

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

**FISCAL YEAR 2020
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



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Introduction

The U.S. AbilityOne Commission¹ (Commission) is pleased to present its Fiscal Year (FY) 2020 budget request. The Commission's request reflects a total of \$9,400,000, which is comprised of a request for \$7,750,000 for the Agency, and a request for \$1,650,000 for the Office of Inspector General (OIG), for FY 2020.

The requested funding level will help the Commission meet an ever-increasing number of Congressional and Executive Branch mandates. These mandates require more oversight to improve accountability and integrity within the AbilityOne Program and its more than 500 nonprofit agencies, which have \$3.3 billion in annual Federal Government contracts.

Over the past 35 years, the Congress, Government Accountability Office (GAO), Department of Justice and multiple OIGs have held hearings, studied, investigated and reported the need to increase the Agency's oversight in areas of critical importance to the Federal Government. The common and continuing thread in the findings is the Commission's small staff and scarce resources. As a result, the requested increase in the Commission's appropriation is imperative to significantly improve Agency oversight and overall mission capability.

In 1983, for example, the House Committee on Government Operations held hearings that relied on GAO reporting and a Manpower and Housing Subcommittee study. The House committee sent the Speaker of the House a report titled "Improvements Needed in the Administration of the Javits-Wagner-O'Day Act." Examples of the House committee findings included:

- Lack of limitations or parameters on the Central Nonprofit Agencies' (CNAs') expenditures, making it impossible for auditors to determine allowable and unallowable CNA costs.
- The need for greater Commission oversight to monitor expenditures of the CNAs.
- Absence of Commission guidelines on legitimate CNA support to nonprofit agencies employing the blind and severely disabled.
- The Commission's inability to oversee Federal agency compliance with the JWOD Act.
- The Commission's lax oversight in CNA compliance with the law.

In 2013, GAO Report 13-457, "Employing People with Blindness or Severe Disabilities: Enhanced Oversight of the AbilityOne Program Needed," identified the need for an OIG, for the Agency to establish written agreements with its designated CNAs, and for the Agency to routinely obtain the CNAs' audits and reports of alleged misconduct or violations. The GAO also highlighted the need for the Commission to review policy and oversight of the CNA allocation process, and to require CNAs to provide current pricing information that better identifies price changes and increases transparency in the Commission's pricing process.

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

In 2017, the National Defense Authorization Act (NDAA) directed the Secretary of Defense to create the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity.” The Panel’s first annual report to Congress in July 2018 contained more than 40 recommendations. The overwhelming majority of these recommendations must be reviewed, implemented and sustained by the Commission and its staff.

The FY 2017 NDAA Section 898 subsection (g)(1)(A) states that if the Secretary of Defense receives a notification that the Commission is not implementing recommendations, the Secretary “may suspend compliance with the requirement to procure a product or service in section 8504 of title 41, United States Code, until the date on which the Secretary notifies Congress, in writing, that the AbilityOne Commission is substantially implementing the recommendations....” In practical terms, failure to implement Panel recommendations could result in the AbilityOne Program’s loss of DOD purchases and thus jeopardize approximately 25,000 jobs nationwide for AbilityOne employees who are blind or have significant disabilities.

The Agency respectfully requests this small but important increase in the FY 2020 appropriation to enable the Commission to continue strengthening its oversight of, and intensifying accountability throughout, the AbilityOne Program. If the Commission is unable to secure this approximately 11 percent increase over the FY 2019 enacted level, it will lose momentum and be unable to successfully implement these recommendations. Some of these changes or improvements are 35 years in the making, going back to the aforementioned 1983 hearings.

Looking beyond the FY 2020 budget cycle, the Commission has identified several future investments that will further enhance its capability and capacity to provide such oversight, that are discussed in Section 3.5 of this justification. As such, Section 3.5 provides a comprehensive overview of these resources needed to achieve the Agency mission in the long-term. In Appendix IV, the OIG has proposed additional future investments.

These additional future investments are a realistic recognition of the relentless resource demands in today’s vastly changed environment for the Commission and AbilityOne Program, as compared to FY 2013 (issuance of the aforementioned GAO Report) and FY 2015 (prior to the significant new mandates for the Commission in the Consolidated Appropriations Act of 2016). The accelerating pace and widening scope of Congressional and Executive Branch mandates are rapidly outpacing the Commission’s ability to effectively meet them without additional funding.

The Commission’s need for additional resources is so striking that it was reported in the 2018 Council of the Inspectors General on Integrity and Efficiency (CIGIE) “Top Management and Performance Challenges Facing Multiple Federal Agencies” annual report. This CIGIE capstone report consolidates and provides insight into the most frequently reported management and performance challenges identified by Offices of Inspector General across Government.

Accordingly, the Commission requests support for a funding level of \$9,400,000 in FY 2020. The Commission has also identified some longer-term investments to improve the oversight and efficiency of the AbilityOne Program it oversees.

1.0 Program and Budget Justification Summary

Approximately 45,000 Americans who are blind or have significant disabilities rely on the AbilityOne Program to provide job opportunities. The amount requested in the Commission's FY 2020 budget justification represents the bare minimum level of staffing and resources necessary to continue serving the critical vocational needs of the disability community.

People who are blind or have significant disabilities have the highest level of unemployment and lowest level of labor force participation compared with any other segment of American society, across all age groups and at all levels of educational attainment.² The Commission's mission is to create and maintain employment for this underutilized population. Through the AbilityOne Program, these individuals have jobs, earn income, pay taxes, contribute to their communities, and provide valuable products and services as part of our nation's industrial base. By joining the labor force, people who are blind or have significant disabilities contribute to increasing the Gross Domestic Product (GDP) and growing the U.S. economy, a longstanding bipartisan goal.

The Commission is comprised of 15 Presidential Appointees, and charged with implementing the Javits-Wagner-O'Day (JWOD) Act (41 U.S.C. §§ 8501-8506). An Agency full-time staff of 32 full-time equivalents (FTEs) supports the Commission by handling day-to-day operations of the AbilityOne Program, which now exceeds \$3 billion in annual sales to the Government. Independent from the Agency staff, the OIG currently employs three (3) FTEs, and is focused on establishing the infrastructure to make that office fully functional.

During FY 2018 and into FY 2019, the Commission focused on its proposed plan to reorganize the Agency in order to improve efficiency, effectiveness and accountability, as required by Executive Order 13781. In FY 2020, the Commission will seek opportunities to both apply existing resources and additional funding in a manner that focuses on the Commission's top priorities – job growth, strong oversight, and policy guidance that reverses recent erosion of the AbilityOne Program's mandatory source status. The Commission will continue to recalibrate and identify necessary investments both for the FY 2020 budget request and the out-years. These important steps will help the Commission to transform and modernize the AbilityOne Program.

The greatest risk to the integrity and effectiveness of the AbilityOne Program is a lack of capacity resulting from limited funding and staffing for the Commission. This risk drives the FY 2020 funding request, which highlights the following resource challenges:

- Agency staff consisting of only 32 FTEs must oversee \$3.3 billion in annual AbilityOne sales – with total contract value of more than \$8 billion.
- Agency staff oversee more than 500 nonprofit agencies across 15 time zones, from Guam to Maine, providing tens of thousands of staff at Federal agencies and nonprofit agencies with guidance on Program policies and regulations.

² Department of Labor, Bureau of Labor Statistics. 2018. "Persons with a Disability: Labor Force Characteristics Summary," June. <https://www.bls.gov/news.release/disabl.nr0.htm> (retrieved January 31, 2019).

- Agency staff oversee two longstanding CNAs, whose combined revenues and staff are approximately 20 times larger than the Agency appropriation and FTEs, respectively, based on FY 2017 data. Agency staff also oversee one newly designated CNA.
- The Commission’s FY 2017 appropriation provided the first substantive increase in this decade (not counting the FY 2016 inaugural OIG appropriation of \$750,000).

The Commission must have adequate resources to meet mission-critical requirements and to maintain and accelerate its momentum toward strengthening oversight of the Program. Increased resources are essential for the Commission to successfully respond to rapidly growing demands resulting from recent major increases in Congressional requirements for the Commission to exercise stronger oversight of the Program.

The Commission is gravely concerned that lack of adequate funding will jeopardize its mission and the ability to meet Congressional, public sector (e.g., Federal agencies) and private sector (e.g., disability community and Nonprofit Agencies) requirements for the Commission to exercise stronger oversight of the Program. Congressional requirements to effect needed change, coupled with the increasingly complex operating environment, are widening a gap in staff capacity. This is reflected in the following:

- Extensive Commission staff resources are required for the FY 2017 NDAA “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity; Defense Acquisition University Training.” The Section 898 Panel duties are required through at least FY2020. The Commission is required to annually implement Panel recommendations that address issues ranging from waste, fraud and abuse to business practices to veterans’ employment.
- To enable oversight and accountability, in FY 2017 Congress directed the Commission to establish a field office to oversee the western areas of the United States. The Agency is funded to meet three of eight staff requirements. The Western U.S. Field Office is responsible for 14 States and Guam, 118 Nonprofit Agencies, and \$622,000,000 in AbilityOne Program sales. DOD has installations from every military service throughout this Western region.
- More frequent litigation related to various administrative matters, contract disputes and bid protests impact the employment of people who are blind and significantly disabled. Examples are:
 - As a consequence of the U.S. Supreme Court decision in *Kingdomware Technologies, Inc. v. United States*, 136 S. Ct. 1969 (2016), the Commission and participants in the AbilityOne Program have been involved in lawsuits filed by veteran-owned small business Owners.

One such lawsuit is *PDS Consultants v. United States*, 132 Fed. Cl. 117 (2017), currently on appeal to the Court of Appeals for the Federal Circuit, with the clear potential for further appeal to the Supreme Court. The Commission has only two

attorneys who represent the AbilityOne Program in this potentially multi-billion dollar litigation.

- Litigation related to the Randolph Sheppard Act (RSA) issues and appropriate implementation of priority to blind persons to operate vending facilities on Federal property also draws on the Commission's limited resources. In addition to *SourceAmerica, et al. v. U.S. Department of Education, et al.*, pending in the Eastern District of Virginia, the Commission's attorneys are in negotiations with the Department of Education, Department of Defense and Department of the Army regarding resolution of multiple other RSA-related disputes.
- Regulations related to the Workplace Innovation and Opportunity Act (WIOA) effectively sever a vital link between State Vocational Rehabilitation services, Commission-qualified NPAs and people with disabilities who need jobs.

These are only a few of the facts demonstrating that the greatest risk to the integrity and effectiveness of the AbilityOne Program is a lack of capacity resulting from insufficient funding and staffing for the Commission.

