

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

FISCAL YEAR 2015 CONGRESSIONAL BUDGET JUSTIFICATION



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

Operating as the U.S. AbilityOne Commission



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COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

FY 2015 BUDGET REQUEST

CHAIRPERSON'S SUMMARY STATEMENT

As Chairperson of the Committee for Purchase From People Who Are Blind or Severely Disabled, which operates as the U.S. AbilityOne Commission (Commission), I serve as the head of the Agency and speak for the 15 Presidentially-appointed members who govern the AbilityOne Program, as well as the full-time civil service staff that executes daily business operations. The AbilityOne Program's mission, to generate employment for people who are blind or who have significant disabilities in the delivery of products and services to the Federal Government, is well aligned with the President's priorities for creating jobs and economic stability for Americans with disabilities.

We support a critical economic need, providing vocational opportunities to a drastically underemployed population, and we place great emphasis on being part of the employment and social service safety net for our wounded warriors. AbilityOne has a national footprint, with just below 600 nonprofit agency participants **employing nearly 48,000 people who are blind or significantly disabled. These employees earned over \$550 million in wages last year.** The Commission is proud of the AbilityOne Program's achievements – none more important than the strength of our workforce – despite the challenging business and budget environment. At the same time, ensuring the integrity of the AbilityOne Program in order to protect and preserve it remains our highest priority.

As noted by the Government Accountability Office (GAO) in their report GAO-13-457 dated May 30, 2013, it is both necessary and appropriate for the Commission to heighten oversight of the AbilityOne Program. Effective program stewardship includes ensuring that the AbilityOne Program is serving the intended beneficiaries and that AbilityOne sources are being utilized by Federal agencies as intended by statute. Additionally, GAO recommends that the Commission increase its oversight of the designated Central Nonprofit Agencies' performance of their duties, and increase both oversight and transparency around AbilityOne pricing. The Commission has agreed with these recommendations, and this budget request details the specific actions and resources needed to implement the recommendations.

Over the past four years, the Agency's enacted budget has been held to the FY 2010 level with minor rescissions, until most recently, when the automatic sequester reduced the Commission's funding by more than 5 percent for FY 2013. While the AbilityOne Program's scope and reach is increasingly broad, the past few years' declining appropriations have reduced the critical resources needed to support compliance and audit functions, to manage the most fundamental program operations, and to grow employment opportunities for the largely underutilized and disadvantaged population we serve. As a small agency, the Commission lacks the size and scale to absorb additional cuts or transfer funds from other areas.

We realize that all Federal agencies must contribute to our nation's fiduciary objectives, and we have significantly reduced discretionary spending on travel, training, equipment and supplies. Despite numerous cost-avoidance actions and extremely conservative spending, we are concerned that further decreases to the Commission's funding level would deteriorate our ability to perform core operational duties, i.e., obtaining suitable employment opportunities for people who are blind and significantly

disabled, and ensuring statutory and regulatory compliance among our program participants. Further reductions from the target funding level – particularly with the specter of continued sequestration – will jeopardize our ability to provide the necessary oversight across the AbilityOne Program.

The AbilityOne Program employment reached a record 50,000 jobs in 2011, which we attribute in large part to our increased efforts to generate employment growth and disability awareness. However, employment of our target population decreased in FY 2012, and will likely continue to decline in this austere budget environment, without new strategies and development of new opportunities for the AbilityOne workforce.

We submit that sustaining and modestly investing in the AbilityOne Program will be better for the economy as individuals served by AbilityOne gain employment and reduce their dependence on Government assistance.

Submitted by

J. Anthony Poleo
Chairperson

EXECUTIVE DIRECTOR'S MESSAGE AND SUMMARY

The Committee for Purchase From People Who Are Blind or Severely Disabled, operating as the U.S. AbilityOne Commission (Commission), oversees the AbilityOne Program, which creates and maintains employment for more than 48,800 Americans who are blind or who have other significant disabilities. The AbilityOne Program provides such employment through the delivery of quality products and services furnished by these individuals to the Federal Government. The AbilityOne Program is a vital thread in the fabric of services and employment opportunities available to this underutilized segment of the population, which includes wounded warriors and other veterans with disabilities.

The Commission will sustain and grow the jobs provided to the AbilityOne workforce through execution of the recommended performance plan and FY 2015 budget. The Agency's goal is to ensure the effective stewardship of the AbilityOne Program, to enhance employee and customer satisfaction, to generate employment growth and to promote excellence in mission-critical business processes.

We are concerned about the erosion of the Agency's ability to (1) ensure Program participants' compliance with our law and regulations, (2) implement the Government Accountability Office's (GAO) recommendations in report GAO-13-457 and (3) execute our mission to sustain and increase employment for individuals who are blind or significantly disabled. The President's budget for the Commission in FY 2012 (\$5,771,000) was not enacted, but it represented the funding level the Commission and the Administration deemed necessary to execute the Agency's duties in accomplishment of its statutory mission at that time. While our recognition of the austere fiscal environment caused the Commission to request and receive a slightly lower funding level in FY 2013 and FY 2014, the unanticipated sequestration strained our ability to perform some of the most basic functions of the Agency, such as compliance audits. A funding level below \$5,441,000 presents significant risks and challenges to the Commission's ability to fulfill its duties and mission, particularly with the peril of an additional five to eight percent reduction through sequestration.

Any deeper reduction (e.g. 10%) jeopardizes the Agency's ability to operate on a daily basis and to achieve its most basic duties specified in the Javits-Wagner-O'Day Act. AbilityOne Program employment is created and sustained through the Commission's maintenance of the Procurement List. In accordance with our statute, the Procurement List represents our selection of sources that will provide goods and services to the Federal Government. At a 10% reduction, the Agency loses the ability to maintain full-time employment of its operational employees with Procurement List responsibility. To alleviate that hazard, we considered a Reduction in Force (RIF) or furlough of up to 20 days during FY2015. In both cases, our mission is put at risk, as our small staff cannot absorb or off-set the impact of a RIF or furlough.

There are several other risks associated with a lack of necessary funding. The Commission may not be able to fully fund publication in the Federal Register, which is required by law for proposed or final Procurement List additions and deletions. The Commission would not be able to fund essential compliance reviews or to engage all of its Presidential appointees to accomplish their responsibilities in accordance with their appointments and the Javits-Wagner-O'Day Act they administer.

As the Agency is extremely small in terms of personnel and appropriation, funding at the requested level would have a substantial positive effect on our mission performance, while having only a negligible effect on the overall Federal budget.

Table 1: Budget Summary				
Category:	FY 2012 President's Budget	FY 2014 President's Budget	FY 2014 Enacted Budget	FY 2015 Request
Personnel	\$3,530,000	\$3,275,000	\$3,180,000	\$3,305,000
Benefits	\$ 876,000	\$ 823,000	\$ 798,000	\$ 837,000
All Other	\$1,365,000	\$1,298,000	\$1,279,000	\$1,299,000
Total	\$5,771,000	\$5,396,000	\$5,257,000	\$5,441,000

At the FY 2015 requested level, salary and benefits account for about 76% of the total budget requested. This is fairly consistent with the Commission's historical breakdown of just over 75% personnel and benefits to just below 25% in all other budget lines. Through cost-saving measures, the non-personnel ("all other") budget lines in our FY 2015 requested budget would be held to 24% of the total, allowing the majority of the budget to be devoted to much-needed personnel. This budget request includes one new Full-Time Equivalent (FTE) to address critical Agency needs that pertain to program stewardship.

