of Americans with Disabilities in Federal Contracting"](#) (see above, in 1.2 Benefits of Investment in the Commission).

**Table 3. Agency FTE Positions Filled (as of 9/30/2021)**

<b>Directorate</b>	<b>FTEs</b>	<b>Mission / Value</b>
Oversight and Compliance	6*	Promotes oversight and integrity across AbilityOne Program by ensuring compliance with applicable laws, regulations, and policies.
Business Operations	6	Manages Procurement List’s approximately 15,000 products and 4,000 services that create employment for people who are blind or have significant disabilities. Manages Fair Market Prices for AbilityOne products and services.
Contracting and Policy	1	Strengthens AbilityOne Program oversight by identifying and disseminating rules and regulations, as well as developing and updating policy and procedures.
Program Management Office	2	Increases AbilityOne Program accountability by implementing the Cooperative Agreements that govern the relationship between the Commission and CNAs.
Veterans Employment and Initiatives	1	Provides oversight, programming, and strategic planning to maximize AbilityOne employment opportunities for transitioning service members and veterans who are blind or have significant disabilities.
Information Technology	3	Supports agency and OIG operations and mission through modernizing data platforms and cybersecurity, and providing Federal customers, CNAs and NPAs with enhanced user experience for Commission’s digital backbone – the Procurement List Information Management System.
Western U.S. Field Office	1*	Promotes the integrity and efficiency of the AbilityOne Program through effective oversight and advocacy. Supports Federal customers and Commission compliance activities. Office established by Consolidated Appropriations Act, 2017.
Office of the General Counsel	3	Provides statutory and regulatory interpretation and advice; provides legal review and advice for Commission’s business decisions; supports agency’s defense in litigation; and manages Commission’s agency Ethics Program.
Office of the Chief Financial Officer	2	Manages Commission’s budget formulation, financial management, Audit liaison functions, Management Internal Controls Program and Enterprise Risk Management Plan.
Executive Leadership Team	8**	Provides agency leadership and strategy. Acting Executive Director**; Deputy Executive Director**; Chief of Staff; Senior Advisor, Communications and Government Affairs; and support staff.
<b>TOTAL</b>	<b>31</b>	<b>The total number accounts for 2 FTEs who are dual-hatted.</b>

\* Due to staff shortages, Director of Western U.S. Field Office also serves as Director of Oversight and Compliance.

\*\* Due to staff shortages, Deputy Executive Director also serves as Acting Executive Director.

The Commission’s four private citizens members are Special Government Employees appointed by the President to represent the interests of individuals who are blind or who have other significant disabilities.

### 3.2 Information Technology (IT) Requirements

**Table 4. Information Technology (IT) Summary Table**

Category	(BY) FY 2019 Enacted	(BY) FY 2020 Enacted	(BY) FY 2021 Enacted	(BY) FY 2022 Request	(BY) FY 2023 Request
Personnel and Contractors	3 FTE	3 FTE	5 FTE	8 FTE	8 FTE
IT Management				\$237,000	\$225,823
Network Maintenance and Help Desk Support	\$208,000	\$220,000	\$225,000	\$411,000	\$386,264
PLIMS Operations and Maintenance*	\$209,000	\$215,000	\$220,000	\$98,000	\$0
Cyber Support	\$0	\$0	\$400,000	\$304,000	\$348,000
Hardware	\$20,000	\$25,000	\$15,000	\$22,000	\$89,705
Software	\$70,000	\$45,000	\$45,000	\$30,000	\$28,788
New Investments	\$0	\$0	\$0	\$600,000	\$125,000
<b>Total</b>	<b>3 FTE \$507,000</b>	<b>3 FTE \$505,000</b>	<b>5 FTE \$905,000</b>	<b>8 FTE \$1,702,000</b>	<b>8FTE 1,203,570</b>

\*New IT Support Contract awarded in FY 2022 covers network maintenance, help desk support and PLIMS operations and maintenance.

#### ***Information Technology Requirements***

The Commission continues its efforts to modernize its aging IT equipment. The legacy application supporting Commission business operations is its 14-year-old Procurement List Information Management System (PLIMS), which has multiple material deficiencies in capability and functionality, interoperability with other Federal acquisition platforms, and user interfaces.

In addition, the Department of Veterans Affairs Contracting Preference Consistency Act of 2020 (PL 116-155) requires VA to buy AbilityOne items which were on the Procurement List

prior to 2006. PLIMS does not currently have the functionality to facilitate the data exchange that would readily enable VA to comply. Part of the PLIMS update will better enable VA to comply with this statutory requirement.

### **IT and Cybersecurity**

The Commission IT and Cybersecurity priorities are:

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

The Commission maintains an IT infrastructure including a local area network and components, a Virtual Private Network (VPN), firewall, and web server. The agency neither operates nor uses external data centers.