As you review the Commission's FY 2020 budget request, we ask that you also consider the following:

- Growing jobs for people with disabilities, and particularly for veterans, is both an Administration and a nonpartisan priority. The AbilityOne Program and its nonprofit agencies have the experience and capacity to effectively contribute to this national priority.
- Veterans benefit from AbilityOne through numerous wounded warrior transition programs, training and employment provided by AbilityOne-authorized providers.
- The AbilityOne Program returns dollars to the U.S. Treasury through:
 - The AbilityOne contract close-out initiative (more than \$2 billion identified for de-obligation since 2010)
 - Increased tax revenues from AbilityOne employees who are blind or have significant disabilities. In FY 2017, AbilityOne employees earned more than \$600 million in wages while gaining greater independence and experience.
- In 2013, the Government Accountability Office (GAO) recommended stronger AbilityOne Program oversight by the Commission.³
- For FY 2016, Congress mandated stronger AbilityOne Program oversight by the Commission through written CNA agreements and a new OIG.⁴

³ GAO Report 13-457, May 30, 2013.

⁴ Consolidated Appropriations Act, 2016, enacted December 18, 2015.

- The FY 2017 NDAA created the Section 898 Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity. The Panel was chartered to review the effectiveness and internal controls of the AbilityOne Program related to Department of Defense contracts, and report back to Congress on ways to eliminate waste, fraud and abuse; to ensure integrity and accountability for any violations of law or regulation; to recommend changes to business practices and IT systems to facilitate compliance with the Javits-Wagner-O'Day Act; and to establish an AbilityOne Program training program at the Defense Acquisition University.

In FY 2020, the Commission will continue to assess and enhance the efficiency and effectiveness of the AbilityOne Program's mission-critical processes to prepare and position the AbilityOne Program for the future.

The Commission plays an important role in America's commitment to the employment needs of people who are blind or have significant disabilities, including wounded warriors and other ill or injured veterans. The AbilityOne Program is the only Federal employment program that creates and sustains job opportunities for people whose visual impairment or significant disabilities have precluded them from engaging in sustained competitive employment. The Program creates employment through Federal agency purchases of products and services on the AbilityOne Procurement List. Approximately 45,000 people who are blind or significantly disabled were employed within the AbilityOne Program last year, including approximately 3,000 veterans.

Under the AbilityOne Program, people who are blind or significantly disabled are employed in the manufacture and delivery of products and services to the Government. They produce a wide variety of supplies, from office products to military clothing and equipment. AbilityOne employees also perform services ranging from administrative support and data entry to contact centers, recycling, warehousing and distribution.

The Commission is actively transforming the AbilityOne Program's policies, procedures and business practices to protect and preserve these much-needed employment opportunities by strengthening performance, evaluation and oversight. This transformation incorporates GAO's recommendations from 2013; the mandates of the Consolidated Appropriations Act, 2016; and, as they develop, the recommendations of the NDAA Section 898 Panel.

The Commission's top three operational priorities to increase Program accountability are:

- (1) Transforming Agency oversight, accountability and integrity of AbilityOne NPAs.
- (2) Supporting the FY 2017 NDAA Section 898 Panel.
- (3) Employment of and outreach to veterans who are blind or have significant disabilities.

As a small Federal entity, the Commission administers one statute and implements only one program – the AbilityOne Program. There are no other programs or funding streams to reduce or reprioritize to offset the cost of fulfilling new requirements. Numerous cost-avoidance and efficiency measures have been taken and continue to be leveraged.

In this budget request, the Commission will demonstrate that the AbilityOne Program successfully creates and sustains employment for our target population of people who are blind

or have significant disabilities. These individuals earn income, receive promotions and may transition into competitive integrated employment.

The Commission’s request for funding in FY 2020 supports our country’s vision for growth and opportunity for a subset of the U.S. population that encounters the most barriers to full employment. In implementing its mission, the Commission continues to pursue four fundamental strategic goals – effective stewardship, job growth, employee and customer satisfaction, and operational excellence. The Commission has considered the policies, strategies and resources necessary to administer the AbilityOne Program in accordance with Administration and Congressional priorities, our mission and core goals.

Table 1: U.S. AbilityOne Commission Budget Summary (\$ Millions)					
Category:	FY 2016 Enacted	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request
Personnel	3.405	4.088	4.170	4.228	4.802
Benefits	0.858	1.099	1.105	1.120	1.261
All Other	1.178	1.813	1.725	1.652	1.687
OIG	0.750	1.000	1.250	1.250	1.650
Total	6.191	8.000	8.250	8.250	9.400

The Commission is committed to revisiting and realigning its resources in accordance with the most pressing priorities facing the AbilityOne Program. The Commission will continue to assess its needs in terms of organizational capacity, information technology, and the infrastructure to support mission-critical requirements. These assessments will inform and shape the Commission’s budget justification for FY 2021 and the out-years.

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

- Increasing employment opportunities for people who are blind or have other significant disabilities. (Job Creation)
- Establishing rules, regulations, policies and procedures to assure effective implementation of the Javits-Wagner-O’Day Act and AbilityOne Program. (Job Creation and Program Integrity)
- Monitoring compliance of CNAs and participating nonprofit agencies with the JWOD Act, Commission regulations and procedures. (Program Integrity)
- Determining which products and services procured by the Federal Government are suitable to be furnished by persons who are blind or have other significant disabilities, and who are employed at qualified nonprofit agencies. (Job Creation)

- Determining and revising fair market prices for items procured by the Federal Government. (Job Creation)
- Informing Federal agencies about employment of people who are blind or significantly disabled and the statutory mandate that items on the Procurement List be purchased from qualified nonprofit agencies employing this population. (Job Creation and Oversight)
- Encouraging and assisting entities of the Federal Government to identify additional products and services that can be provided by people who are blind or have other significant disabilities. (Job Creation)

The Commission has no legislative proposals currently pending.

2.0 Legal Authority, Mission, Vision and Program Structure

The Javits-Wagner-O'Day Act of 1971, codified at 41 U.S.C. §§8501-8506 and implemented through 41 C.F.R. Chapter 51, establishes the legal authority for the Committee for Purchase From People Who Are Blind or Severely Disabled, which operates as the U.S. AbilityOne Commission. The Commission is an independent Executive Branch agency, with exclusive responsibility for administering this statute and the AbilityOne Program, which is responsible for employing approximately 45,000 Americans who are blind or who have other severe disabilities.

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

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

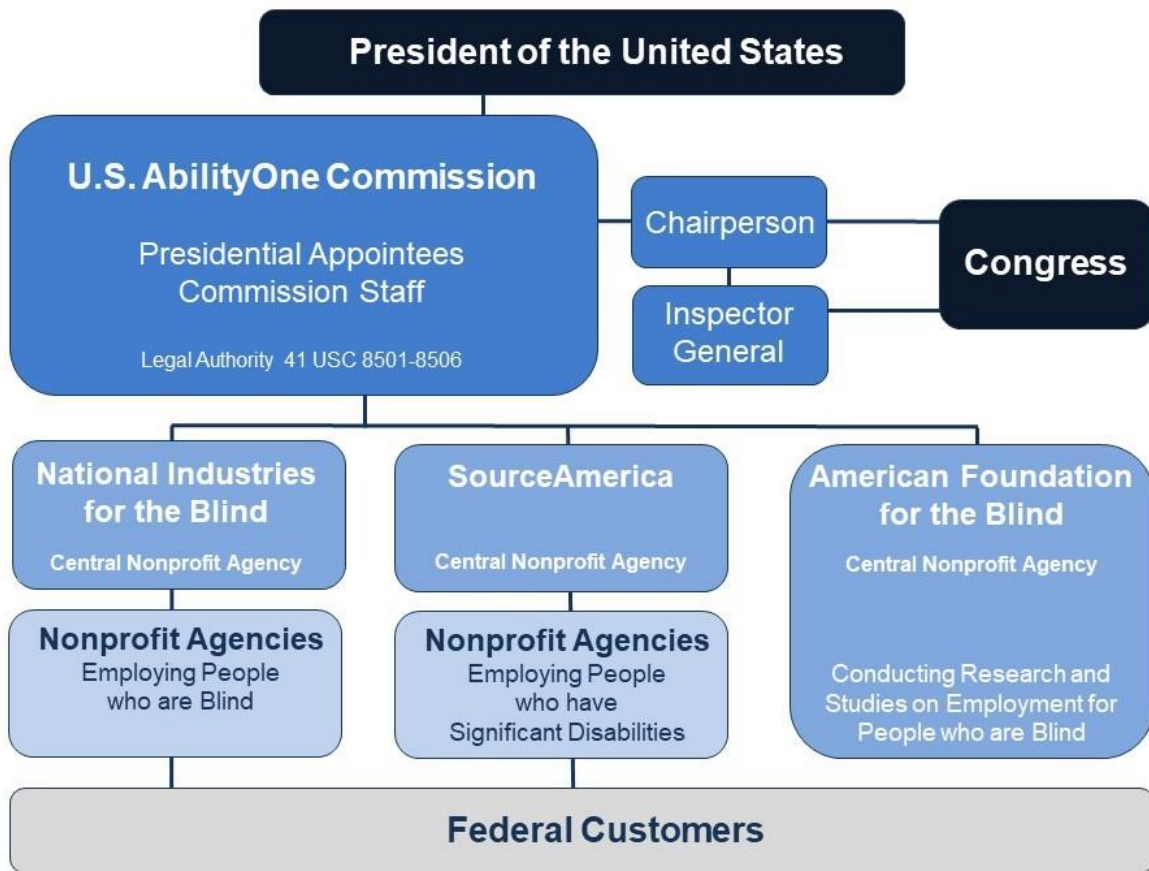
The vision of the AbilityOne Program is:

The AbilityOne Program enables all people who are blind or have significant disabilities to achieve their maximum employment potential.

This vision will be realized when:

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

Figure 1. AbilityOne Program Organization



2.1 Resource Comparisons Between the Commission and Longstanding CNAs

In 2018, the private part of the public-private AbilityOne Program structure, namely the Central Nonprofit Agencies (CNAs), had combined revenues and staff that were approximately 20 times larger than the Commission staff appropriation and FTEs, respectively. Consequently, Congressional requirements and GAO recommendations for greater Commission oversight of the Central Nonprofit Agencies (CNAs) place significant demands on the Commission staff and further highlight the need for additional staff and funding. Commission resources come solely from appropriations, while the CNAs’ AbilityOne-related revenue comes from a fee based on Program sales. The Commission projects that the CNAs’ revenue will remain near \$115 million to \$120 million in FY 2019. Figure 2 and Figure 3 below illustrate these differences.

The CNAs are not government entities. They are private, not-for-profit organizations that allocate orders and provide other technical and financial assistance to approximately 500 nonprofit agencies that participate in the AbilityOne Program. The JWOD Act authorizes the Commission to designate one or more CNAs to help administer the statute and AbilityOne

Program. National Industries for the Blind (NIB) and SourceAmerica have been designated by the Commission to perform these duties.

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

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

Note: A third CNA was designated in 2018, and in accordance with its Cooperative Agreement, is conducting research but not yet performing the duties of a CNA.