The Agency requires a Deputy General Counsel (DGC) to assist its one and only staff attorney reviewing all actions for this nearly \$3B program. A DGC is highly needed to address the myriad of legal requirements ranging from supplier appeals, protests, working with the Department of Justice to Agency oversight, particularly in today's challenging procurement environment. Lacking adequate legal review and support, the hazard is Agency nonconformance to laws, regulations and other requirements from an internal operating standpoint, or non-compliance from an external program standpoint.

As noted earlier, protecting and preserving the AbilityOne Program is critical. The Commission's purpose and statutory duties that require these resources can be summarized as:

- Establishing and overseeing rules, regulations, and policies to assure effective implementation of the Javits-Wagner-O'Day Act and the AbilityOne Program it authorizes. (Job creation & Program Integrity)
- Increasing employment opportunities for people who are blind or have other significant disabilities. (Job Creation)
- 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)
- Determining which products and services procured by the Federal Government are suitable to be furnished by persons who are blind or have other significant disabilities employed at qualified nonprofit agencies. (Job Creation)
- Monitoring central and participating nonprofit agencies' compliance with the JWOD Act, Commission regulations and procedures [GAO Report GAO-13-457.] (Program Integrity)
- 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)

The Commission maintains its mission focus and pursues its strategic goals with a metrics-based and evaluative approach. The Commission reviews key metrics such as new jobs created, total jobs sustained, number of veterans employed, total hours of direct labor by the AbilityOne workforce, total wages earned, the number of promotions to indirect labor, supervisory and management positions, the number of placements into competitive employment and sales to the Federal Government. Employment growth is analyzed quarterly, by manufacturing and service lines of business and by Federal customer agency.

The Commission also tracks nonprofit agency compliance metrics, the adoption or participation rate for the AbilityOne Quality Work Environment initiative, levels of AbilityOne employee satisfaction and levels of Federal customer satisfaction. Finally, the Commission monitors cycle time and progress in streamlining and leaning mission critical processes. These metrics and the Commission's analysis are further discussed in this budget justification in the appropriate performance goal sections.

Submitted by

E. Ballard
Executive Director & CEO

LEGAL AUTHORITY, MISSION AND PROGRAM STRUCTURE

The Javits-Wagner-O'Day Act of 1971, codified at 41 U.S.C. §§8501-8506 and implemented through 41 CFR Chapter 51, establishes the legal authority for the Committee for Purchase From People Who Are Blind or Severely Disabled, which operates as the U.S. AbilityOne Commission. The Commission is an independent agency of the Executive Branch, with exclusive responsibility for administering this Act and the AbilityOne Program, which is responsible for employing more than 48,000 Americans who are blind or who have other severe disabilities.

The mission of the U.S. AbilityOne Commission and the AbilityOne Program is to provide employment opportunities for people who are blind or have other severe disabilities in the manufacture and delivery of products and services to the Federal Government.

The agency is directed by 15 Commission members appointed by the President. Eleven of these appointees work for and represent other Federal agencies, while four appointees are private citizens representing the interests of people who are blind or significantly disabled. The Commission members formulate policy and vote on significant legal and administrative matters, including additions to the list of products and services for procurement by Federal Agencies and published as the "Procurement List." The Commission elects a Chairperson and Vice Chairperson among their members, and the Chairperson is officially the Agency Head.

A full-time career Senior Executive Service member serves as the Executive Director and chief executive officer. The Executive Director leads a full-time civil service staff in performing the day-to-day activities necessary to administer the Act and the AbilityOne Program. The primary functional areas of the Agency are Compliance, Operations, and Policy/Programs, which report to and assist the executive staff. The Agency is supported by a small cadre of information technology and resource management professionals.

The Commission's enabling legislation provides for the designation of one or more Central Nonprofit Agencies to assist the Commission in administering the statute and the AbilityOne Program. These central nonprofit agencies are National Industries for the Blind (NIB) and SourceAmerica (serving people with a range of disabilities, formerly known as NISH). NIB and SourceAmerica are private, not-for-profit organizations that allocate orders and provide other technical and financial assistance to nearly 600 State and local nonprofit agencies that participate in the AbilityOne Program.

NIB and SourceAmerica work with nearly 600 associated nonprofit agencies and Federal customers nationwide to identify Government procurement requirements that can create employment opportunities for individuals who are blind or have other severe disabilities. Following opportunities for public comment and after due deliberation, the Commission places such product and service requirements on the Procurement List, thus requiring Federal departments agencies seeking to procure such designated products and services to purchase them from the nonprofit agency(ies) designated by the Commission.

An organization chart follows.