The Commission continues to conduct a broad IT system assessment to identify weaknesses, and necessary investments and opportunities for greater efficiencies. For example, the Commission’s Oversight and Compliance Directorate may be more efficient when conducting on-site inspections if they are able to use mobile devices or applications that streamline data entry and other information. Such recommendations continue to be researched and documented for proposal in future budget cycles. Table 4 reflects the current IT enterprise.

### ***IT Resource Statements:***

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

### Cybersecurity:

The Commission has an interagency agreement with the Department of Homeland Security, Cybersecurity Division. Under this agreement, DHS provides consolidated intrusion detection, incident analysis, and cyber response capabilities in the protection and defense of the Commission's external access points and network.

### 3.3 Budget Request by Object Class

Table 5. FY 2023 Budget Request by Object Class (in \$ thousands)

	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Request
Salaries	\$4,228	\$4,228	\$4,588	\$4,607	\$6,042
Benefits	1,120	1,120	1,357	1,444	1,924
Travel	158	158	20	150	152
Rent & Communications	470	1,820*	406	303	444
Printing	36	36	41	45	55
Services	892	892	1,519	1,608	1,231
Supplies	46	46	41	50	50
Equipment	50	50	28	143	102
Losses & Claims	0	0	0	0	0
<b>TOTAL AGENCY</b>	<b>\$7,000</b>	<b>\$8,350</b>	<b>\$8,000</b>	<b>\$8,350</b>	<b>\$10,000</b>
Office of Inspector General	1,250	1,650	2,500	2,650	3,124
<b>GRAND TOTAL</b>	<b>\$8,250</b>	<b>\$10,000</b>	<b>\$10,500</b>	<b>\$11,000</b>	<b>\$13,124</b>

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

### Object Class Narrative for FY 2023 Request:

**Salaries and Benefits - \$7,966,000.** Salary and benefits represent approximately 80% of the agency budget, excluding OIG funding. Personnel and benefits costs include:

- Amount primarily funds 31 agency FTEs (see Table 3 for list of filled positions) and 4 private citizen Commission members who are SGEs (as of end of FY 2021), and backfill of vacant positions (excluding OIG) (approximately \$7,443,119).
- FY 2023 agency planned staffing increase of 3 new government FTEs (approximately \$522,881). See Table 2 for list of additional requested personnel.

The requested staffing completes the agency's strategy to reduce costs by converting support contracts to FTEs to provide support infrastructure for increased hiring of operational and administrative personnel. The salaries and benefits total accommodates four (4) private citizen Commission members who are appointed by the President to represent the interests of individuals who are blind or who have other significant disabilities. As Special Government

Employees, they are paid at the Executive Level IV rate on a per-diem basis when conducting Commission business.

**Travel - \$152,000.** The Commission's need for travel-related resources in FY 2023 reflects a planned return to pre-COVID-19 levels. During much of the pandemic, the Commission curtailed mission-essential travel for inspections and conferences, instead using virtual meetings and virtual compliance reviews to support implementation of the AbilityOne Program. However, the need for enhanced compliance monitoring and oversight dictates a request for increased travel resources in FY 2023, particularly for mission-critical compliance reviews. The majority of travel resources needed – nearly \$117,000 – will fund increased on-site inspections to verify NPAs' compliance with applicable statutory and regulatory requirements.

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

**Rent and Communications- \$444,000.** The Commission has programmed approximately \$315,497 for space costs. The Commission executed a required move from Arlington, Virginia, to Washington, D.C., during FY 2021. The Commission terminated its Virginia lease in December 2020 and is operating remotely until the new headquarters is ready for staff to move in. The upcoming headquarters lease will include 7,433 square feet to accommodate government FTEs that will work from this region, and will cost less per square foot than the prior lease because it is an existing long-term lease that GSA negotiated.

The agency has determined that maximum telework best supports the mission objectives. Because the agency effectively deployed telework throughout the pandemic, we have the confidence that a full-time telework posture is an effective standard operating procedure. In addition, the agency and OIG will employ remote hiring as a strategic management tool to attract the best available talent from around the country.

The Commission will continue to leverage the rent-free office space it has obtained at Joint Base Lewis-McChord, Washington, for the Western U.S. Field Office as it evaluates whether any physical space is necessary to support the Western U.S. Field operations.

This category also includes \$128,000 in annual charges for IT and telecommunications equipment. The Commission uses strategic sourcing vehicles to obtain discount pricing for requirements such as its wireless phone service. Commission expenses for high-speed web connectivity and remote access Internet service provider accounts have increased commensurate with the agency's increased reliance on telework. Additionally, a small portion of this category includes standard business expenses for postage, domestic package delivery, and teleconference bridge lines.