Figure 2. Comparison of Commission Budget to Longstanding CNAs’ Revenue

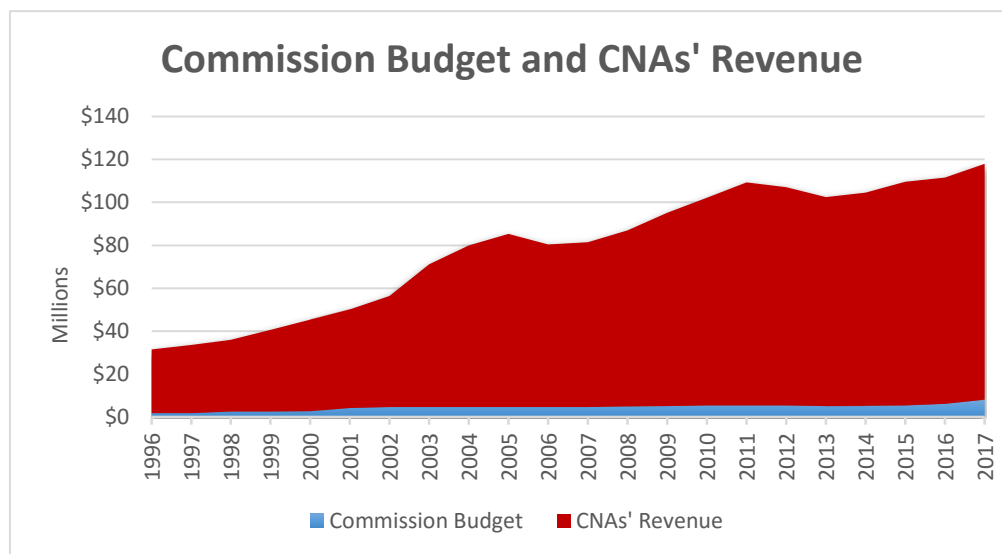
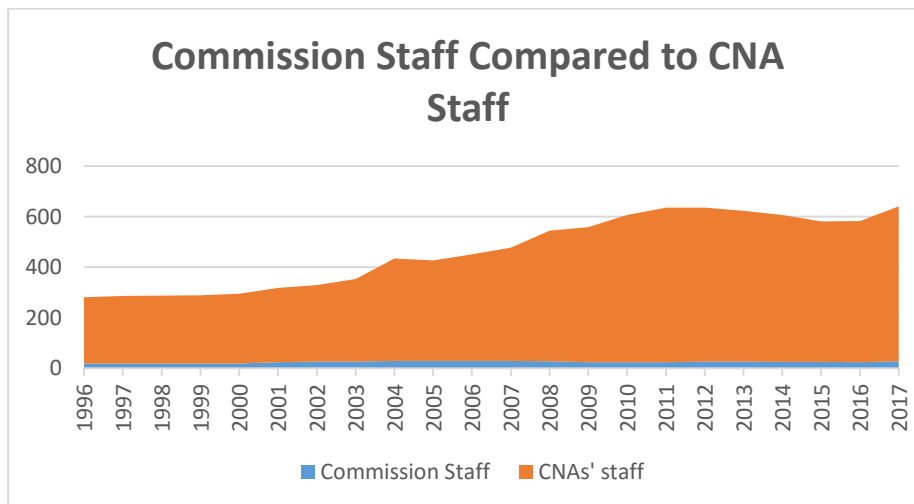


Figure 3. Comparison of Commission Staff FTEs to Longstanding CNAs' Staff FTEs



3.0 Analysis of Resources Requested

3.1 Recommendations for Efficiency, Effectiveness and Mission-Related Investments

As the Commission administers one law – the Javits-Wagner-O’Day Act – and one program authorized by that statute, there is no programmatic overlap or duplication within the Commission. The Commission headquarters serves as the main administrative office, managing resources and leveraging shared services providers for the Western U.S. Field Office and the OIG to achieve efficiencies. The Commission’s finance and human resources requirements are processed by the U.S. Department of Agriculture (USDA) and the General Services Administration (GSA), respectively, on a reimbursable basis. The Commission uses Federal Strategic Sourcing Initiative (FSSI) contract vehicles and other strategic sourcing approaches to obtain the products and services it needs at discount pricing.

From an external perspective, the Commission maintains awareness of other Federal agencies’ programs to assist people who are blind or people with significant disabilities in their employment needs. Consistent with findings in the most recent GAO Report to directly compare disability employment programs, GAO-12-342SP, “Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue,” the Commission finds that the AbilityOne Program remains unique in creating and providing jobs for its target population through nonprofit agencies and the Federal procurement system. Other Federal programs provide policy, training, grants, placement services and/or other supports, but not direct employment, to people who are blind or have other significant disabilities.

As a small and independent agency, the Commission has identified and leveraged efficiencies and cost-avoidance measures to maximize its resources. Consistent with the guidance in OMB Memorandum M-17-08, and its predecessor M-12-12, the Commission has achieved reductions in travel costs, particularly by using teleconferencing to minimize meeting-related travel.

As recognized by M-17-08, there is still a need for mission-related travel, such as performing reviews or inspections as part of the Agency's oversight responsibilities. Conducting on-site compliance inspections remains necessary to thoroughly review and ensure the integrity of AbilityOne participating nonprofit agencies. The Commission's business practices, such as pre-inspection desktop reviews, optimize travel dollars for the inspection process. The Commission also considers risk factors and the period of time since its last review when determining its priorities for on-site compliance inspections.

In 2017, the Commission invested resources to update its workflow software to facilitate distributed work processes and to ensure IT system stability for teleworking employees. In FY 2020, the Commission proposes to make other critical updates to its decade-old IT system. IT-driven efficiencies and needs are discussed in Section 3.3 of this document.

The Commission has operated within a reduced physical footprint since 2015. Nearly all Commission employees participate in the Agency's telework program, which has enabled the Agency to make do with less office space, fewer supplies, and lower public transportation subsidies. However, new responsibilities and the need for more robust and expanded oversight dictate that the Commission increase its staffing in FY 2020 (see Section 3.5). If approved, the Commission will require a commensurate increase in funding for space and equipment, particularly in the out-years.

Other, long-term investments are discussed in section 3.5. These include a Central U.S. Field Office to facilitate more efficient and effective compliance inspections and customer interactions, and to establish a pilot program to support veterans' employment. In addition, the Commission faces a key decision in the near future about where to relocate to consolidate offices with the OIG, as well as provide adequate space for the Agency. (As noted in Section 4.1, GSA estimated that \$1.8 million is needed to fund the relocation and build-out of space.)

3.2 Personnel Requirements

To effectively execute its responsibilities and sustain the AbilityOne mission, the Commission must have adequate personnel. Currently, the Agency's staffing level is 32 FTEs. Some growth was realized in the establishment of the OIG and hiring of key senior staff to build that organization from the ground up. The OIG currently has 3 FTEs.

This justification includes **FY 2020 funding for seven new FTEs for the Agency**. See page 33 for the OIG request.

The complexity of the AbilityOne Program's business environment and public scrutiny warrants a high level of expertise in positions across the Agency. The Commission staff must implement regulatory, policy and business-process changes as a result of the Consolidated Appropriations Act, 2016. The Commission is also in the process of transforming existing policies and procedures to ensure consistent program administration. As discussed below, the Commission's employees support the following core business areas: regulatory compliance, Procurement List operations, and program management; as well as cross-cutting functions such as legal, policy, communications and government affairs, information technology (IT) and resource management.

The Commission's executive leadership team includes the Office of the Executive Director, the Chief of Staff, Office of the General Counsel, and Strategic Communications and Government Affairs. Within these functions are nine FTEs. An additional FTE serves as the Agency's Chief Information Officer (CIO).

Resource and Risk Management: One new FTE -- The Commission's highest staffing priority to fund with the requested increase in FY 2020 is a **Chief Financial Officer (CFO)**. Hiring a CFO will allow the Commission to reduce its dependence on, and more actively oversee, its shared service providers for all financial transactions. The CFO will enable the Commission to develop more effective budget and Congressional justification documents, and to explore budget neutral business models, such as a working capital fund. A CFO will also provide the capacity to develop an Enterprise Risk Management Plan. The Commission's current lack of resources and expertise to conduct Enterprise Risk Management has been identified as one of the Agency's Top Management Challenges by the OIG.

Cybersecurity: One new FTE -- This request includes funding to hire an individual with cybersecurity skills to assist the CIO and start building the organic capability to ensure that the Commission's IT systems meet all Government security standards and comply with the Federal Information Security Management Act (FISMA). This FTE will be hired, developed and deployed in a manner consistent with the U.S. Department of Homeland Security's National Cybersecurity Workforce Framework.

Oversight and Compliance: One new FTE -- With hundreds of nonprofit agencies performing thousands of Federal contracts across the AbilityOne enterprise, compliance monitoring and inspection are a top priority. Sales of products and services under the AbilityOne Program exceeded \$3 billion in FY 2017 and FY 2018. AbilityOne nonprofit agency contractors must comply with the JWOD Act, the Commission's regulations, and numerous other Federal laws and requirements – while fully meeting the Government's quality and performance standards. The Commission's headquarters-based compliance team (currently five FTEs) issues policy guidance, conducts inspections, reviews annual certifications and provides training. Growth in the size and complexity of the nonprofit agencies participating in the AbilityOne Program requires additional manpower and skills on the compliance team. An **additional inspector at the headquarters** location (one FTE) is necessary to increase the staff's capacity to meet the Commission's minimum oversight goal, which is to be able to inspect all NPAs participating in the AbilityOne Program on a five-year cycle, and to review their Representations and Certifications annually.

Western U.S. Field Office: Two new FTEs -- The Western U.S. Field Office is responsible for 14 States and Guam, 118 Nonprofit Agencies, and more than \$620 million in AbilityOne Program sales. DOD has installations from every military service throughout this Western region. The Agency's current and proposed funding levels support three of eight projected FTEs for this office requirement. A field office director, a senior pricing analyst and a compliance inspector have been allocated to this office to engage with Federal customers in particular, and to focus on local NPA compliance. This request includes funding for **one additional compliance inspector and one vocational rehabilitation specialist** to augment the capabilities of the

Western U.S. Field Office. If funded, these two new FTEs will bring the Western U.S. Field Office to a total strength of five.

Business Operations: One new FTE -- The Commission's operations team executes hundreds of transactions each year to maintain the Procurement List. This process is the lifeblood of the AbilityOne Program, as products and services on the Procurement List create employment for the AbilityOne workforce. Updating products, service locations, prices and other elements of Procurement List requirements is critical. The operations team is comprised of eight FTEs, each of whom is essentially "one deep" in terms of expertise and responsibilities. The team handles new and existing products, new and existing services, pricing, information and records management, the Federal Register notice-and-comment process for Commission actions, and the authorization of commercial distributors. No additional FTEs are requested for routine operations, but there are some recommendations and tasks resulting from the Sec. 898 Panel's first report that require additional staffing. The Panel recommended that the Commission conduct at least three pilot tests to assess the potential for competition among AbilityOne Program participants. To implement this recommendation, at a minimum, the Commission requires a **source-selection expert to advocate for and oversee the competitions**, resulting in one additional FTE in the Operations area.