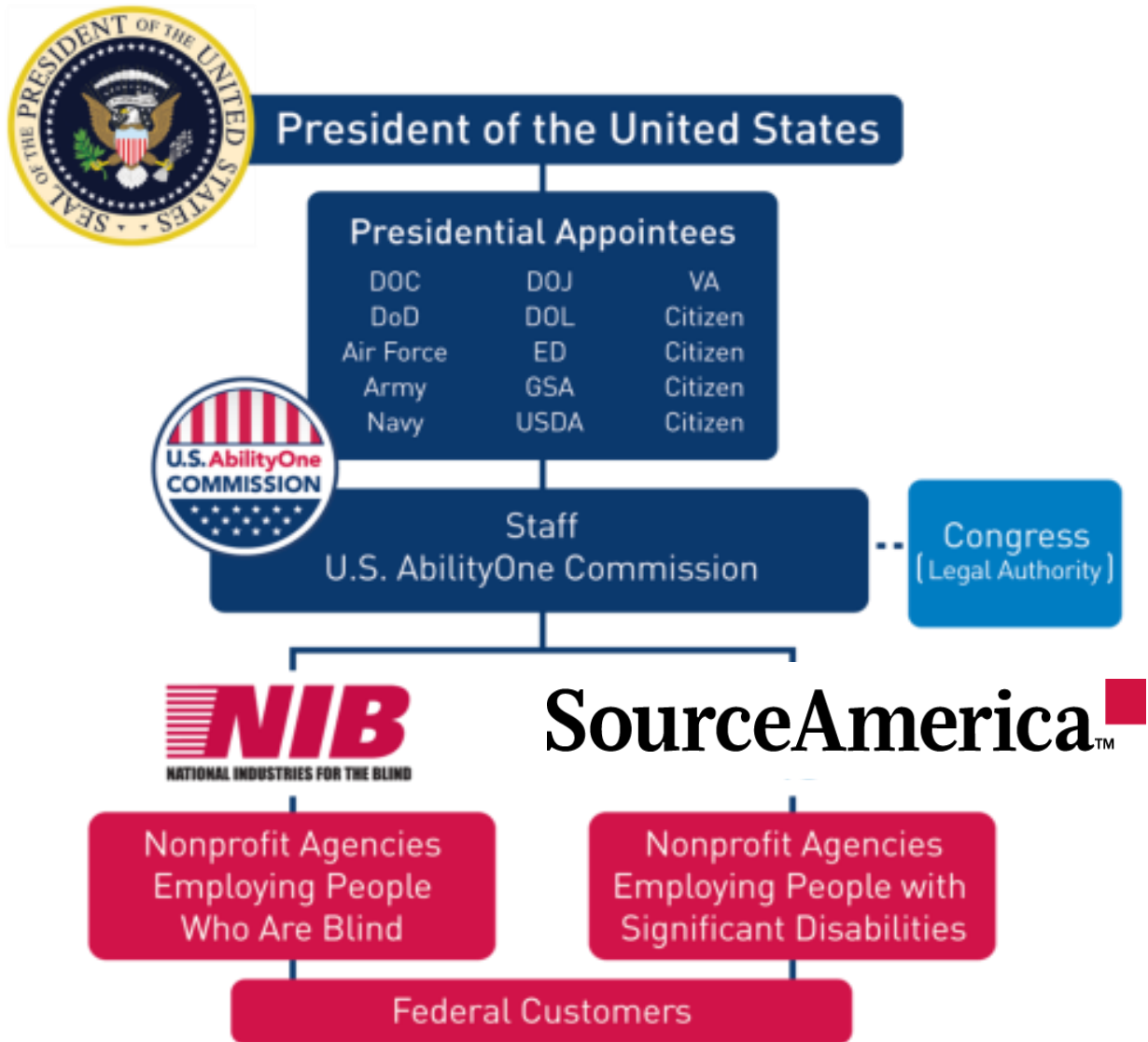


Figure 1. AbilityOne Program Organization.

AGENCY FY 2015 BUDGET AND PERFORMANCE PLAN

The Commission, in concert with its key stakeholders, conducted Strategic Planning sessions in FY 2013 to update the AbilityOne Program Strategic Plan for FY 2014-2018. For the Agency, as well as the Program, the mission (shown on page 7), vision statement and core goals were validated and remain the strategic direction for AbilityOne. In early 2014, further work will be done to refine the shorter-term performance goals, tactics and measures at the operational level. However, it is possible to quantify and evaluate progress toward achieving each core goal to date, and to describe the broad strategies and initiatives that will continue to be implemented in FY 2014 and FY 2015. The enduring core goals are (1) Effective Stewardship, (2) Employee and Customer Satisfaction, (3) Employment Growth and (4) Business Excellence.

Each goal is further discussed below, to include the current strategic objectives, performance goals, measures and other evidence used to evaluate progress or improvement toward ultimate achievement of the goal. The necessary level of FY 2015 funding to execute the performance plan relative to each goal is articulated in the appropriate section. The Commission uses frequent measurement of performance and other indicators to inform its analysis, decision-making, data-driven reviews and information dissemination that is timely, accessible and user-friendly.

STRATEGIC GOAL 1: EFFECTIVE STEWARDSHIP

AbilityOne Program integrity is paramount, making the Effective Stewardship goal a top priority for the Commission. Effective Stewardship encompasses monitoring and fostering nonprofit agencies' compliance with the statutory and regulatory requirements to participate in the AbilityOne Program, as well as educating and promoting Federal customers' compliance with AbilityOne mandatory source requirements. At the same time, a new area of emphasis within stewardship is enhancing the Commission's oversight of its Central Nonprofit Agencies, in accordance with the recommendations in GAO-13-457, further discussed below. The Commission's main objective is for 100 percent of participating nonprofit agencies to be in compliance with applicable laws and regulations to participate in the AbilityOne Program. While striving for zero defects is very ambitious, no level of non-compliance is considered acceptable by the Commission.

The Commission's performance goal in this area has been to complete at least 120 on-site compliance audits per year -- 600 cumulative -- by 2014. However, our reduced schedule is a financial necessity and reality since 2011; the Commission was not able to conduct 120 on-site audits in FY 2012 or FY 2013. In fact, only about half of the target was reached. The timing of our FY 2014 appropriations will allow us to perform at least 80 audits in FY 2014, combining on-site and virtual methods. However, it is critical for the Commission to have adequate funding to conduct the target number of standard on-site audits and follow-up at nonprofit agencies that may have multiple compliance deficiencies.

A combination of annual self-reports and on-site audits are used to monitor and determine nonprofit agency compliance. The results are analyzed and briefed to the Commission. At the end of FY 2012 and based primarily on self-reviews and reports; approximately 96 percent, or 573 of the total 598 nonprofit agencies were found to be in compliance with the AbilityOne Program requirements. Due to funding limitations, the Commission was rarely able to verify or supplement nonprofit agency self-reporting with independent government on-site audits. The on-site audits allow our review of

information governed by the Health Insurance Portability and Accountability Act (HIPAA) and necessary to determine compliance with definitions in our statute and regulation. Additionally, the Commission was unable to monitor implementation of corrective actions and provide real-time education to the nonprofits that identified compliance shortfalls. Based on the self-reports and follow-up communications with the 25 nonprofit agencies that were out of compliance, the reasons varied widely, from surges in Government or commercial orders affecting the legislated direct labor ratio, to nonconforming documentation of disability, to misunderstanding the program requirements. The Agency must fulfill its compliance and oversight mission, and intends to achieve improvement in both during FY 2015.

As referenced earlier, an additional area of focus for Effective Stewardship is increased oversight of the Central Nonprofit Agencies that are designated by the Commission to assist in its administration of the AbilityOne Program. The GAO recommended in 2013 that the Commission establish written agreements with National Industries for the Blind and SourceAmerica (formerly NISH) to spell out performance expectations and mechanisms for the Commission to oversee their implementation. Additionally, GAO recommended that the Commission strengthen its oversight of the CNAs' internal controls, to include reviewing the CNAs' various systems audits and information about potential internal control violations reported by whistleblowers or other mechanisms. Such reviews would allow the Commission to ensure that appropriate and cost-effective controls are in place. The Commission has reprogrammed and prioritized staff resources over the past few years to fully support its compliance functions, and with approval and appropriation of this budget request can assume greater oversight of the CNAs.

Other necessary resources such as travel dollars, or funding for professional references and manuals, have **not** been adequate since 2011 in light of delays in or irregular funding. This unavailability limits the efficacy of the Commission's oversight and compliance effort. The Commission is requesting travel funding in this FY 2015 budget request that will enable it to conduct the necessary combination of full audits, spot checks and corrective action visits. As noted above, our experience with self-reports and remote audits thus far has shown that on-site compliance audits uncover a greater degree of errors or omissions in participating nonprofit agencies' compliance and provide an opportunity for targeted guidance.

It is particularly important for the Commission to be able to conduct investigations when complaints or allegations are received, and it is critical to be able to review struggling nonprofit agencies that are at risk of losing their Program eligibility, which jeopardizes existing AbilityOne jobs. Likewise, the Commission has seen an increase in protests from industry, and needs to ensure that nonprofit agencies understand and follow the AbilityOne requirements, to protect the Program mission and integrity. The Agency has increased use of technology in lieu of travel and continually minimizes travel that is not related to oversight or otherwise mission-critical. This budget request includes adequate funding for supplies, professional subscriptions and other reference materials to support implementation of our compliance-related duties.