**Printing - \$55,000.** In accordance with the Administrative Procedure Act, the agency continues to have printing costs associated with publishing Federal Register notices. This fulfills legal requirements and promotes transparency. In FY 2023, the Commission will continue its routine

publishing cycle for Procurement List additions and deletions and anticipates increased publishing for proposed updates to the Code of Federal Regulations. Based on recent years' billing, we anticipate that \$55,000 will cover these costs. The Commission does not intend to use such funding to print informational materials or collateral that can be disseminated electronically.

**Services - \$1,231,000.** The Commission's request for resources in this budget object class reflects \$157,000 allocated for intragovernmental agreements with Federal government agencies for force protection, financial management and payroll, human resources, employee assistance program, background checks, and travel system support. Furthermore, to maximize its productivity, the agency anticipates spending \$875,000 on service contracts to provide agency support for personnel and communications, HQ storage, and new Commission's IT Support (\$386,000) for network maintenance and Help Desk support. An increase of \$50,000 was added for Training to improve leadership and professional certification levels. Cybersecurity was increased by \$24,000 to ensure added protection for the IT infrastructure.

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

**Equipment - \$102,000.** The Commission uses government-wide contract vehicles or other government discounts to obtain the lowest available prices in this category for hardware purchases, software, and furniture. The agency will fully transition its IT network infrastructure to the cloud in FY 2022 and anticipates an annual cost of \$52,000 based on expected usage. The initiative to migrate to the cloud will eliminate capital asset refresh costs for network servers, and significantly improve disaster preparedness capability.

## 4.0 Performance Goals, Measures, and Indicators

As previously noted in this budget justification, the Commission posted its [draft Strategic Plan for FY 2022-2026](#) in March 2022. The Commission's three overarching Strategic Objectives in this plan are:

- Expand competitive integrated employment for people who are blind or have other significant disabilities.
- Ensure effective governance across the AbilityOne Program.
- Partner with Federal agencies and AbilityOne stakeholders to increase and improve employment opportunities for people who are blind or have other significant disabilities.

For purposes of this budget justification, these objectives are presented under the following existing strategic core goals for the AbilityOne Program:

- Effective Stewardship
- Employee and Customer Satisfaction (including CIE opportunities for employees)
- Employment Growth (with a focus on CIE opportunities)
- Business Excellence

More information on agency performance can be found in its March 2021 [Report to the President and FY 2021 Performance and Accountability Report](#).

### 4.1 Strategic Goal 1: Effective Stewardship

#### 4.1.1: New Chief Financial Officer

The Commission's first CFO joined in October 2020 and has advanced effective stewardship through actions that include:

- Established financial processes and controls for funds management, obligations, and payments
- Completed Management Internal Control Program in accordance with the Federal Managers' Financial Integrity Act (FMFIA); submitted FY2021 Annual Statement of Assurance
- Responsiveness to audits: Closed 12 open financial audit recommendations during FY 2021
- Completed agency's Risk Profile: Risk Level is Moderate
- Established Enterprise Risk Management policy and procedures



- Completed FY 2021 Risk Register (FY 2022 Risk Register intake began September 2021)
- Finalized 21 risk mitigation plans for execution

#### 4.1.2: Compliance

**Table 6. NPAs in Compliance with 75% Overall Direct Labor Hour Ratio Requirement**

	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Results	FY 2021 Results
NPAs in Compliance / Total NPAs	496/511	469/483	461/480	402/469	353/450
Percentage of NPAs in Compliance	97%	97%	96%	86% <sup>10</sup>	78% <sup>11</sup>

- A key AbilityOne Program compliance metric is that people who are blind or have significant disabilities must provide at least 75% of an NPA’s overall direct labor hours worked during the fiscal year (referred to as the 75% Overall Direct Labor Hour Ratio Requirement).
  - FY 2021 NPA compliance with this key requirement was lower than in previous years due to COVID-19 pandemic impacts that included staffing shortages, supply chain issues, and employees needing to quarantine if affected by or infected with COVID-19.
  - Responding to the unique circumstances presented by COVID-19, and consistent with agency practice relating to emergency responses, the agency expanded exceptions to its Direct Labor Ratio Requirements for FY 2020 and FY 2021.<sup>12</sup> These exceptions included flexibilities to allow nonprofit agencies to notify the Commission if, due to or in support of the COVID-19 emergency response or recovery period, they will operate at a ratio below 75 percent.

<sup>10</sup> This FY 2020 percentage is lower than previous years due to the impact of the COVID-19 pandemic.

<sup>11</sup> This FY 2021 percentage is lower than previous years due to the full-year impact of the COVID-19 pandemic. Data reflects the number of NPAs participating in the AbilityOne Program as of September 30, 2021.