Program Management Office: The Commission established a Program Management Office (PMO) to administer and implement the Cooperative Agreements established with the CNAs in FY 2016. The Commission launched the PMO at the end of FY 2016 with one FTE and the assistance of certified acquisition professionals serving developmental assignments in the Commission's office. Both CNAs established larger program offices to ensure quality performance of Cooperative Agreement requirements. In FY 2018, the Commission hired a deputy program manager to help manage the 100-plus deliverables received and reviewed annually in administering the Cooperative Agreements. The Commission also hired a data analyst who is shared by the PMO and the Chief of Staff – an example of the Commission reprogramming a vacated FTE position to fill a higher priority need on the staff.

Policy and Contracting: Developing and updating policy and procedures is a focal point for the Commission, because strengthening program oversight requires identifying and disseminating the rules and regulations. Operating in the Federal acquisition environment, the Commission staff must have the experience and expertise to work with the Federal Acquisition Regulation (FAR) Council on rule changes that affect the AbilityOne Program. The Commission also monitors and engages as necessary when other Federal agencies issue procurement guidance that does not fully conform to the requirements of the JWOD Act and the AbilityOne Program. The Commission has two policy-related FTEs, who are dual-hatted, also handling internal contracting requirements and supporting the Cooperative Agreements. In the future, additional capacity will be needed in this area, to support the Sec. 898 Panel recommendations.

Veterans Employment and Initiatives: One new FTE -- This directorate's mission is to connect veterans who are blind, significantly disabled, or service disabled to a network of employers capable of providing support beyond reasonable accommodations for sustainable competitive and noncompetitive employment opportunities with support services. Two FTEs staff this function – a Director and a program manager. The DVEI is a high return-on-investment area

within the Commission. Already, the limited DVEI staff have made numerous connections, are pursuing the Sec. 898 Panel's recommendations, are developing memoranda of agreement with other Federal agencies, and are assisting AbilityOne nonprofit agencies in employing more veterans. The Commission requests funding for one additional FTE in this directorate to pursue high-potential **educational and enrichment programs**, such as apprenticeships, to position veterans with significant disabilities to develop new careers.

3.3 Information Technology (IT)

Critical upgrades requiring funding are needed in cybersecurity, hardware, software, and continuity of operations that support the AbilityOne Program.

Now 10 years old, the outdated IT backbone of Commission business operations is its Procurement List Information Management System (PLIMS). It supports all AbilityOne business transactions with customers and program partners, and enables the Commission staff to meet government-wide goals for telework through a distributed web workflow. The PLIMS Microsoft 2003 server is no longer supported, thus making it potentially vulnerable to security threats, and needs to be upgraded to a newer version.

In FY 2017, the Commission made new investments in its electronic workflow software, because the existing workflow system has been phased out by the manufacturer. However, the Commission's cyber posture fell short in 11 areas in the Federal Information Security Management Act (FISMA) audit. While the Commission has continued to take corrective action, the root cause of IT compliance problems is lack of staff to correct them. With the addition of the Western U.S. Field Office in 2017, the need for connectivity has only increased.

The Commission needs:

- (1) At least one cybersecurity analyst (see Section 3.2) to build organic capability to support key functions required by FISMA, and to provide cybersecurity oversight for the OIG part of the Commission network
- (2) Modernization of legacy infrastructure of both the AbilityOne network and PLIMS application (long-term planning required)
- (3) Continuous monitoring and vulnerability assessment software tools
- (4) Software to encrypt and track access to sensitive data such as personally identifiable information (PII), legal and Commission-sensitive matters
- (5) Alternative work site to support FISMA Continuity of Operations requirements (for executive staff and/or all employees)
- (6) IT and cybersecurity training for key personnel
- (7) FISMA Annual Assessment Provider (contractor support)

(8) Cloud Service Provider (contractor support)

(9) Personnel screening of contractor support

(10) “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

The Commission maintains a small IT infrastructure footprint, with its own local area network, storage device and web server. The Agency neither operates nor uses data centers.

The Commission is continuing a broad IT system assessment to identify weaknesses, necessary investments and opportunities for greater efficiencies. For example, the Commission’s compliance team may be more efficient when conducting on-site inspections if they are able to use mobile devices such as tablets or applications that streamline data entry and the capture of other information. Such recommendations continue to be researched and documented for proposal in future budget cycles. The table below reflects the current IT enterprise.

Table 2: Information Technology (IT) Summary Table				
Category:	(CY) FY 2017 Enacted	(BY) FY 2018 Enacted	(BY) FY 2019 Enacted	(BY) FY2020 Request
Personnel	1 FTE	2 FTE	2 FTE	3 FTE
Network Maintenance	\$200,000	\$204,000	\$208,000	\$220,000
PLIMS System Programming	\$198,000	\$206,000	\$209,000	\$215,000
Hardware	\$100,000*	\$50,000	\$20,000	\$25,000
Software	\$150,000**	\$125,000	\$70,000	\$45,000
New Investments	\$600,000***	\$250,000	\$0	\$0
Total	1 FTE \$1,248,000	2 FTE \$835,000	2 FTE \$527,000	3 FTE \$505,000

* The Commission used approximately \$100,000 of its FY 2017 appropriation to refresh IT hardware that is outdated. In recent years, the Commission has deferred replacing or refreshing some of its hardware for budgetary reasons. As noted above, the Commission is exploring the use of new mobile devices to increase staff efficiency.

** The Commission was required to purchase a new workflow software package because its current software is no longer supported by the manufacturer and posed a risk to operations. The FY 2017 Omnibus funding level permitted such a one-time expenditure with minimal recurring costs for licenses or upgrades.

*** The Commission used approximately \$600,000 of its FY 2017 appropriation to refresh the FISMA security program, study the overall Agency’s business processes, and make recommendations to improve current process.

IT Resource Statements:

The Commission’s Chief Information Officer (CIO) has reviewed and contributed to the Agency’s IT investments in this budget request. In FY 2017, the Commission bought necessary IT equipment such as laptop computers or handheld devices for staff members whose equipment had not been refreshed in several years. The CIO routinely reviews and submits the planned IT support for AbilityOne Program objectives, as does the Agency’s Chief of Staff. (There is no dedicated Chief Financial Officer position at this time.) The statements attesting to these facts are attached in the Appendix section.

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

In FY 2014, the U.S. AbilityOne Commission migrated the majority of its physical server architecture to a private, cloud-based virtual server model. In FY 2015, the Commission further updated and streamlined its IT operations by utilizing the Microsoft Office 365 Government public cloud and creating a hybrid/mixed cloud model with email migrated to this environment. This enabled the Commission to consolidate and share commodity IT functions, resulting in a more efficient use of resources and an enhanced user experience. In FY 2016, the Commission evaluated moving its VMware server infrastructure to a public cloud-based computing environment to determine whether it would further reduce operating costs. The Agency decided it was not cost effective to move the Agency VMware server to the cloud.

Table 3. Agency Provisioned IT Services Spending (in \$ millions)

Table 3. Agency Provisioned IT Services Spending (in \$ millions)				
Type	FY 2016	FY 2017	FY 2018	FY 2019
Public Cloud	0	0	0	0
Private Cloud	.03	0	0	0
Community Cloud	0	0	0	0
Hybrid Cloud	.02	0	0	0
Non-Cloud Provisioned Services	0	0	0	0

Cybersecurity:

The Commission holds 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. The Commission requires additional, dedicated cybersecurity capability to support key functions required by FISMA, as well as to provide cybersecurity oversight for the OIG part of the Commission network. As noted above, the Commission is requesting one FTE for this security need in FY 2020 (see Section 3.2).

3.4 Budget Request by Object Class

Table 4: FY 2018 Budget Request by Object Class (in \$ thousands)					
	FY 2016 Enacted	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request
Personnel	\$3,405	\$4,088	\$4,170	\$4,228	\$4,802
Benefits	858	1,099	1,105	1,120	1,261
Travel	145	152	155	158	178
Rent & Communications	405	430	465	470	481
Printing	18	36	36	36	35
Services	540	1,064	977	892	870
Supplies	25	51	45	46	53
Equipment	45	80	47	50	70
Losses & Claims	0	0	0	0	0
Office of Inspector General	750	1,000	1,250	1,250	1,650
TOTAL	\$6,191	\$8,000	\$8,250	\$8,250	\$9,400

Object Class Narrative for FY 2020 Request (\$9,400,000):

Salaries and Benefits - \$6,063,000. By far, the largest share of the Commission’s budget request is for the salaries and benefits of the Commission’s personnel. Excluding the funding dedicated to the OIG, salary and benefits represent more than 75 percent of the total Agency budget. The Commission projects a staffing level of 32 FTEs at the end of FY 2019, not including the OIG, and requests funds in this package to hire seven (7) new FTEs in FY 2020. More information about the specific responsibilities of the FTEs is found in Section 3.2.

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

The Commission staff position descriptions are reviewed annually to ensure they provide the maximum benefit in support of the Agency’s priorities and goals such as program compliance assurance, employment growth and sustainment, policy development, program management and legal support. Positions are reprogrammed as necessary to most efficiently and effectively promote the mission.

Travel - \$178,000. For the past three fiscal years, the Commission has required a minimum of \$150,000 to \$160,000 for mission-critical travel, particularly for compliance inspections and high-value meetings with Federal customers and other stakeholders of the AbilityOne Program.

With the additional compliance inspectors requested, the Commission will require a slight increase in its travel resources, but some of that increase may be offset by compliance inspections closer to and initiated by the Western U.S. Field Office. Wherever possible, the Commission will continue to avoid all but mission-critical travel, and will maximize use of virtual meetings, virtual compliance inspections and virtual training.

The need for enhanced compliance inspections and oversight dictates that at least a small reserve of travel funds be maintained for high-priority inspections or emergency situations. As noted above with the salary and benefits, the Agency must also fund its private citizen Commission members' travel to participate in their official duties.

Rent and Communications- \$481,000. Funds described in this budget class include those necessary for office-space rental from the General Services Administration. This category also includes monthly charges for information technology and telecommunications equipment. The Commission uses strategic sourcing vehicles to obtain discount pricing for requirements such as its wireless phone service. The Commission's expenses include high-speed web connectivity and remote access Internet service provider accounts to enable staff members to telework or work while in a travel status. A small portion of this category includes standard business expenses for postage, domestic package delivery, and teleconference bridge lines.

Printing - \$35,000. In accordance with the Administrative Procedures Act, the Agency continues to have printing costs associated with publishing notices in the Federal Register. This fulfills legal requirements and promotes transparency. In FY 2020, the Commission will continue its routine publishing cycle for Procurement List additions and deletions, and may publish some proposed updates to the Code of Federal Regulations. Based on recent years' billing, we anticipate \$35,000 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 - \$870,000. The Commission has three critical service contracts that support its information-technology infrastructure: one for general network support, one for maintenance of the Agency's information management system, and one for cybersecurity. In addition to these commercial services, the Commission must pay its Federal servicing offices for the shared services it receives in the financial and human resources areas. This funding request includes some resources to hire technical expertise to evaluate the Commission's Procurement List Information Management System and to recommend critical changes and updates. The latter are necessary to keep pace with Federal cybersecurity requirements and to maximize staff efficiencies. Additionally, to maximize its productivity, the Agency makes limited use of support contractors for special projects such as the launch of a SharePoint system and to alleviate some of the administrative burden on its technical experts.