Another critical aspect to ensuring effective stewardship is having the necessary resources to properly handle legal and ethical issues that arise, particularly those with a bearing on program integrity, statutory or regulatory compliance, or effective policy. From providing legal reviews of routine and new AbilityOne business, to assisting the Department of Justice on relevant litigation, the Agency's legal workload has grown considerably with the expansion and complexity of the AbilityOne Program. This FY 2015 request includes one new FTE to serve as Deputy General Counsel (DGC), to assist the Commission's sole attorney. The current General Counsel is eligible to retire, with no

succession plan, as the Agency has no other legal staffing. This is especially problematic because of the legal actions taken against program participants in recent years, protests and other matters that require legal expertise. Without an additional FTE, the Agency could conceivably be without a General Counsel for an extended period. Given that the Agency processes more than 300 business transactions per year that require legal review, the mission will be severely impacted without adequate legal support. The Agency requires this DGC to ensure that legal reviews and required legal actions can be executed in a timely as well as accurate manner in FY 2015.

STRATEGIC GOAL 2: EMPLOYEE AND CUSTOMER SATISFACTION

Both employee and customer satisfaction are crucial to accomplishment of the AbilityOne Program's employment mission. The Commission oversees the collection and evaluation of data from these two key stakeholder groups, and uses both quantitative and qualitative measures to identify current levels of satisfaction. The Commission and its AbilityOne partners then develop and execute plans to increase satisfaction in the areas where the evidence shows 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 bring about program improvements. A baseline employee satisfaction level was established in 2010, showing an overall AbilityOne Program employee satisfaction rating of 85%, compared to the 68% industry benchmark level¹. The AbilityOne Program's Quality Work Environment (QWE) initiative was designed to enhance the experience and satisfaction of program employees.

QWE focuses on four key areas: (1) increasing wages through increased productivity, (2) providing navigation to supports, services and training, (3) articulating a defined career ladder for employees, and defining steps to climb the ladder, and (4) ensuring an integrated, engaging workplace culture. Nonprofit agencies that adopt the QWE initiative first conduct self-assessments using the AbilityOne standardized survey, create and implement action plans, and periodically report progress to their Central Nonprofit Agencies. Several best practices disseminated through the QWE initiative correlate positively with elements of job satisfaction most desired by AbilityOne employees, including employee involvement, training and development, and employee benefits.

The performance goal for this area is to achieve 95% of AbilityOne employees participating in the voluntary QWE initiative by 2014, as demonstrated by completion of the self-assessment survey, and then to achieve 100% of AbilityOne employees participating in the QWE by the end of 2015. This goal was modified from the original target of 100% of *nonprofit agencies* participating in QWE by 2013. The target was adjusted to take into account the greater investment of time required to properly conduct the QWE self-assessment and action planning, and to re-focus the metric around the AbilityOne employees. The Program's nonprofit agencies vary widely in size, from three employees who are blind or significantly disabled to several hundred, thus the priority enrollment efforts were focused on the largest nonprofits first, maximizing the number of employees reached. Again, the Commission expects to achieve full participation in QWE by the end of Calendar Year 2015.

¹ Source: A random sample of 1,773 AbilityOne employees with significant disabilities and a census survey of 1,262 AbilityOne employees who are blind or visually impaired 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.

The rate of participation in QWE, plus qualitative results and success stories, are monitored closely by the Commission’s Employee and Customer Satisfaction Subcommittee. This information is also presented to the full AbilityOne Commission on a quarterly basis. The following table shows the QWE participation scorecard with the 2014 interim goals. QWE participation levels are currently on track to meet the year-end 2014 interim goals.

Percent of Employees In Nonprofit Agencies With:	2014 Interim Goals	YTD 12/31/13
Completed QWE Self-assessments		
- NIB	85%	55%
- SourceAmerica	60%	79%
- Total		75%
Developed QWE Action Plans		
- NIB	85%	55%
- SourceAmerica	52%	66%
- Total		67%

Table 1. Quality Work Environment (QWE) Goal Tracking for Calendar Year 2013

In FY 2013, the AbilityOne Program’s Central Nonprofit Agencies aligned their updated employee satisfaction surveys to the areas of the QWE, which will enable a more direct measurement of whether improvements are taking place. These results will be analyzed and presented in mid-2014, allowing for fine-tuning of the QWE execution as well as other appropriate strategies. The Commission will continue to implement the QWE initiative and evaluation of AbilityOne employee satisfaction, within the baseline resources described in this budget justification. Most of the work associated with the QWE is performed at the nonprofit agency or Central Nonprofit Agency levels.

The second strategic objective under this goal is to increase and sustain AbilityOne nonprofit agency **Federal customer satisfaction** through a continuous feedback process, followed by targeted strategies to bring about program improvements. The Commission’s intent is to learn more about Federal customers’ needs and to enhance their overall AbilityOne experience. Enhanced customer satisfaction (at the buyer level and among end-users of products/services) will lead to new business being referred to the AbilityOne Program, which in turn facilitates the employment mission. Among key customer segments, contracting officer satisfaction was measured via survey in 2011, and showed that 84% were satisfied or very satisfied with their AbilityOne experience.

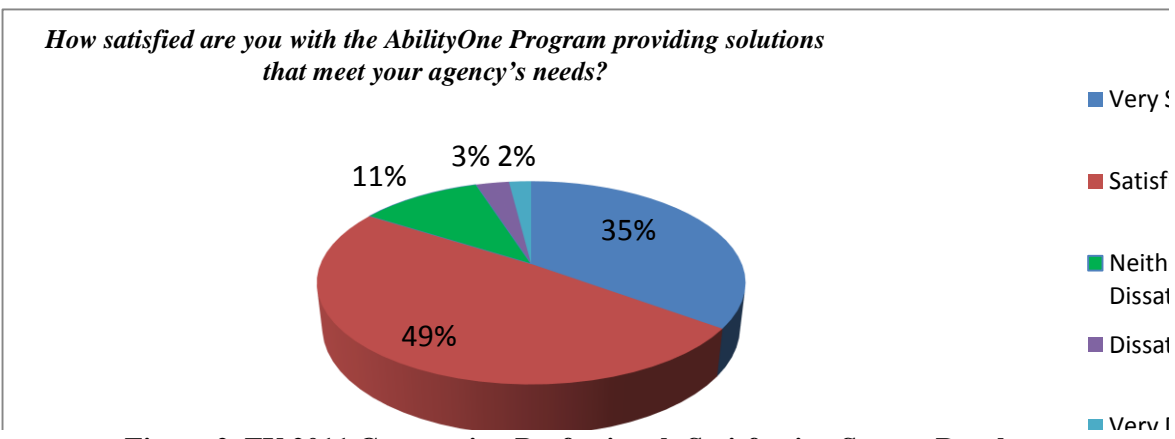


Figure 2. FY 2011 Contracting Professionals Satisfaction Survey Results.

“Listening posts” have been used in the past to gather customer feedback on a more qualitative basis, generally during training sessions or presentations. In 2011, the average satisfaction score from these informal feedback sessions was 82%. Since that time, gatherings of contracting professionals and other key customers for training and related purposes have been very limited, so the Commission is placing less emphasis on this particular method of gathering customer satisfaction data in 2014 and FY 2015.

Regardless of the feedback collection method used, certain discrete elements of customer satisfaction do indicate opportunities for improvement, such as perceived AbilityOne price competitiveness. During 2012 and 2013, the Commission began updating its pricing policies, developing pricing manuals and increasing the educational and informational materials available to both internal and external stakeholders. The GAO recommended in 2013 [GAO-13-457] that the Commission further enhance the transparency of its pricing policy, procedures and practices, and enhance its oversight of price change negotiations taking place in the field. The Commission plans to implement these recommendations in 2014 and FY 2015 through current personnel resources, leveraging existing information technology and providing clear, directional guidance to the Central Nonprofit Agencies for more proactive support in this area.