<sup>12</sup> [“AbilityOne Flexibilities Related to the Coronavirus \(COVID-19\) Emergency and Recovery for the Duration of Fiscal Year 2021”](#)

## 4.2 Strategic Goal 2: Employee and Customer Satisfaction

### 4.2.1 Employee Satisfaction

More than 80% of all AbilityOne employees work for NPAs that participate in AbilityOne’s Quality Work Environment (QWE) program – a framework for continuous improvement used to improve the experience and satisfaction of all employees at AbilityOne NPAs, with an emphasis on people who are blind or have significant disabilities.

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

Details on QWE are available in the Commission’s March 2021 [Report to the President](#).

With the Commission’s new strategic commitment to ensuring that AbilityOne jobs offer competitive and integrated opportunities, to the greatest extent possible, and that AbilityOne employees are supported in their efforts to move to other CIE opportunities, there will be greater focus on employee satisfaction along these lines.

### 4.2.2 Customer Satisfaction

**Table 7. AbilityOne Federal Customer Satisfaction (SourceAmerica) Survey Results**

2018	2020	Change
84%	88%	4%

The Commission aims to increase and sustain AbilityOne Federal customer satisfaction at the buyer level and among end-users of products and services. This objective also facilitates the employment mission.

SourceAmerica conducts regular surveys of Federal customers. Its most recent results appear above. NIB has not conducted a customer satisfaction survey for several years, in large part because it is not able to survey its largest customer, DoD, per DoD policies.

## 4.3 Strategic Goal 3: Employment Growth

**Table 8. AbilityOne Program Key Metrics**

	FY 2020	FY 2021	% Change
Direct Labor Hours	45,983,044	43,924,278	-4%
Employees	42,200	40,000	-5%
Promotions	1,365	2,072	52%
Wages	\$675.9M	\$668.6 M	-1%
Average Hourly Wage	\$14.70	\$15.22	4%
Sales	\$3,892,613,998	3,915,919,467	1%

As shown in the above table, employment on AbilityOne contracts decreased nearly 6% between FY 2020 and FY 2021. The decline in number of jobs can be attributed primarily to:

- COVID-19 pandemic, which caused significant disruption in manufacturing and service delivery schedules, and drastically impacted demand for certain supplies and services.
- To continually assess the impact of COVID-19 on the AbilityOne Program, the Commission closely monitors and engages Federal customers, CNAs and NPAs regarding business decisions related to COVID-19. Whenever possible, the Commission adjusts and adapts to COVID-19 impacts on the AbilityOne Program: e.g., by issuing policy exceptions such as [“AbilityOne Flexibilities Related to the Coronavirus \(COVID-19\) Emergency and Recovery for the Duration of Fiscal Year 2021”](#) as previously described in Section 4.1.2 of this budget justification.
- VA’s “Rule of Two” contracting preference program, which prioritizes veteran-owned and service-disabled veteran-owned companies over AbilityOne NPAs, resulting in the loss of AbilityOne contracts and several hundred jobs.

The Commission’s draft Strategic Plan for FY 2022-2026 includes initiatives for expanding business lines within the Program, with the outcome of new jobs that will lend themselves to CIE opportunities within the Program and for outward mobility of employees to other jobs in the economy. In addition, the draft Strategic Plan anticipates collaboration with other Federal agencies to increase employment opportunities for people who are blind and have significant disabilities in jobs beyond AbilityOne contracts.

#### **4.4 Strategic Goal 4: Business Excellence**

The agency made progress in improving three critical business processes in FY 2021:

##### ***Evidence and Evaluation – Procurement List Addition Process Customer Experience (CX)***

- New Procurement List User Interface Tool: The Commission is refining a new tool that provides an enhanced customer interface for the Procurement List. The tool is the most recent example of the Commission’s commitment to drawing on the full range of existing evidence to support its FY 2023 budget justification, including its request for additional IT personnel and funding to modernize PLIMS (see Table 2, and Appendix I). It also prioritizes improvements in customer experience.
- Scheduled for launch in 2022, this web-based tool significantly improves the user experience by simplifying the work and communication of acquisition teams in preparing acquisition strategies and plans, and the contracts needed to support them.
  - New capabilities focus on providing the “who makes what” information for commonly purchased items.
  - Searchable information now includes the item, item descriptions, National Stock Numbers (NSNs), unit of issue, sizes, estimated cost, the prime contractor, manufacturer, the specific percentage of the total government requirement that is on the Procurement List, and points of contact to obtain more detailed information including availability and delivery schedule.

- Provides more information about user interface patterns and data that will be used to refine the tool’s capabilities and improve the customer experience.