Supplies and Materials - \$53,000. The Commission continues to minimize its expenses for office supplies and operating materials. However, the Agency must continue to purchase subscriptions to essential technical references such as Westlaw, technical manuals and other publications that enable employees' performance of official duties.

Equipment - \$70,000. The Agency uses government-wide contract vehicles or other government discounts to obtain the lowest available prices in this category for annual software license updates, which cannot be deferred, and for necessary hardware purchases. Please see Section 3.3, above, for detail regarding IT-related equipment needs.

3.5 Additional (Future) Investments

To effectively execute statutory, regulatory, and business responsibilities, and fully implement the AbilityOne Program mission the Commission requires additional investments in FY 2020, particularly in personnel. The current level of staffing – 32 FTEs, excluding the OIG – is simply insufficient to handle the statutorily-driven increased workload in FY 2020. The Commission’s FY 2019 appropriation is the same as its FY 2018 funding level, thus any new hires are dependent on attrition among the Agency’s current employees. However, as discussed above, the complexity of the AbilityOne Program’s business environment, as well as scrutiny of the Commission’s oversight of the program, warrant additional expertise in numerous positions across the Agency.

Major new requirements and responsibilities for the Commission have been levied by the:

1. 2017 Consolidated Appropriations Act
2. 2017 National Defense Authorization Act (NDAA)
3. 2016 Consolidated Appropriations Act
4. OMB Circular A-123 (revised)

Accordingly, the Commission’s longer-term workforce planning includes an assessment of skills that will be needed in the future, beyond the proposed seven (7) new FTEs discussed in this justification. To meet the requirements and responsibilities resulting from the above legislative and policy changes, the Commission foresees a need to increase the capacity of its staff, and increase the corresponding resources to support that staff in the out-years, as previewed below.

2017 Consolidated Appropriations Act Requirements: Western U.S. Field Office

The explanatory statement accompanying the 2017 Consolidated Appropriations Act directed the Commission to use some of the appropriated funds to establish a Western U.S. Field Office. This guidance was consistent with the President’s Budget request, which included the establishment of a Western U.S. Field Office to enhance the Commission’s compliance and oversight of nonprofit agencies, as well as its support to Federal customers. Regional staff are better positioned to efficiently conduct local compliance inspections (including surprise inspections and repeat visits), rapidly respond to local problems, and educate local Federal employees about their responsibilities under the Javits-Wagner-O’Day Act.

The Commission secured rent-free office space at Joint Base Lewis-McChord, Washington, for the Western U.S. Field Office. An experienced former Commission senior staff member was appointed to lead the office. The Commission also allocated a compliance inspector position and a price analyst position to the office. To date, the office staff has conducted several compliance inspections as well as fostered stronger relationships with local DOD customers of AbilityOne.

However, the Commission must be able to complete the necessary office staffing to fulfill the potential of the Western U.S. Field Office to provide more oversight, foster better relationships with Federal customers, and ultimately create more jobs for veterans and others who are blind or have significant disabilities.

The Commission needs to equip the Western U.S. Field Office with the following personnel to provide essential expertise to serve the high concentration of Federal agencies and AbilityOne contracts in major metropolitan areas across the region:

(1) Attorney-advisor to provide local guidance and extend the ability of headquarters staff to respond to urgent legal matters in the region.

(2) Two supporting FTEs to assist with public affairs inquiries, compliance reporting, and office administration.

Total: In the long term, **three (3) new FTEs** are essential for the staffing of the Western U.S. Field Office, beyond the compliance inspector and vocational rehabilitation specialist requested in the FY 2020 justification.

2017 NDAA Section 898 Panel Requirements

Section 898 of the 2017 NDAA established an interagency Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity. The overall mission of the Panel is to address the effectiveness and internal controls of the AbilityOne Program related to DOD contracts. If the Commission fails to make good-faith efforts to implement the Panel's recommendations, the Secretary of Defense may suspend compliance with the requirement for DOD to purchase products or services on the AbilityOne Procurement List in section 8504 of title 41, U.S. Code. Such a consequence would result in the loss of about two-thirds of the entire AbilityOne workforce. The law provides similar consequences for failure by AbilityOne CNAs or qualified nonprofit agencies to make good-faith efforts to implement the Panel's recommendations. Accordingly, supporting the work of the Panel and implementing its recommendations are among the highest priorities for the Commission, and such actions must be adequately resourced to prevent dire outcomes, such as the loss of tens of thousands of jobs for people who are blind or have significant disabilities.

The Panel will continue to make and oversee recommendations for two more years, until its scheduled sunset date in 2020. To support the Panel and track the Commission's implementation of its recommendations, the Commission has already dedicated two senior employees full-time, and has assigned several other key staff to support the Panel part-time.

To fully staff, support and implement the Panel's more than 40 recommendations stemming from its first year of operation, the Commission has identified the need for the following future **new FTEs**, as discussed in the indented paragraphs below.

Changes to Statute, Regulations, and Policies

Given the increased demand to recommend statutory changes, and to draft and vet regulatory updates resulting from the Sec. 898 Panel recommendations, the Commission needs an additional attorney and an additional policy analyst (**two (2) new FTEs**) in the out-years, to free up more senior counsel and policy officers to work on the new, complex, Sec. 898 panel-related requirements.

Oversight of AbilityOne Contracts

First, the Panel has made several recommendations for stronger oversight of AbilityOne contracts to reduce vulnerability to waste, fraud and abuse. The Commission must establish **two (2) new FTEs** in the out-years:

- 1) Senior operations position to educate participants and engage in resolving contract disputes related to performance or price, as the AbilityOne Program Procurement List now results in sales to the Federal Government in excess of \$3 billion per year.
- 2) Compliance inspector to monitor AbilityOne *contract* compliance, versus the current (necessary) focus on nonprofit agency *regulatory* compliance.

Oversight of Eligibility

Second, the Panel made several recommendations to strengthen the Commission's oversight of program participants' documentation of disability, which establishes their eligibility for AbilityOne jobs. The Commission needs the expertise of vocational rehabilitation specialists, long used by the Departments of Education and Veterans Affairs to assist with the identification and validation of accommodations for individuals who are blind or have significant disabilities. The Commission's vocational rehabilitation specialists would support compliance inspections and provide technical assistance to the approximately 500 nonprofit-agency employers of people who are blind or have significant disabilities across the AbilityOne Program landscape.

For maximum effectiveness, the Commission requires at least three vocational rehabilitation specialists. One is proposed in the FY 2020 request, and the Commission envisions increasing this capability and capacity with **two (2) new FTEs** in the out-years.

Education and Communication

Additionally, the Panel's first annual report to Congress includes multiple recommendations to increase Defense Acquisition University (DAU) training on AbilityOne purchasing, as well as other outreach to Federal buyers. Lack of resources and capacity in the past has left the Commission unable to fully engage in this kind of education and outreach, which is sorely needed to raise awareness and understanding of the AbilityOne Program. The Commission has not been able to fully capitalize on educational opportunities such as accepting speaking invitations, developing webinars,

and frequently refreshing the information on the www.abilityone.gov website. To rectify the situation, additional staff is essential. In addition to filling one senior and one journeyman-level position at headquarters, the Commission plans to assign a public affairs specialist to each regional office in order to expand the Agency's ability to participate in training and communication opportunities across the country.

Total: **Five (5) new FTEs** are needed in the out-years to support education, proactive communication, and responsiveness to Congressional and other external stakeholder inquiries and requests.

Veterans

Finally, and of significant importance, the Panel established several recommendations to increase the employment of veterans who are blind or have significant disabilities within the AbilityOne Program. The Commission previously established a Directorate of Veterans Employment and Initiatives (DVEI), which is currently staffed with only two FTEs, but additional staff is essential. The Commission requires:

(1) One new FTE to lead interagency coordination and assist veterans in navigating among the various employment supports and services available to them.

(2) One new FTE to focus on further developing AbilityOne careers for wounded warriors and other veterans with disabilities, in fields that allow the veterans to use the skills they developed on active duty, and in programs that will broaden veterans' skill sets and allow them to enter higher-paying career fields.

Total: At least **two (2) new FTEs** in the years beyond 2020. The Commission will seek veterans to fill these positions.

Central U.S. Field Office

The Central region consists of 19 states, 195 NPAs and \$1.2 billion in AbilityOne sales. The proposed Central U.S. Field Office would provide regional oversight and compliance similar to the Western U.S. Field Office established in FY 2017. Staffing would mirror the Western office – a lead director, attorney-advisor, compliance inspector, pricing analyst, and support for public affairs and administrative functions. The office will also have one of the above-referenced vocational rehabilitation specialists. Total: **seven (7) new FTEs** to establish the capability and capacity needed for the Central U.S. Field Office to fulfill compliance and operational duties.

As noted earlier in this justification, the Central U.S. Field Office will serve a dual purpose, not only enabling more efficient and effective compliance monitoring and customer service, but also focusing on veterans' employment initiatives. Specifically, the Central U.S. Field Office would conduct a pilot study of a regional strategy to increase employment of veterans who are blind or have severe disabilities, including:

- (1) Engaging state-based Veterans Opportunities Programs to connect blind or severely disabled veterans requiring supports and accommodations with AbilityOne job opportunities at NPAs
- (2) Establishing the ability to interface with local VA, DOD and state organizations to form MOU/MOAs on increasing veteran employment
- (3) Conducting planning with, and assist and monitor, NPAs adopting progressive adaptive and assistive technologies for blind or severely disabled veterans
- (4) Conducting and coordinating outreach to NPAs to facilitate placement of blind and severely disabled veterans in desired career paths with companies

To conduct the pilot study, one of the previously-referenced DVEI FTEs will be shared with the Central U.S. Field, as a liaison to veterans with significant disabilities, matching them to employment opportunities and resources both inside and outside the AbilityOne Program.

2016 Consolidated Appropriations Act Requirements

The 2016 Consolidated Appropriations Act created two major changes in the oversight and administration of the AbilityOne Program:

- (1) The establishment of an OIG for the AbilityOne Program, and
- (2) Written agreements between the Commission and existing CNAs.

To oversee these Cooperative Agreements negotiated and signed with the CNAs, the Commission established a new Program Management Office (PMO).

More than 100 deliverables from the Cooperative Agreements are submitted to the Commission annually. Each deliverable requires review and evaluation by the Commission staff to determine acceptability. The CNAs have increased their staffing by about 20 FTEs to fulfill the Cooperative Agreement requirements. The Commission reprogrammed previous positions and hired two FTEs to staff its PMO, while assigning the review of Cooperative Agreement deliverables as an ancillary duty to existing staff members. No additional resources have been requested for the PMO in FY 2020. However, in the longer term, the Commission will need more bandwidth for the completion of timely and comprehensive reviews of all CNA deliverables and activities under the Cooperative Agreements. The Commission foresees:

- (1) **Three (3) new FTEs** in the out-years to increase functional area capacity in operations, compliance, and communications; serve on the Agency's Cooperative Agreements Task Force; and review and respond to CNA deliverables.
- (2) **Three (3) new FTEs** in the out-years with program management and contracting expertise, with responsibility for administration, evaluation, and renewal of the Cooperative Agreements.