At the same time, the Commission established a performance goal to assess the satisfaction of end-users of AbilityOne products and services, which will enable the development of specific improvements and communication for that customer segment. Reaching end-users for feedback purposes is challenging, because of their large numbers and geographic dispersion; however, in FY 2013, a promising solution was identified and implemented. With the support of the Office of Federal Procurement Policy and the Federal Acquisition Institute (FAI), the Commission was able to disseminate a short survey to end-users through the FAI student database. While results and outcomes have not been fully tabulated and analyzed, over 2,000 end-users voluntarily participated in the survey, and their feedback is expected to be highly informative. Strategies and tactics to enhance end-user awareness and satisfaction with AbilityOne products and services will be developed during 2014 for implementation later this year and into FY 2015. The Commission will continue to implement the Federal customer satisfaction objective within the baseline resources described in this budget justification.

STRATEGIC GOAL 3: EMPLOYMENT GROWTH

Creating employment *is* the AbilityOne Program’s mission. The strategic objective in this area is to increase both jobs and the direct labor hours worked by people who are blind or significantly disabled. The performance goal was segmented by line of business: to achieve two percent (2%) year-over-year employment growth related to AbilityOne products, and to achieve seven percent (7%) year-over-year employment growth related to AbilityOne services. These targets were based on AbilityOne Program employment growth trends during the period prior to the establishment of the FY 2010 - FY 2014 Strategic Plan.

However, significant changes in the business environment have made pursuit of the employment growth goal extremely challenging; particularly the budget austerity and military drawdown in the past two years. In FY 2012, there was a net loss of jobs by AbilityOne nonprofit agencies. From a record high of more than 50,000 jobs, the program counted just over 48,800 jobs in FY 2012. Quarterly as well as anecdotal reports during FY 2013 predicted another net loss in FY 2013, which in fact ended down approximately 2.3% or at 48,701 jobs. The line of business most affected was

products, especially military unique clothing and equipment. This work grew quickly during the build-up and surge of military activity, but has plummeted in the past two years. The Commission's analysis of historical data shows that these results, though disappointing, are very typical and predictable: AbilityOne product sales have increased and contracted in a similar manner after each war or military conflict since 1942. In recent years, the increase in AbilityOne service jobs has partially masked the job loss associated with products, and indicates that a diversified business base is necessary to mitigate the potentially dramatic shifts in demand for AbilityOne products.

While AbilityOne services in the aggregate have experienced less decline, there are numerous examples across the Program of jobs lost on a project-level basis. Budget shortfalls have caused Contracting Officers across the country to de-scope their requirements and renegotiate prices, often multiple times, to cover fewer labor hours. Some service requirements have been pulled "in-house" for performance by Government employees, and others have been allowed to lapse altogether, due to lack of funds. By the end of FY 2013, AbilityOne nonprofit agencies nationwide reported over 2,300 short-term or long-term lay-offs, with the potential for hundreds more. Other nonprofit agency employees' hours were severely reduced, impacting their wages and benefits.

Increasingly, the Commission is called upon in funding-related or other challenging situations to intervene Government-to-Government, and to attempt to save all or at least some of the AbilityOne jobs. In fact, during FY 2013, multiple requests for assistance were received on a monthly basis, and this trend is likely to continue in the current fiscal environment. Sometimes a rapid response is needed to engage in a crisis situation – such as an acute performance problem, an immediate reduction in contract funding or a nonprofit agency experiencing a cash flow shortfall and unable to make payroll or meet contractual requirements. The Agency's ability to address and respond to these crises in a professional, timely manner is critical to maintaining AbilityOne jobs, or at a minimum, mitigating the jobs lost due to fiscal shortfalls outside of the Commission's control.

In FY 2013, the Employment Growth focus area assumed a strategic objective that was previously handled under Stewardship, which is addressing "leakage" or buying-around this program. Sometimes, Federal customers are not aware of all of the products and services on the Procurement List, and purchase items from non-AbilityOne sources that should be fulfilled by the nonprofit agencies designated by the Commission. The commodity-type items on the AbilityOne Procurement List, such as office supplies and cleaning products, are particularly vulnerable to leakage or sales lost to non-AbilityOne items resulting in loss of jobs. Current and new strategies will be emphasized in 2014 and FY 2015 to reduce the leakage and preserve the sales and employment associated with Procurement List items. The Commission partners with its Central Nonprofit Agencies and its Government/commercial distribution channels to combat leakage, and continues to leverage these partners to combat leakage in FY 2014.

With respect to Employment Growth, the Commission continues to use education and outreach to promote the AbilityOne Program's mission and job creation objectives. Commission members often serve in a public speaking capacity, both within their agencies and in front of broader Federal audiences, to convey the value of AbilityOne products and services, as well as this important mission. The Agency will continue to explore the establishment of voluntary procurement goals in FY 2015 to increase various Federal agencies' purchases of AbilityOne products and services. Government-wide spending on AbilityOne items consistently lands around one half of one percent of all procurement dollars. The Commission seeks to increase this percentage, and research demonstrates it is entirely possible to do so and support other socioeconomic programs.

The Commission remains focused on its statutory duty to maintain the AbilityOne Procurement List. Additions of products and services to the list are the lifeblood of the Program, as they expand or sustain employment for the AbilityOne workforce. This budget proposal sustains the Commission's current operational staff and information system responsible for maintaining the products, services and employment associated with the Procurement List. These professionals handle routine and complex additions, as well as hundreds of administrative actions each year to maintain the Procurement List, including price changes and in-scope modifications to current AbilityOne products and services.

In these challenging times, it is more important than ever for the Commission and its Central Nonprofit Agencies to increase the pipeline of potential AbilityOne products and services, and to bring more additions to fruition. The Commission's plan to grow AbilityOne employment in FY 2015 relies on continued data mining, federal spend analysis and emerging lines of business that result in the most job creation for individuals who are blind or significantly disabled. The Commission must educate and advocate for AbilityOne opportunities with Federal customer agencies. For example, in FY 2013, the AbilityOne Program pursued lines of business such as contract closeout services, total facilities maintenance, contact centers and information technology, and made presentations to military and civilian senior leaders as well as contracting professionals.

The Commission will maintain a special emphasis on meeting the employment needs of wounded warriors and other veterans with disabilities during 2014 and FY 2015. Approximately half of the veterans employed across the program are blind or have other significant disabilities. The AbilityOne Program's research shows that a large number of America's veterans are not achieving employment, or are not able to sustain employment, as a result of physical and/or psychological injuries sustained in the defense of our country. We are developing employment opportunities suited to veterans' skill sets and unique assets, such as their possession of, or ability to have reinstated, security clearances which are needed to perform many Federal contracts. In addition to employment opportunities many AbilityOne agencies provide counseling, transitional housing, training and other services that benefit our veterans and their families. The Commission continues to explore and promote close coordination with other agencies and programs that support veterans' employment. We have the ability to become a liaison or source of information for veterans. However, we are not requesting additional funding for this purpose in FY 2015.