### ***Program Fee determination and implementation process***

- The Commission issued three new policies in FY 2022 to provide additional clarity about the establishment and oversight of AbilityOne Program Fees, which are paid by NPAs with AbilityOne Program sales to CNAs.<sup>13</sup> Prior to 2016, these fees were referred to as CNA Fees.

### ***Fair market pricing policy and procedures***

- In FY 2021, the Commission hired an additional Price Analyst to help process the agency’s more than 4,000 annual pricing actions.
- The agency issued new policies on calculating Program Fees in the price of AbilityOne contracts:<sup>14</sup>
- The Commission’s Fall 2021 Regulatory Agenda identified a proposed amendment to the Commission’s regulation that broadens the parameters for the review and negotiation of prices in the AbilityOne Program.

Additionally, the agency’s focus on Business Excellence includes its work to implement the Section 898 Panel’s recommendations, several of which deal with business processes.

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<sup>13</sup> Program Fees are paid in accordance with the collection authority established at 41 C.F.R. 51-3.5.

<sup>14</sup> The Program Fee is a fee that Commission-designated CNAs are authorized by Commission regulation and their Cooperative Agreements to collect from authorized NPAs to facilitate the NPAs’ participation in the AbilityOne Program.

## 5.0 U.S. AbilityOne Commission Office of Inspector General

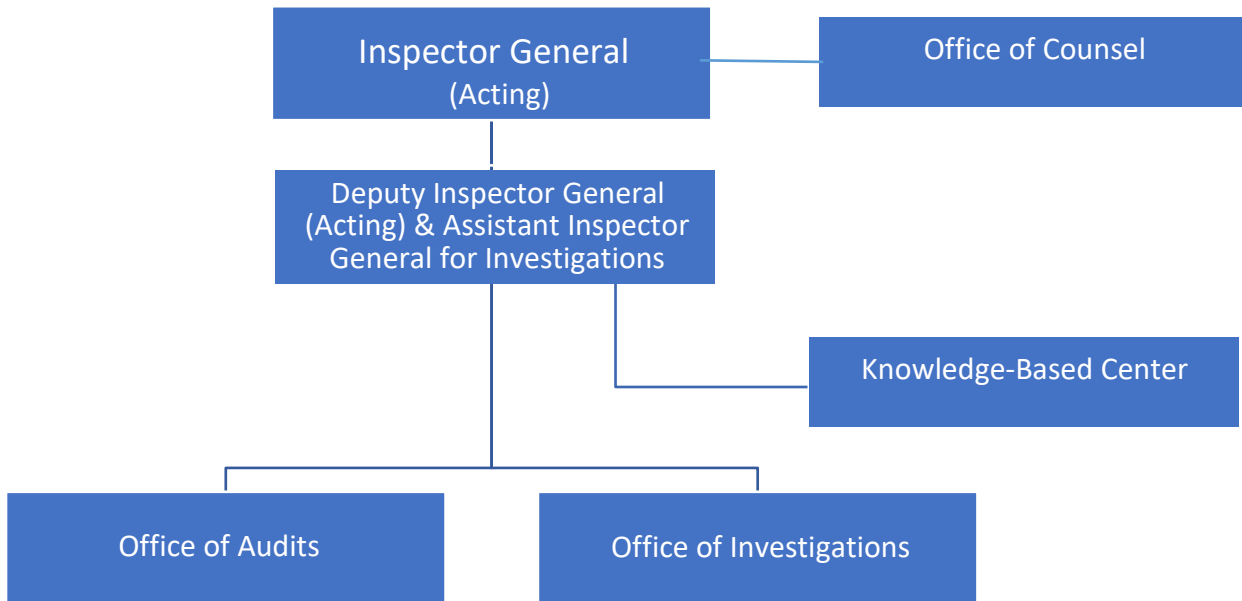
### Executive Summary

The U.S. AbilityOne Commission (Commission) is responsible for creating and maintaining employment opportunities for people who are blind or have significant disabilities. The Commission is headquartered in Washington, D.C., where it administers the AbilityOne Program (Program) that supplies \$3.9 billion annually in products and services through contracts performed by approximately 450 nonprofit agencies (NPAs) located across all 50 states, Guam, and Puerto Rico.

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

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

**Figure 1: AbilityOne OIG Organizational Structure**



To leverage its limited resources, the OIG created a Knowledge-Based Center to share resources with other Federal agencies and developed an internship program for both undergraduate and law students. This shared services model with internship support allows the OIG to continue operating with limited resources.

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

### **Workforce Needs and Work Product**

The current OIG staffing level requires further hiring actions to accomplish the required oversight of the Program, with more than \$3.9 billion in annual contracts. The OIG is requesting \$3,124,000 for Fiscal Year (FY) 2023 to fulfill its mission and statutory mandates.