Total – six (6) new FTEs

OMB Circular A-123 Requirements

To comply with the requirements of the revised Office of Management and Budget (OMB) Circular A-123, “Management’s Responsibility for Internal Control,” the Commission must increase its capability and capacity for financial management and enterprise risk management. The Commission’s OIG has recommended that the agency hire a chief financial officer (CFO), and has identified enterprise risk management as a major priority in back-to-back Semiannual Reports and Top Management and Performance Challenges Reports. The Commission has historically operated without a CFO, dividing the duties of budget development, budget execution, internal controls, and financial reporting among a handful of senior staff and support staff members.

Properly managing and reporting on the Agency’s finances requires a dedicated employee with the experience and expertise to perform CFO duties, and the Commission has identified this as its top hiring priority for FY 2020. Soon thereafter, the CFO will need a dedicated resource to assist in the development and implementation of an enterprise risk management plan and to oversee the Commission’s internal controls. To close these critical gaps, the Deputy CFO position is a future hiring priority. The Commission will also need a full-time records management officer to support the Agency’s recordkeeping, reporting, and audits.

Total – two (2) new FTEs

Agency Support Requirements

In addition to the statutory and policy-related drivers listed above, the Commission must continue to expand its compliance and oversight capacity to review a larger share of AbilityOne qualified nonprofit agencies each year.

This request includes three additional FTEs to augment the current compliance staff. The Agency also requires a small investment in administrative and support staff to free up higher graded employees to perform more critical tasks. For example, a staff action control officer is needed to track and expedite the Commission’s increasing overall workload. A human resources specialist is needed to support the staffing requirements discussed throughout this request. Most of the Agency’s positions are “one deep” and require more support to handle the workload. This budget request seeks funding to hire deputies to support two of the Agency’s critical leadership positions, the Chief of Staff and the Director of Strategic Communications. Last, but not least, the Agency requires paralegal support to assist with the growing backlog of Freedom of Information Act (FOIA) requests, a challenge that is being experienced across many Federal agencies, given the rise of electronic records and files.

Total – eight (8) new FTEs

4.0 Agency Restructuring or Work Process Redesign

4.1 Commission Relocation and Consolidation

In the near future, the Agency staff will likely need to relocate its headquarters office to accommodate necessary staff positions. The current location is at full capacity with virtually every cubicle and office now occupied, yet additional employees are needed and proposed in this package to increase the Commission's capability and capacity. The OIG has communicated the benefits to consolidating offices with the Agency to facilitate closer communication and collaboration.

The need to relocate and consolidate is primarily driven by the following factors:

(1) Current space is at maximum capacity and not sufficient to meet needs for routine and special meetings; nor is there sufficient space to accommodate all of the attendees of the Commission's quarterly public meetings. The lack of space has driven the Commission to seek rented or borrowed space for meetings.

(2) No space to accommodate OIG's request to consolidate for economies and efficiencies in the current constrained budget environment. Co-locating with the OIG will require that a portion of the office be secure space to provide the necessary capacity for confidential OIG activities.

The General Services Administration (GSA) is responsible for facilitating the Commission's office space, and has estimated a cost of \$1.8 to complete the move and estimated build-out for new office space. The Commission's current options are to either maintain the same rental cost with a short-term lease in the current space, without having the ability to expand to meet all of its current or anticipated requirements, and/or find a new lease that provides adequate space and meets all of the Commission's needs, with room for the OIG to co-locate and the ability to accommodate future employees. The second option requires trading off personnel capacity to afford a higher rental cost, if no new funding is available.

The Commission is continuing discussions with GSA.

4.2 Western United States Field Office Update

The Commission proposed a Western U.S. Field Office as part of its FY 2017 budget justification. Subsequently, and as directed by Congress, the Commission established Initial Operational Capability by the end of FY 2017. The office is located at Joint Base Lewis-McChord in Washington State. Full Operational Capability is expected by the end of FY 2020, contingent on the funding requested in this justification.

With annual AbilityOne Program sales now exceeding \$3 billion to the Federal Government, regional field offices are needed to achieve effective oversight, compliance, integrity and accountability of Program contracts valued at approximately \$8 billion.

The increasing size, scope and costs of the AbilityOne Program require the Commission to rapidly identify issues and take immediate action to minimize or eliminate risks to the government. Recent attention from Congress, the GAO and national media contributed to the establishment of an OIG for the Commission, put an increased emphasis on oversight and compliance, and illustrated the need to transform the AbilityOne Program. The Commission's strategy is to transform, build trust and confidence, achieve a greater reach for oversight, and operate more independently.

Regional field offices are central to this strategy, protecting the interests of the government and employment of people who are blind or have significant disabilities.

The Western U.S. Field Office is already improving the Commission's oversight and compliance activities, as well as improving relationships with Federal customers. The Western U.S. Field Office covers:

- 14 states – Alaska, Arizona, California, Hawaii, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming – and the territory of Guam.
- Nonprofit agencies: Approximately 112.
- Field office staff: The office director is already in place, and both a lead pricing analyst and a compliance inspector position have been allocated to the office. The full complement will include an attorney-advisor, the compliance inspector and vocational rehabilitation specialist requested in this package, and future support for public affairs and administrative functions.

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

The Commission's performance planning and reporting, on behalf of the AbilityOne Program, is conducted in accordance with the 2010 Government Performance and Results Act Modernization Act. Links between resources requested to execute against goals are based on the Commission's Strategic Plan covering FY 2018-2022. Commission and Program mission and vision statements, and core goals, have been validated several times. In FY 2020, the Commission will continue to convene stakeholders to refine shorter-term performance goals, tactics and measures, to ensure that the plan remains a living document and relevant in today's dynamic business environment. Strategic core goals for the AbilityOne Program are:

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

A Commission subcommittee for each goal tracks progress, reviewing and using relevant data for decision recommendations to the full Commission.

5.1 Strategic Goal 1: Effective Stewardship

Effective Stewardship is a top priority for the Commission. Greater emphasis on Commission oversight of its CNAs was recommended by GAO Report GAO-13-457 “Employing People With Blindness Or Severe Disabilities: Enhanced Oversight of the AbilityOne Program Needed” and required by the 2016 Consolidated Appropriations Act mandate for the Commission to establish written agreements with NIB and SourceAmerica. Effective Stewardship includes fostering, monitoring and enforcing nonprofit agency compliance with statutory and regulatory AbilityOne participation requirements. As Cooperative Agreement reports, deliverables and evaluation processes mature and increase, the Commission will assess staffing levels and resources necessary to effectively implement the Cooperative Agreements in FY 2020 and the out-years.

The Commission’s nonprofit agency oversight ensures compliance with statutory and regulatory Program requirements. Nonprofit agencies must demonstrate that people who are blind or have significant disabilities provided 75 percent or more of all direct labor hours worked during the fiscal year. The Commission’s compliance team inspects and trains nonprofit agencies, and reviews nonprofit agencies’ certified data to determine compliance with the requirements.

Based on this certified review of data, 532 nonprofit agencies participated in the AbilityOne Program through September 30, 2017 (the data for FY 2018 is currently under review). Of those reporting and remaining in the Program, just three percent (16 nonprofit agencies) were out of compliance with the statutory ratio requirement. Consequences for noncompliance include probation and increased reporting requirements, suspension from consideration for future AbilityOne work opportunities, and/or removal of eligibility to participate in the Program. By analyzing compliance-related data and trends, the Commission identifies priorities for training and communications for subsequent fiscal years.

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

5.2 Strategic Goal 2: Employee and Customer Satisfaction

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

The first strategic objective under this goal is to increase and sustain AbilityOne nonprofit agency **employee satisfaction** through a continuous feedback process, followed by targeted strategies to achieve improvements. A baseline employee satisfaction level was established in 2010, showing an overall AbilityOne Program employee satisfaction rating of 85 percent,

compared to the 68 percent industry benchmark level.⁵ In 2013, employee satisfaction was again measured, with AbilityOne participants reporting an increased level of overall job satisfaction level, 86.5 percent, compared to the U.S. National Norm of 70 percent.⁶

The Commission's Quality Work Environment (QWE) initiative is the AbilityOne Program's primary approach to increasing and maintaining employee satisfaction. QWE involves NPAs sharing best practices and pursuing continuous workplace improvement to better serve their workforce. The Quality Work Environment initiative focuses on:

1. Increasing wages through increased productivity
2. Providing navigation to supports, services and training
3. Providing a defined career ladder for employees, and assisting them in taking steps to climb the ladder
4. Ensuring an integrated, engaging workplace culture

Several Quality Work Environment best practices correlate positively with the elements of job satisfaction most desired by AbilityOne employees, according to employee satisfaction survey results. Accordingly, the Commission influences employee satisfaction by monitoring and encouraging NPAs' participation in the Quality Work Environment initiative and implementation of related, self-driven improvement plans.

The Commission expects to achieve full voluntary participation across the AbilityOne Program, but has extended the timeline for adoption in light of the uncertainty and disruption to nonprofit agencies' employment programs during the Government closure and the subsequent decrease in AbilityOne employment opportunities. At the end of FY 2018, approximately 85 percent of all AbilityOne employees worked in nonprofit agencies that participate in QWE continuous improvement efforts, and nearly 60 percent of all AbilityOne nonprofit agencies were taking part in this voluntary program.

The second strategic objective under the satisfaction goal is to increase and sustain AbilityOne **Federal customer satisfaction** at the buyer level and among end-users of products and services. This objective also facilitates the employment mission. In early FY 2015, a survey of non-Defense Federal Customer Satisfaction and Loyalty identified strengths and opportunities for improvement among customers who are the primary points of contact for active AbilityOne contracts. Survey findings showed an 88 percent satisfaction level with the AbilityOne Program among this customer segment, up from the 2011 level of 84 percent. Other statistically valid findings underscored the Program's need to focus on more competitive pricing and proposals, while quality and timeliness were found to be equal to, or better than, non-AbilityOne contractors.

⁵ Source: A random sample of AbilityOne employees with significant disabilities and a census survey of AbilityOne employees who are blind were asked a combination of satisfaction questions with the results combined and appropriately weighted. The benchmark industry percentage is a weighted average of Towers Watson employee survey results from the cross-section of industry sectors in the U.S., weighted by size and industry using current Census data.

⁶ As with the 2010 survey, industry norm data was supplied by Towers Watson, a professional services company that conducts employee research and helps organizations improve performance.

Due to Federal Government limits on surveys, the Commission is seeking new methods to measure customer satisfaction. The Commission is exploring the use of past performance reports to obtain customer satisfaction input. The Commission is also implementing GAO recommendations related to pricing, specifically to enhance transparency in the establishment of Procurement List prices through the dissemination of procedures, manuals and training. After full implementation, we will evaluate the effect of these recommendations on customers' understanding of, and perception of, AbilityOne pricing. Each of these satisfaction-related tactics will be implemented within the Commission's baseline resources; no additional funding is requested for this goal area.