STRATEGIC GOAL 4: BUSINESS EXCELLENCE

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

The performance goal for the Procurement List addition process is to decrease cycle time 50% during the period of the Strategic Plan. The baseline or initial snapshot of likely Procurement List addition cycle time was in excess of 600 days. In today's dynamic acquisition environment, this cycle time is much too long. Through the lean review and some immediate pay-off changes, cycle time was reduced more than 25% when measured in 2012. The most significant delays and wait time, outside of the "capture" and commitment phase at the beginning of the process, take place in the price development and negotiation phase, which is the next area identified by the Commission for lean

process work, education and dissemination of clearer guidance in 2014. Accordingly, the Commission will pursue achievement of the 50% cycle time reduction by the end of FY 2015. The snapshots already taken and projected cycle time for FY 2015 are illustrated in the figure below.

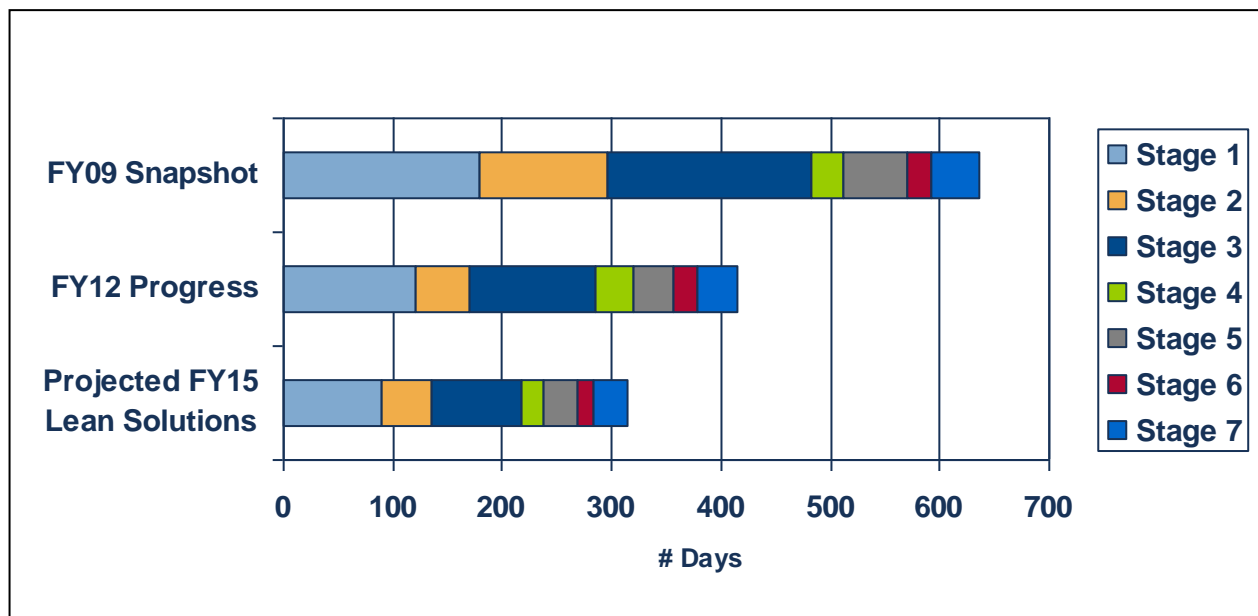


Figure 3. Projected Reduction in Cycle Time via Lean Solutions

By statute, the Committee is responsible for establishing the fair market price (FMP) for products and services on the Procurement List. The performance goal related to pricing is twofold -- both to “lean” the process in terms of improving cycle time 40% by 2014, and evaluating/improving the competitiveness of AbilityOne prices, which will be ongoing through 2015. GAO’s 2013 report [GAO-13-457] recommended that the Commission increase transparency in AbilityOne pricing policies, procedures and practices, and ensure timely reporting of price changes in the field. The Commission adopted the GAO recommendations, which align with execution of the current strategic and performance goals for pricing. For example, the GAO noted a high percentage of price change transactions are rejected by the Commission staff, which we attribute to lack of adequate documentation or other errors/omissions. Disseminating updated pricing policies and procedures, and providing training for users of these materials, will not only improve transparency and understanding, but will decrease cycle time. Ensuring that appropriate market research and price documentation are provided up-front will facilitate the establishment of AbilityOne fair market prices that are within the competitive range (but not at either extreme end of the range.)

The Commission’s operations staff, discussed in the Employment Growth context, is also responsible for the lean studies and other improvements in the Procurement List addition and pricing processes, with oversight from members of the Commission itself, and assistance from stakeholders at the Central Nonprofit Agencies. They will continue to pursue the strategic objectives and performance goals in these areas, without seeking additional resources in FY 2015.

Business excellence has an additional performance goal, which is to oversee and evaluate the Central Nonprofit Agencies’ use of program resources on an annual basis. They are not funded by appropriation, but rather, a small percentage of AbilityOne contract dollars, up to the ceiling approved by the Commission. Through quarterly dashboards and annual business plans, the Commission has

closely monitored their collection of fee-related revenue and expenditure of those resources in the fulfillment of the Central Nonprofit Agencies' regulatory duties. The Commission considers the data demonstrating the levels of compliance and job growth achieved, among other key metrics, in evaluating their efficacy and providing future guidance. In accordance with GAO-13-457, the Commission will work with the Central Nonprofit Agencies during FY 2014 and FY 2015 to establish written agreements that clearly state the Commission's performance expectations and measures. The implementation of this goal and evaluation of results will be achieved in FY 2015 without any additional resources being requested.

FY 2015 MANAGEMENT-FOCUSED OBJECTIVES

Management Improvement Objective – DSP Review Group

In FY 2013, the Agency embarked on an objective to strengthen and improve the programmatic definition of significant disability, the regulatory suitability criteria and the decision-making processes used by Commission members when they decide to add a product or service to the AbilityOne Program Procurement List. This objective differs from the Lean Six Sigma and process efficiencies work being pursued under the Business Excellence Strategic Goal area. Known as the Definition, Suitability and Process (DSP) Review Group, this management improvement objective is intended to clarify the AbilityOne Program's regulatory and policy implementation, to better align the criteria used to evaluate the suitability of Procurement List additions with the business environment and to establish a documentation approach that will result in stronger administrative records for the Commission's actions.

The objective for the DSP Review Group is to gather and leverage the expertise of Federal experts – both current Commission members and those not serving on the Commission – plus non-Governmental experts and representatives from the nonprofit agency community to identify policy concepts and best practices for the full Commission's consideration as it updates its decision-making practices. The deliverables will be presented in the May – July 2014 timeframe, and based on those deliverables, the Commission will take actions during late 2014 and the beginning of FY 2015 to put some improved policies, procedures and practices into place.

IT Infrastructure, Project Management, Cyber Security

Appropriate maintenance and utilization of the Commission's information technology (IT) infrastructure is a continued area of emphasis for the Agency's management. There are no new technological initiatives in development or investments sought for this budget cycle. However, it is critical to maintain the current Procurement List Information Management System (PLIMS) to ensure the Agency's ability to perform mission-critical tasks on a daily basis.

PLIMS is the Commission's business information system, developed and launched in FY 2008. Since then, the Agency has made minor enhancements to the system's usability and efficiency, to better support AbilityOne Program business transactions with Federal customers and the Central Nonprofit Agencies. Its accessibility and continuity enables the Commission to increase productivity for staff and to meet government-wide goals for telework. Accordingly, we require programming support to maintain its electronic workflow system that automates all AbilityOne business transactions, to include collection of compliance reports. This support is obtained through a small dollar value contract, which is included in this FY 2015 budget proposal and is consistent with the past five years' funding requests.