In July 2021, the first Inspector General, Thomas Lehrich, retired from Federal service to pursue career opportunities in the non-profit sector. As part of the OIG's succession plan, the incumbent Deputy Inspector General and Counsel has assumed the full duties, responsibilities, and authorities as the Acting Inspector General. With this departure, consistent with the appointment process outlined in Section 8G(c) of the IG Act for a Designated Federal Entity (DFE) such as the AbilityOne OIG, the Chairperson of the AbilityOne Commission will have the ability to conduct a nationwide search for selection of the next Inspector General.

The requested level of funding will allow the OIG to increase the hiring of the staff it needs to perform audits and investigations and to accomplish important oversight milestones. In addition to hiring full-time staff, the OIG intends to further leverage its Knowledge-Based Center to tap into the time and talents of professionals throughout the Federal community. The OIG is utilizing MOUs with other agencies as well as internships, rotations, details, CIGIE Fellows, Wounded Warrior Fellows, and utilizing other shared services.

### **Audits**

The OIG Risk-Based Audit Plan is a comprehensive blueprint of the scheduled, value-adding oversight work that will build confidence in the program, enhance economy and efficiency, and improve program growth. The Audit Plan covers statutorily mandated work products and discretionary work to include emphasis in the areas of AbilityOne's fair market pricing determinations, contract administration, and controls over the Program during the coronavirus pandemic. The Office of Audits (OA) executes the OIG Risk-Based Audit Plan and provides independent, objective assessments of the AbilityOne Commission's programs and operations. In FY 2021, the Office of Audits published:

- Four reports with 54 recommendations to improve the performance, accountability, and integrity of the AbilityOne Commission's financial, administrative, and information security operations (see Table 1). There are currently 81 open audit recommendations. However, two-thirds of the recommendations (or 54 of 81) were opened in FY21.
- A Management Alert that analyzed published reports to identify and compile the recurring key control breakdowns observed.

- The OIG Biennial Audit Plan for 2022–2023, which provides a detailed risk-based audit roadmap for the next 2-year audit cycle.
- The first OIG Quarterly Audit Recommendation Status Report to facilitate periodic reporting on the status of recommendations, improve overall risk management, and help enhance Commission operations.

**Table 1: OIG FY 2021 Reports and Recommendations Summary**

Report Short Name	Report Number	Report Date	Number of Recommendations
Financial Statement Audit	20-01	11/13/2020	25
FISMA Review	20-02	11/24/2020	9
Project Assignment and Allocation of Orders	20-03	3/12/2021	7
Procurement List Processes	20-04	7/20/2021	13
<b>Total</b>			<b>54</b>

Source: Generated by the OIG using report data compiled as of August 26<sup>th</sup> 2021

Apart from the Management Alert and the risk-based 2-year Audit Plan, which the OIG completed in-house, OA outsourced audit/evaluation work to independent public accounting (IPA) firms with one government auditor in the OIG, in the role of Contracting Officer’s Representative, overseeing the outsourced audit work. Increasing audit resources will enable OIG to build in-house audit teams for complex performance audits of the Program and allow us to reduce our reliance on IPA firms to perform this work. The increase in resources will also permit the OA to perform statutorily mandated projects, such as audits of DATA Act compliance and Government Purchase Card (GPC)/Government Travel Card (GTC) risk assessments. With approximately 450 NPAs, a Program size of \$3.9 billion and 81 open audit recommendations requiring continuous monitoring and follow-up, the allocation of additional resources for OIG to lead and properly execute its audit program is required. OA requires a minimum of five audit staff to provide in-house audit AbilityOne Program expertise. We estimate the cost for salaries and benefits along with funding to outsource specialized audits at \$1,383,000.

### Investigations

The Office of Investigations (OI) conducts investigations over the programs and operations of the Commission as well as interagency investigations into fraud, waste, or abuse within the \$3.9 billion Program. OI is responsible for supporting more than 10 complex, nationwide investigations involving potentially several hundred million dollars of fraud—resulting in hundreds or thousands of lost job opportunities for Americans who are blind or have significant disabilities, many of whom are veterans. Any significant investigation will encompass all resources within OI to ensure a timely, effective, and efficient fact-finding investigation can be completed for referral to the Department of Justice for Federal criminal statute violations.

The Program is unique. Geographically dispersed Agencies across the Federal government use the AbilityOne Program. As a consequence, OI works with many partner-agencies, each of which may assign multiple Special Agents. Recent examples of this type of work are available at OIG’s new website hosted by [oversight.gov](https://oversight.gov). The contracts are also unique in that they are awarded via a mandatory procurement list and carry higher risk for potential fraud. Based on the \$3.9 billion universe of annual contracts, we estimate approximately \$300,000,000 in fraud per annum.