5.3 Strategic Goal 3: Employment Growth

Generating job opportunities is a bottom-line metric for the AbilityOne Program. The quality of AbilityOne employment is a high priority for the Commission, as discussed under the Employee/Customer Satisfaction goal above. The Commission tracks promotions of people who are blind or have significant disabilities – 1,541 in FY 2017, including 428 promotions into supervisory positions. The Commission also tracks competitive placements where AbilityOne employees are assisted in finding jobs outside of the Program – more than 1,280 in FY 2017.

The primary measure for the growth goal is quantitative – the number of direct labor hours worked by AbilityOne employees and the total number of jobs supported by the products and services on the AbilityOne Procurement List. FY 2017 data show that 43,831 people who are blind or have significant disabilities performed 46.9 million hours of direct labor and earned more than \$600 million in aggregate wages while working on AbilityOne contracts. The average hourly wage across the program was \$13.32. AbilityOne employment is driven by the delivery of products and services to the Government, and total AbilityOne sales recorded in FY 2017 exceeded \$3.3 billion.

The Commission's role in employment growth is two-fold: First, the Commission educates and communicates with Federal agencies to assist them in maximizing their AbilityOne purchases. This involves developing educational materials and disseminating information through electronic publications and social media. The primary resources necessary for these efforts are personnel.

Second, the Commission makes additions, changes or deletions of products and services from the AbilityOne Procurement List. Managing the Procurement List is a mission-critical process, with numerous variations such as product updates, price changes or authorizing additional nonprofit agencies. The Commission's Operations staff is virtually "one deep" in all technical areas, from products expertise to services expertise, from price analysis to information management. This budget justification does not include any new FTEs in these areas, but the current level of staffing is absolutely the minimum necessary.

5.4 Strategic Goal 4: Business Excellence

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

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

In FY 2016, in accordance with the Consolidated Appropriations Act, the Commission established the first-ever written agreements with NIB and SourceAmerica to better define the business relationship and performance expectations. The Cooperative Agreements include the Commission's requirements for timeliness and accuracy in those CNAs' submissions of requests for Procurement List or pricing transactions. Those Cooperative Agreements' Quality Assurance Surveillance Plans (QASPs) measure timeliness and accuracy against specified standards.

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

6.0 Evidence and Evaluation

The Commission uses evidence such as annual program data and independent reviews to evaluate performance, the efficacy of strategies to achieve objectives, and the need for adjustments in priorities, policies and procedures.

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

In developing this budget request, the Commission considered data it collects pertaining to jobs created, job reductions, direct labor hours worked, Federal agency expenditures, wages paid and the compliance ratings of AbilityOne-participating nonprofit agencies. This evidence allows Commission members to monitor and evaluate the progress towards AbilityOne strategic goals and to decide where the Commission's attention and emphasis are most needed to effectively administer the Program. AbilityOne Program data show where employment has been gained, sustained or lost during the past year. Combined with Federal spending analyses, this data tells the Commission which lines of business support the most reliable, highest skilled, highest paying positions for AbilityOne employees, and should thus be the focal points for fostering and growing AbilityOne job opportunities.

In FY 2018, the Commission fully participated in and supported the 2017 NDAA Section 898 "Panel on Department of Defense (DOD) and AbilityOne Contracting Oversight, Accountability, and Integrity; Defense Acquisition University Training." The Panel's duties include review, analysis and recommendations to reduce vulnerabilities in DOD contracts for AbilityOne

products and services, and to increase the DOD's use of the AbilityOne Program. Data and evidence-based reviews play a substantial role in the Panel, and numerous program data elements, from employment to pricing to "leakage" statistics, will inform the Panel's work.

In terms of building evidence capacity and infrastructure, and consistent with the Agency Reform Plan, the Commission identified and employs the following methods relevant to the Agency's mission and program effectiveness:

1. Use consistent leadership messaging to ensure that data and evidence are collected or built, analyzed, understood, and appropriately acted upon.
2. Ensure that staff with appropriate analytic skills and backgrounds are hired and supported.
3. Make better use of existing administrative data to build evidence.
4. Partner with other agencies to share data or jointly design/fund studies.

7.0 U.S. AbilityOne Commission Office of Inspector General

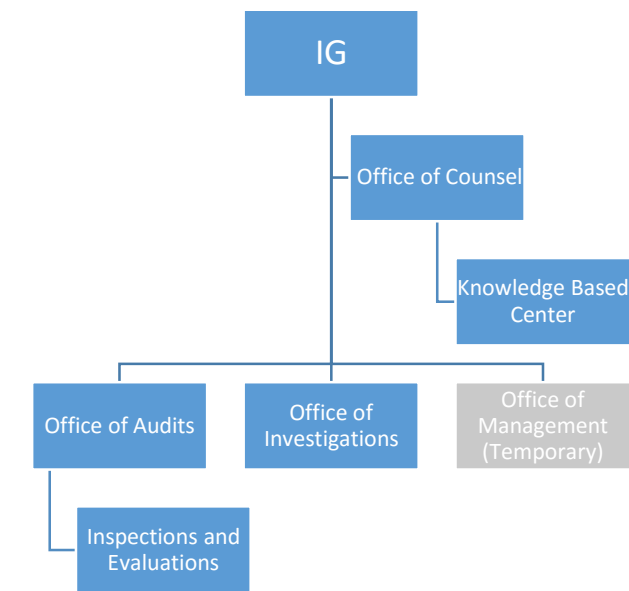
Executive Summary

The U.S. AbilityOne Commission (Commission) is responsible for creating and maintaining employment opportunities for people who are blind or have significant disabilities. The Commission is headquartered in Arlington, VA, where its employees administer the \$3.3 billion AbilityOne Program (Program) that encompasses more than 500 nonprofit agencies (NPAs) located across all 50 states, Guam, and Puerto Rico.

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

The OIG consists of the Inspector General (IG), the Office of Counsel, Office of Investigations, the Office of Audits, which is funded for five employees (see Figure 1).

Figure 1: Ability One OIG Organizational Structure



Source: OIG

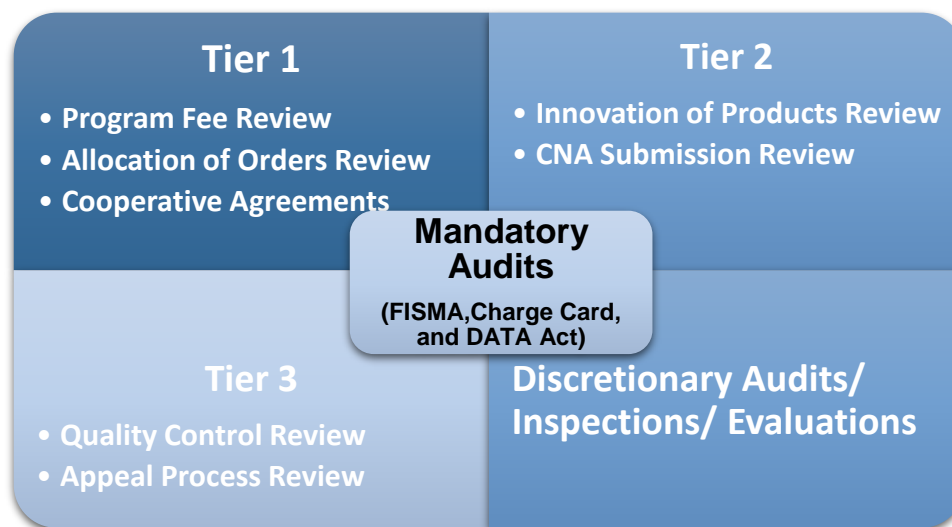
Operating with these limited resources, the OIG has, to date, developed its Audit and Investigations Plans; published informative Top Management Challenges and Performance reports; issued three Semi-Annual Reports to Congress; and completed essential audit and investigative reports, exceeding its own projections.

Workforce Needs and Work Product

The current staff level is insufficient to accomplish the required oversight of a \$3.3 billion program. The OIG is requesting \$1.65 million for FY2020 so it can better fulfill its mission and statutory mandates. The requested level of funding will allow the OIG to hire additional staff to facilitate the implementation of its current Audit and Investigation Plans and accomplish appropriate oversight milestones. The OIG expects to hire additional full-time staff such as an Assistant Inspector General for Investigations and/or an Administrative Officer. In addition to hiring full-time staff, the OIG has created a Knowledge Based Center to better leverage limited resources that will allow the OIG to use the time and talents of various individuals throughout the federal community. This would include MOUs with other agencies, hosting interns and fellows, and other shared services.

The FY 2018 – 2019 Audit Plan covers statutorily mandated work products and planned discretionary work to include emphasis in the areas of direct labor hour requirements, program fees, and reportable expenditures, as highlighted by the House Committee on Appropriations Report for Fiscal Year (FY) 2018 Funding Bill Report (H. Rep. 115-224 at 133). Additionally, we have designed and published a much-needed two-year comprehensive audit plan for the Central Nonprofit Agencies (CNAs) that will require substantial resources to complete. The OIG developed tiers to better prioritize the audit work that needs to be completed. The tiers combine our mandatory work and the work outlined in our seven-point CNA review plan (see Figure 2).

Figure 2: Prioritization of OIG Planned Audit Work



Source: OIG

Both the Commission and Congress have asked that the OIG review the CNA fee program, allocation of orders, and actions governed by the Cooperative Agreements. With over 500 NPAs and a Program size of over \$3 billion, the OIG requires additional resources to administer the audit program. With the additional funding requested, the OIG plans to allocate a substantial

amount of funds (\$300,000) toward audit resources to complete the much-needed reviews as stated in the CNA review plan.

For the first time, employees, contractors, and Program participants are now able to report waste, fraud, and abuse using the AbilityOne OIG Hotline, launched in August 2017. This new reporting system increased case intake and openings and generated other anticipated work for the OIG. The system allows the OIG to effectively manage its investigative inventory and provides additional analytical data to help identify trends from investigative activities. However, additional funding is needed to effectively and efficiently conduct the relevant investigative work stemming from what we receive through the new reporting system.

Reducing the Federal Footprint

The OIG is currently responsible for its own rental expenses. This is in stark contrast to the arrangement that other 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.” Therefore, the OIG and the Commission are working successfully to co-locate when the Commission accomplishes its planned expansion and or move in FY2020-2021. The OIG believes that co-location will increase economies and efficiencies in this constrained budget atmosphere.

If co-location is not achieved soon, the OIG requests funding of \$56,600 in FY2020 to cover its rental expenses. The current rent lease agreement between OIG and GSA is due for renewal at the end of FY2019.

Technology

The OIG currently does not have access to any hardware or software systems that would allow it to conduct data analytics, forensic cybersecurity initiatives, or workflow integration and streamlining. To improve and enhance its IT capabilities, the OIG will need to expend approximately \$30,000 in FY 2020.

Training

The OIG training needs are based on training requirements for Federal law enforcement, investigative, legal, and audit personnel. For example, audit personnel are required to have 80-hours of training every two years to meet Generally Accepted Government Accounting Standards (GAGAS). Consequently, the OIG’s funding request for minimum training equals \$24,000.

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.