The Commission has negotiated an approximate five percent reduction in the price of its contract for network support services, which is reflected in this budget proposal. It is not advantageous for the Agency to directly hire individuals with the specialized skills needed to provide such technical services, which require frequent updates, training and certifications. However, the Commission continues to work at keeping these costs of doing business to a minimum.

The Commission has a multi-year plan that spreads out hardware expenditures so that the Agency does not face obsolescence of a large share of its infrastructure in any one year. We were unable to implement this multi-year plan in FY 2012 and FY 2013, due to the lower level of appropriations received compared to the President’s Budget. It is unclear whether the Commission will be able to refresh any of its hardware during FY 2014, given the budget environment. Thus, in FY 2015, the Commission has requested funds sufficient to at least refresh and maintain the minimum hardware infrastructure necessary to fully support its personnel in fulfilling their duties.

For cyber security, the Commission relies on its interagency agreement with the Department of Homeland Security, National Cyber Security Division. Under this agreement, DHS provides consolidated intrusion detection, incident analysis and cyber response capabilities in the protection and defense of the Commission’s external access points and network for a reasonable fee. There are no additional funds requested for cyber security purposes in FY 2015.

POLICY AND FUNDING PRIORITIES

The U.S. AbilityOne Commission administers and oversees the AbilityOne Program. Accordingly, it has one program to prioritize for funding. Our top policy and funding priorities are directly tied to the AbilityOne strategic goals: employment growth, compliance audits and efficient business practices. Each of these is critical to the Agency’s accomplishment of its mission. In the current environment, creating and sustaining employment of people who are blind or who have other significant disabilities is the absolute highest priority, and delivering on this mission requires a level of funding of **\$5.441** million in FY 2015. Growing jobs and ensuring proper oversight are vital investments that will positively affect the nation’s employment rate. Employment of people who are blind or significantly disabled directly accomplishes the President’s objective to empower people with disabilities and is **“putting America to work.”** To achieve the Agency’s strong stewardship priority, it is necessary to maintain the current level of funding dedicated to pursue full compliance with all laws and regulations, and to slightly increase funding for a new FTE that will support AbilityOne legal reviews and responsibilities.

DISCRETIONARY FUNDING REQUEST

The Commission’s prior year, current year and budget year requests contain no mandatory funding targets. The Congress has not directed any specific allocation of the Agency’s appropriation. The discretionary funding request for FY 2015 is provided below:

Discretionary Targets	2014 President’s Budget	2015 President’s Budget
Personnel (76%)	4,098,000	4,142,000
Non-Personnel (24%)	1,298,000	1,299,000
Total	5,396,000	5,441,000

As discussed in the Chairperson's and Executive Director's messages on pages 2 and 4 of this justification, the Commission is gravely concerned that the erosion of its baseline funding prevents the Agency from fully implementing its duties and accomplishing its mission. The President's Budget proposed to fund the Commission at \$5,771,000 in both FY 2011 and FY 2012. The enacted budgets for those years were approximately seven to eight percent lower. The Agency has operated at a bare bones level during FY 2013, reducing all possible costs, and making no investment in its infrastructure or human capital. The Commission's funding level for FY 2014 is \$5.257M. However, the risks associated with a FY 2015 funding level below \$5.441M, particularly with potential for sequestration of an additional five to eight percent, are significant.

At a funding level below the FY 2015 request, the Commission will be hindered in its ability to execute the crucial compliance function, enabling fraudulent or other noncompliant activities to go undetected. The Agency will be unable to make progress in its employment growth goal. A net 10 percent reduction would jeopardize the Agency's fundamental ability to operate on a daily basis and to achieve its most basic duties specified in the Javits-Wagner-O'Day Act. AbilityOne Program employment is created and sustained through the Commission's maintenance of the Procurement List. At a 10% reduction, the Agency loses the ability to maintain full-time employment of its operational employees with Procurement List responsibility, but instead, may need to consider a Reduction in Force (RIF) or furlough of up to 20 days during FY 2015. The Commission may not be able to fully fund publication in the Federal Register, which is required by law for proposed or final Procurement List additions and deletions. The Commission will not be able to fund mission-essential compliance functions and Presidential appointees will be impeded in the performance of their statutory duties.

REDUCTIONS, SAVINGS AND INCREASED EFFECTIVENESS

In accordance with OMB Memorandum-13-14, the Agency has reviewed and considered ways to reduce fragmentation, overlap, and duplication, and to increase its effectiveness. As the Commission administers only the Javits-Wagner-O'Day Act and the AbilityOne Program it authorizes, there is no fragmentation, overlap or duplication within the Agency. The Commission has also considered whether its mission and the AbilityOne Program overlap other Federal agencies' employment programs for people with disabilities. The 2012 GAO report, "Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue" [GAO-12-342SP], which included a study of such Federal programs, included the AbilityOne Program in its review and did not find any overlap or duplication with other Federal agencies' programs. The main distinction is that the Commission creates jobs for its target population through nonprofit agencies and the Federal procurement system. Many of the other Federal programs studied have a different delivery approach, such as providing training, grants or other support to local agencies or the individuals with disabilities themselves to promote the private sector's employment of people with disabilities.

From a resource management standpoint, the Commission leverages the Federal Strategic Sourcing Initiative and other strategic sourcing approaches to obtain the products and services it needs at volume discount pricing. The Commission's human resources and finance requirements are processed by the General Services Administration, which consolidates and handles multiple boards' and commissions' administrative needs on a reimbursable basis. We are currently negotiating with the General Services Administration to reduce our space and rental costs. The Agency continues to use cost avoidance measures such as deploying technology to reduce travel and processing costs, reducing the use of paper and other consumable supplies. In FY 2015, the Commission will continue to use technology to reduce travel, particularly travel that is unrelated to program oversight and

compliance. However, many of the opportunities to reduce the Agency's resource requirements, including deferring certain investments in refreshing hardware or delaying the award of service contracts, have been exploited and will not be available to achieve further cost reductions.

As discussed in the performance plan section, the Commission regularly monitors progress and effectiveness in meeting its strategic goals, and in 2013, the GAO released its most recent study on the Commission's oversight and effectiveness [GAO-13-457]. It should be noted that the GAO found no waste, fraud or other critical flaws in the Commission's administration of the AbilityOne Program. The GAO did make recommendations to strengthen AbilityOne Program oversight, and the Commission agreed with their recommendations.

One strong area of agreement was the GAO's recommendation that a written agreement would be a useful tool in documenting the Central Nonprofit Agencies' performance and evaluation expectations. The Commission will establish such written agreements to assist in the administration of the AbilityOne Program, based on publication of regulations, policy and procedure. The written agreements and any prerequisites will address, at a minimum, the following six areas recommended by GAO:

- Expenditures of funds,
- Performance goals and targets,
- Governance standards and other internal controls to prevent fraud, waste, and abuse,
- Access to data and records,
- Consequences for not meeting expectations, and
- Provisions for updating the agreement.