Description	Key Numbers
States and Territories	52
Participating Nonprofits	450
Individuals Employed	40,000
Federal Agencies That Use Program	40
Federal Locations Hosting Workers	1,000
Annual Spending at Risk	\$300,000,000

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

In 2021, the OIG selected and hired its first Criminal Investigator (Job Series 1811) for the role of Assistant Inspector General for Investigations (AIGI). This hiring action empowered the OIG’s Office of Investigations to be led by an experienced criminal investigator with the leadership experience, knowledge, and criminal investigative expertise to propel the OIG’s investigations for positive outcomes.

Since the OIG’s inception in 2017, we have reported to Congress the plan that AbilityOne OIG requires full law enforcement authority to provide the oversight envisioned by Congress. In March 2021, OIG formally applied with the Department of Justice for such law enforcement authority, which would provide our criminal investigators the much-needed ability to seek and execute search and arrest warrants, seize evidence, carry firearms, and make reasonable arrests without a warrant. AbilityOne’s complex structure, history of mismanagement, and vulnerable workforce make it especially prone to fraud, and the lack of law enforcement authority significantly hampers our ability to provide oversight. As authorized by § 6(f) of the Inspector General Act of 1978 (IG Act), law enforcement capabilities would enable the AbilityOne OIG to meet the Congressional mandates of the IG Act to effectively and efficiently investigate crimes involving the more than \$3.9 billion AbilityOne annual contract portfolio. The OIG requires a minimum of five full-time investigative staff to conduct and complete a comprehensive investigative program, addressing the allegations of wrongdoing that the OIG has received. We estimate the cost for salaries and benefits at \$800,000 with an additional \$100,000 requested for



investments in foundational investigative infrastructure such as digital forensics equipment and software, investigative tools, and specialized training.

OIG conducted outreach and fraud awareness efforts to the Commission and the CNAs. In multiple presentations, the Inspector General has focused on PRAC efforts, the CARES Act, and provided information and training to CNAs, NPAs, and the Commission. The Inspector General has also presented information about OIG's civil fraud portfolio. OI has worked with the Equal Employment Opportunity Commission, the Department of Defense ("DoD") OIG, Social Security Administration ("SSA") OIG, Defense Health Agency ("DHA") OIG, Veteran's Affairs ("VA") OIG, and others, to build processes to better coordinate on investigative referrals and 40 matters of interest to multiple agencies.

### **Reducing the Federal Footprint and Maximizing Economies**

Since inception, OIG has been responsible for its own rental expenses, and the Commission has not generally supported resourcing. This is in contrast to the practice of Federal agencies with similarly sized OIGs in the community have with their agency. Section 6(d) of the IG Act of 1978 (IG Act), as amended, requires each agency to provide its OIG "with appropriate and adequate office space at central and field office locations of such establishment, together with such equipment, office supplies, and communications offices, and provide necessary maintenance services for such offices and the equipment and facilities located therein."<sup>15</sup> The Commission staff has been resistant to following these practices, which creates additional resource burdens on the OIG while not maximizing economies. A Commission move is scheduled to occur during the first quarter of FY 2022. OIG and the Commission will co-locate with increased economies and efficiencies in this constrained budget atmosphere, and the Commission will be responsible for the lease. Accordingly, we are not requesting separate funds for rent or related expenses in FY 2023.

### **Technology**

The OIG currently does not have in-house access to hardware or software systems that would allow its staff to conduct data analytics, forensic or cybersecurity initiatives and activities and efficiently facilitate workflow integration and streamlining. To improve and enhance its IT capabilities, the OIG will need to expend approximately \$130,000 in FY 2023.

### **Council of Inspectors General on Integrity and Efficiency (CIGIE)**

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

### **Training**

The OIG training needs are based on training requirements for Federal law enforcement, investigative, legal, and audit personnel. Audit personnel are required to have 80-hours of

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<sup>15</sup> See Section 6(d) of the IG Act of 1978.

training every two years to meet generally accepted government accounting standards (GAGAS), and investigators also have 80-hours of training mandated by CIGIE and DOJ to occur every two years. We are also establishing a core group of managers to stand up the major OIG functions, and we intend to provide them with ongoing quality leadership and management training. OIG's funding request for training is \$103,000.

## **Budget Exhibits**

### ***Inspector General Reform Act Statement***

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

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

Section 6 of the IG Act was amended by the Inspector General Reform Act of 2008 (P.L. 110-409) to require certain information concerning OIG budget submissions. For FY 2023, this information is as follows:

- OIG's aggregate budget estimate and request to OMB for FY 2023 is \$3,124,000 to remain available through September 30, 2023;
- OIG's funding request for training needs is \$103,000; and
- Funding necessary to support CIGIE from OIG's discretionary budget.