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 (IG) is required to transmit a budget request to the head of the establishment to which the IG reports 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 2020, this information is as follows:

- OIG's aggregate budget estimate and request to OMB for FY 2020 is \$1,650,000 to remain available through September 30, 2020;
- OIG's aggregate funding approved by the Senate Committee on Appropriations for FY 2019 was \$1,250,000 to remain available through September 30, 2019;
- OIG's funding request for training needs is \$24,000; and
- Funding necessary to support CIGIE from OIG's discretionary budget.

The projected required cost for the salaries and benefits of the 6 FTE OIG staff is \$1,152,628. This is the minimal level of resources, both human and budgetary, for the initial general operational expenses to keep the OIG functioning.

Appropriations Language

“For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled established under Section 8502 of title 41, United States Code, \$9,400,000: Provided, that no less than \$1,650,000 shall be available for the Office of Inspector General to remain available through September 30, 2020.”

Placement: Appropriations Bill for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2020.

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

	FY2019 Enacted	FY2020 Budget
	\$ 1,250,000	\$ 1,650,000
ALL PERSONNEL		
Base Salary, Full-time permanent	\$ 760,600 5 FTEs	\$ 879,869 6 FTEs
Performance Awards	\$ 10,000	\$ 12,000
Special Act Awards	\$ 3,000	\$ 3,500
Subtotal	\$ 773,600	\$ 895,369
ALL BENEFITS		
Full Time Employee Benefits	\$ 239,300	\$ 272,759
Public Transportation Subsidy	\$ 1,300	\$ 3,000
Subtotal	\$ 240,600	\$ 275,759
ALL TRAVEL		
Mission Related Travel (Domestic)	\$ 14,000	\$ 26,300
Other Transportation of Persons (Domestic)	\$ 600	\$ 2,000
Subtotal	\$ 14,600	\$ 28,300
ALL RENT & COMMS		
Rent to GSA	\$ 56,600	\$ 56,600
Wireless Communications Services- Commercial Provider	\$ 4,200	\$ 4,500
Utility Services- Electricity	\$ 500	\$ 500
Subtotal	\$ 61,300	\$ 61,600
PRINTING		
Printing and Reproduction	\$ 200	\$ 800
Subtotal	\$ 200	\$ 800
OTHER SERVICES		
Advisory and Assistance - Commercial	\$ 96,300	\$ 303,672
Mission Support Contractual Services- Commercial Sources	\$ 7,700	\$ 7,700
Program Training- Commercial Provider	\$ 1,500	\$ 6,000
Good and Services from Federal Sources	\$ 2,200	\$ 4,400
Program Training - Fed Agency Provider	\$ 3,000	\$ 18,000
(PBS only) DHS Security Protection	\$ 1,300	\$ 1,300
Subtotal	\$ 112,000	\$ 341,072
SUPPLIES AND MATERIALS		
Office and General Supplies- Non- Federal	\$ 3,000	\$ 3,500
Subtotal	\$ 3,000	\$ 3,500
ALL EQUIPMENT		
IT Services/Contracts	\$ -	\$ 2,500
IT Equipment/Software		\$ 20,000
Other Equipment		\$ 7,500
Subtotal		\$ 30,000
LAND AND STRUCTURES		
Relocation- Buildings, Improvements & Structures, or Moving Expenses	\$ 44,700	\$ 13,600
Subtotal	\$ 44,700	\$ 13,600
GRAND TOTAL	\$ 1,250,000	\$ 1,650,000

8.0 Combined Agency-related Appropriations 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, \$9,400,000: 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 \$1,650,000 shall be available for the Office of Inspector General. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)”⁷

9.0 Conclusion

For FY 2020, the Commission requests a funding level of \$9,400,000, including \$1,650,000 for the Office of Inspector General (OIG), which amounts to an 11 percent increase above the enacted FY 2019 budget. This is the minimum funding level to enable the Commission to execute its mission of providing job opportunities for approximately 45,000 Americans who are blind or have significant disabilities. Through the AbilityOne Program, these individuals have jobs, earn income, pay taxes, contribute to their communities, and provide valuable products and services as part of our nation’s industrial base.

Today, the Commission is experiencing an unprecedented imbalance between its inadequate resources and a historic increase in mission requirements – specifically, a disparity between its legacy of limited resources and the recent sharp rise in Congressional requirements to strengthen program oversight. This disparity threatens the kind of rigorous oversight that Congress has instructed the Commission to maintain. The Commission needs the additional resources identified in this justification not only to address this disparity, but also to accelerate the Agency’s ongoing transformation toward increased accountability, to enhance oversight and compliance work, and to ensure transparency in the evaluation of proposals, pricing and quality of products and services.

⁷ Section 8.0 has been updated to include language related to the Committee for Purchase From People Who Are Blind or Severely Disabled in the “[Other Independent Agencies](#)” Appendix to the President’s Budget Fiscal Year 2020.

Only 32 Agency staff oversee more than \$3 billion in annual AbilityOne sales – with a total contract value of more than \$8 billion. Agency staff oversee more than 500 nonprofit agencies across 15 time zones from Guam to Maine, and provide guidance on Program policies and regulations to tens of thousands of staff at Federal agencies and nonprofit agencies. The Commission staff also oversee longstanding CNAs whose combined revenues and number of staff are approximately 20 times larger than the Agency appropriation and FTEs, respectively, based on FY 2017 data.

Major change has characterized the AbilityOne Program since 2015, especially in the area of Congressional legislation creating new and welcome opportunities for the Commission to assert its authority in the oversight of the AbilityOne Program. The Commission established Cooperative Agreements with its longstanding CNAs to better define the business relationship and strengthen oversight. The Cooperative Agreements emphasize employment growth, program integrity, and support for nonprofit agency employers participating in the AbilityOne Program, as well as enhanced training and communications.

The Commission also established an OIG, which is building the infrastructure to be an independent, fully functional organization able to handle complaints, perform audits and investigations, and make recommendations to improve the efficiency and effectiveness of the AbilityOne Program.

The Commission remains committed to strengthening oversight of the AbilityOne Program through effective administration of Cooperative Agreements with the two longstanding CNAs employing people who are blind or have significant disabilities – National Industries for the Blind and SourceAmerica. The third CNA – the American Foundation for the Blind – was designated on July 26, 2018, and is currently limited to conducting research and studies for the Commission.

The Cooperative Agreements discussed above are required by the Consolidated Appropriations Act, 2016. Consistent with that Act, an OIG was established, and part of the Commission’s budget is carved out for the OIG. The remainder of the Commission’s FY 2020 budget request supports job growth through more employment opportunities for people who are blind or have significant disabilities. In addition to this focus, the Commission responsibilities include compliance monitoring, policy development and communications.

Continuous evaluation and improvement will continue. The Commission is a full participant in the FY 2017 NDAA Section 898 “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity; Defense Acquisition University Training.” The Panel’s review and recommendations are beginning to identify vulnerabilities and opportunities for improvement in DOD contracting with the AbilityOne Program. The Panel will also promote increased use of AbilityOne products and services by DOD customers.

Among its other duties, the Panel is exploring ways to increase the employment of wounded warriors and other veterans across the AbilityOne Program. The Commission has incorporated

the resource impact of the Panel's initial recommendations in the development of this budget requests, and will continue to do so.

The Commission's ability to thoroughly monitor and oversee the AbilityOne Program must keep pace with the growth in both sales to the Government and the number of employees in the Program. The FY 2020 budget request is structured to support the Commission's day-to-day operations as the Agency explores and pursues the most effective organization and approach, in order to ensure full implementation of the abovementioned oversight initiatives and priorities. While emphasizing oversight, the Commission maintains an unwavering focus on its core mission – the employment of people who are blind or have significant disabilities. Through the AbilityOne Program, approximately 45,000 individuals have job opportunities and are working to achieve their maximum employment potential.

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 45,000 people who are blind or who have other significant disabilities. It does so without a national infrastructure, and with very limited appropriated funds. The Agency’s FY 2018 budget was \$8,250,000, with no less than \$1,250,000 for the Office of Inspector General. This budget was primarily used to fund salaries and benefits for the Agency’s full-time civil service staff and private citizen members, to pay for rent and overhead expenses, and to fund official travel such as on-site inspections of NPAs’ agencies’ compliance with the law and relevant regulations.

The Agency’s goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. Accordingly, and leveraging the efficiencies of shared services, the Commission obtained financial systems services from the Financial Information & Operations Division USDA - Office of the Chief Financial Officer under an interagency agreement in FY 2018. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Commission relied primarily on audits of the Financial Information & Operations Division conducted by the Office of the Inspector General at USDA to uncover material weaknesses in those systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Commission by that office.

The Commission’s final FY 2018 financial audit is posted on the Commission’s website. The independent auditors found the Commission’s financial statements presented fairly and the Agency’s financial position for the fiscal year ended in conformity with generally accepted accounting principles. Additionally, the auditors did not note any deficiencies in internal controls over financial reporting that would qualify as a material weakness. Also, the audit did not disclose any instances of noncompliance with laws or regulations that would be reportable under Government Auditing Standards or the Office of Management and Budget (OMB) Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended. The Agency continues to perform monthly periodic reviews of financial statements against internal control documents to ensure accuracy of transactions between the Commission and our GSA service provider.

Improper Payments Reductions

In accordance with the Improper Payments Information Act of 2002, the Commission reports that it had no significant improper or erroneous payments in FY 2017. Therefore, no corrective action is required. The Commission has no grant-making authority, makes no payments to beneficiaries, has no unneeded real property and has no debt-collection program. Nearly all of the Agency’s resources are dedicated to personnel and rent. The Agency is committed to monthly reconciliation of all spending, including payroll, and remains vigilant to prevent improper payments.




(703) 603-2100
Fax (703) 603-0655

Appendix II Statement of Chief Information Officer

Sept 11, 2018

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

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 2020 budget justification. There are no major IT investments in systems, but the Commission has requested an increase in funding to procure IT equipment and software licenses for new employees.



Shang-iong (Edward) Yang, CIO

Appendix III

Designation of a New Central Nonprofit Agency American Foundation for the Blind

The Commission designated the American Foundation for the Blind (AFB) as an AbilityOne authorized Central Nonprofit Agency (CNA), effective July 26, 2018. AFB became the first new CNA added to the AbilityOne Program since 1974.

The Cooperative Agreement with AFB provides a framework for a new CNA model focusing on increasing job placement and career-advancement opportunities in knowledge-based positions. The agreement will be executed in three phases over a total of five years. AFB will conduct studies and research for the first 18 months. During this initial phase, AFB will be exempt from regulatory requirements of a CNA in the AbilityOne Program and will not be authorized to collect Program Fees from nonprofit agencies in the AbilityOne Program.

The Commission strongly believes that AFB brings new expertise to the Program at a time when changes in employment trends point to a different future for AbilityOne jobs. Its emphasis on knowledge-based jobs will increase the number and variety of jobs available to people who are blind. It will also increase competitiveness within the Program, and ideally provide Federal customers with more choice in contracting with AbilityOne nonprofit agencies.

The addition of AFB as a new CNA creates additional reporting requirements that will place greater demands on the Commission staff. The Commission will continue to assess its needs with respect to administering the Cooperative Agreement with AFB. At the very least, the Commission expects more program management staff will be needed to accommodate the increased workload.