The projected required cost for the salaries and benefits of an anticipated 12 FTE OIG staff is \$2,158,394.

**Committee for Purchase From People Who Are Blind or Severely Disabled**

	<b>FY 2022 Budget Enacted</b>	<b>FY 2023 Budget Request</b>
	\$ 2,650,000	\$ 3,124,000
<b>ALL PERSONNEL</b>		
	9 FTE	12 FTE
Base Salary, Full-time permanent	\$ 1,221,357	\$ 1,444,528
Performance Awards	\$ 70,000	\$ 80,000
Special Act Awards	\$ 18,000	\$ 24,000
<b>Subtotal</b>	<b>\$ 1,309,357</b>	<b>\$ 1,548,528</b>
<b>ALL BENEFITS</b>		
Full Time Employee Benefits	\$ 458,911	\$ 563,366
Law Enforcement Availability Pay (1 FTEs)		\$ 43,000
Public Transportation Subsidy	\$ 7,000	\$ 3,500
<b>Subtotal</b>	<b>\$ 465,911</b>	<b>\$ 609,866</b>
<b>ALL TRAVEL</b>		
Mission Related Travel (Domestic)	\$ 67,000	\$ 80,000
Other Transportation of Persons (Domestic)	\$ 8,000	\$ 5,000
<b>Subtotal</b>	<b>\$ 75,000</b>	<b>\$ 85,000</b>
<b>ALL RENT &amp; COMMS</b>		
Rent to GSA	\$ -	\$ -
Wireless Communications Services- Commercial Provider	\$ 24,000	\$ 25,000
Utility Services- Electricity	\$ 500	\$ -
<b>Subtotal</b>	<b>\$ 24,500</b>	<b>\$ 25,000</b>
<b>PRINTING</b>		
Printing and reproduction	\$ -	\$ 606
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 606</b>
<b>OTHER SERVICES</b>		
Advisory and Assistance - Commercial	\$ 604,900	\$ 605,000
Mission Support Contractual Services- Commercial Sources	\$ 42,832	\$ 50,000
Program Training- Commercial Provider	\$ 68,000	\$ 103,000
Good and services from Federal sources	\$ 18,000	\$ 20,000
Program Training - Fed Agency Provider	\$ 30,000	\$ 60,000
(PBS only) DHS Security Protection	\$ 1,500	\$ 2,000
<b>Subtotal</b>	<b>\$ 765,232</b>	<b>\$ 840,000</b>
<b>SUPPLIES AND MATERIALS</b>		
Office and General Supplies- Non- Federal	\$ 10,000	\$ 15,000
<b>Subtotal</b>	<b>\$ 10,000</b>	<b>\$ 15,000</b>
<b>LAND AND STRUCTURES</b>		
Relocation- Buildings, Improvements & Structures, or Moving Expenses	\$ -	\$ -
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>
<b>GRAND TOTAL</b>	<b>\$ 2,650,000</b>	<b>\$ 3,124,000</b>

## **6.0 Combined Agency-Related Appropriation Language (including OIG)**

### *SALARIES AND EXPENSES*

*For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled (referred to in this title as "the Committee") established under section 8502 of title 41, United States Code, \$13,124,000:*

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

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

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

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

*Provided further, That no less than \$3,124,000 shall be available for the Office of Inspector General.*

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2023.)

## **Appendix I. Financial Management Summary**

Though it is a small independent agency, the Commission accomplishes an important mission that is national in scope – touching the lives of approximately 40,000 people who are blind or have significant disabilities. It does so with very limited appropriated funds. The Commission’s FY 2021 budget was \$10,500,000, with no less than \$2,500,000 for the Office of Inspector General (OIG) which included \$350,000 for one-time costs associated with the move of the OIG. This budget was primarily used to fund salaries and benefits for the Commission’s civil service staff and private citizen members, and to pay for rent and communications, intragovernmental support services, information technology support, and other general expenses.

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

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

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

### **Improper Payments Reductions**

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

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

The Commission has no grant-making authority, makes no payments to beneficiaries, has no unneeded real property, and has no debt-collection program. Nearly all of the agency’s resources

are dedicated to personnel, rent and communications, intragovernmental support services, and information technology support. The agency is committed to monthly reconciliation of all spending, including payroll.



## Appendix II. Statement of Chief Information Officer

March 25, 2022

I affirm that as the Chief Information Officer of the U.S. AbilityOne Commission, I played a significant role in reviewing and recommending planned IT support and increases in IT resources for the agency for the submission of the FY 2023 budget justification. There have been limited IT investments in equipment and cloud storage. The Commission has requested an increase in funding to upgrade the agency's Procurement List Information Management System (PLIMS) and buy IT equipment and software licenses for new employees.

  
Shang-iong (Edward) Yang, CIO