The Commission anticipates completion of a written agreement with each Central Nonprofit Agency by July 2015. This schedule is based on our budget request, the concurrent implementation of multiple recommendations and the process requirements (notice-and-comment rulemaking) for promulgating the new regulations that will serve as the basis for the written agreements. The Commission has already identified the existing resources and process steps to execute this action, and has established milestones to achieve completion within the specified timeframe.

There was also agreement in the value of having an independent entity, such as a dedicated Inspector General (IG), to conduct audits where needed. However, the resources necessary to support an IG function are the same resources needed to strengthen the AbilityOne Program policy, compliance, oversight. Funding audits without funding the capability to accomplish the mission, proactively problem solve and adequately respond to audits would be counterproductive. In the interim, the Commission will continue to have access to another federal agency's IG function on a reimbursable basis.

GAO's other key recommendation was that the Chairperson of the Commission improve oversight and transparency in the AbilityOne Program, through actions that (1) routinely obtain CNA audits, reports of alleged misconduct or other internal controls violations, and information on corrective actions taken, (2) better ensure that the CNAs' processes of assigning projects to affiliated agencies result in a transparent and equitable distribution, (3) develop written procedures for how Commission staff review pricing packages and clearly communicate these procedures to affiliates and the CNAs and (4) require CNAs to provide current pricing information to enable the Commission to better identify instances where current prices differ from approved prices.

The Commission agreed with the recommendation. Accordingly, the Commission will establish or enhance and disseminate policies and procedures regarding:

- CNA oversight and internal controls,
- Assignment and allocation processes,
- Pricing reviews, and
- Identification of nonconforming prices.

Several of these policies and procedures will dovetail with the efforts described under the previous GAO Recommendation regarding the establishment of written CNA agreements. We anticipate completion of these policies and procedures during Fiscal Year 2014; with some implementing activities carrying over into FY 2015. The Commission has already identified the existing resources and process steps to execute this action, and has established milestones to achieve completion within the specified timeframe.

BUDGET REQUEST BY OBJECT CLASS

Table 2: Budget Request by Object Class					
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 w/ Sequester	FY 2014 Request	FY 2015 Request
Personnel	\$3,245,000	\$3,250,000	\$3,082,000	\$3,275,000	\$3,305,000
Benefits	812,000	817,000	798,000	823,000	837,000
Travel	220,000	189,000	74,000	212,000	151,000
Rent & Communications	550,000	550,000	553,000	550,000	455,000
Printing	20,000	15,000	20,000	20,000	25,000
Services	435,000	455,000	498,000	430,000	584,000
Supplies	50,000	49,000	33,000	40,000	35,000
Equipment	53,000	50,000	35,000	46,000	49,000
Losses & Claims	0	0	0	0	0
TOTAL	\$5,385,000	\$5,375,000	\$5,093,000	\$5,396,000	\$5,441,000

Object Class Narrative for FY 2015 Request at \$5.441 M:

Salaries and Benefits - \$4,142,000. Salary and benefits amount to more than 75 percent of the requested budget and covers the Agency's FY 2015 workforce plus required fringe benefits, for a total of 27 FTEs. Each of these positions has been reviewed to ensure it is providing the maximum benefit in support of the Agency's priority goals, such as program compliance assurance, employment growth and sustainment, policy development, education and communication to Federal agencies. Positions will continue to be reviewed and reprogrammed as necessary to most efficiently and effectively promote the mission. This amount includes one new FTE requested for FY 2015; a deputy general counsel to assist with the agency's burgeoning legal workload and to provide for succession planning in this key staffing area. This amount also includes four private citizen Commission members who are appointed by the President to represent the interests of individuals who are blind or who have

other significant disabilities. These Special Government Employees are paid at the Executive Level IV rate on a per-diem basis when conducting Commission business.

Travel - \$151,000. In accordance with Administration guidance, the Commission has reduced travel expenditures and will continue to seek the most cost-effective way to conduct its business. This will include relying on teleconferencing and other electronic media such as webinars in lieu of some in-person meetings and training. However, this budget justification includes funds for the most mission-critical travel, which is primarily compliance and audit-related. The Commission must assess nearly 600 nonprofit agencies' overall compliance with statutory and regulatory requirements, as well as verify the data they report through their annual certifications. As discussed in the Stewardship goal area, efforts are underway to leverage secure data drop sites and to conduct a portion of the standard compliance audit remotely. Spot checks are needed to validate the remote audit findings, and in cases of non-compliance, full audits and follow up visits are necessary to fully execute the duties of the compliance function. This budget line includes travel by the private citizen Presidential Appointees serving as Commission members and any travel support required as reasonable accommodations to appointed private citizens with disabilities. They must travel to conduct official business, with Federal organizations, organizations within the private disability community and Congress. This category also includes minimal travel funding for management-related meetings or AbilityOne Program educational presentations. Non-compliance related travel is reduced approximately 15% from the previous four-year average.

Rent & Communications- \$455,000. The primary driver of this budget class is the cost of space for the Commission. We are working closely with GSA to negotiate smaller, less expensive space in order to save resources for higher priority areas. We anticipate our rental expenses for FY 2015 to be approximately 20% lower than the previous four-year average. The remaining funds requested in this budget class are necessary for monthly charges for current telecommunications equipment, which are minimized as much as possible through strategic sourcing. The Commission also maintains high speed web connectivity and remote access Internet service provider accounts to provide staff members access to network and email accounts while on travel or teleworking. A small portion of this budget category includes standard business expenses for postage, domestic package delivery and teleconference bridge lines.

Printing - \$25,000. In accordance with the Administrative Procedures Act, the Agency continues to have costs associated with routine publishing of notices in the Federal Register in order to add products and services to the Procurement List. At the same time, proposed updates to the Commission's regulations must be published in the Federal Register for public comments, and the Agency expects to increase efforts in FY 2015 to bring the regulations up-to-date. These publication costs, which are borne by the Agency for electronic publication of the Federal Register, enable us to fulfill legal requirements and promote transparency. The Commission routinely seeks efficiencies in this category and leverages the electronic dissemination of information. The Agency will consolidate and/or minimize the volume of text published in the Federal Register to conserve in this area, and continues to explore web-based publication options to provide more detailed information to the public. The Commission does not intend to use this budget line to print informational materials or educational collateral, which can be disseminated electronically.

Services - \$584,000. As a small agency, the Commission conserves its employee resources and pays GSA to provide administrative support for HR/personnel support, accounting and payroll services. The Commission has explored other service providers, but has not located a lower cost option. The Commission has two service contracts that support its information technology infrastructure; one for

general network support and one that performs programming for the Agency's information management system. The Commission has explored opportunities to reduce expenses in this area, and has received some modest price reductions from its vendors. In light of the FY 2013 sequestration, the Commission revisited its requirements to defer some costs in the IT service area. This budget justification seeks full funding for the IT support services, because it is not possible to indefinitely postpone maintenance and enhancements to the existing systems and keep pace with changes in the business environment. This category also includes advisory and assistance services for statutory requirements. For example, in accordance with FISMA, the Commission must review and report on its security functions on a yearly basis. Similarly, the Accountability of Tax Dollars Act of 2002 requires every agency, regardless of size, to conduct an annual audit of its financial statements. In both of these instances, the Commission procures the services of experts to perform the review functions so that the Commission can then take action to ensure full compliance. This category also funds training and professional development necessary for Commission staff in 2015. Additionally, a small portion of this category funds the procurement and provision of services to accommodate employees who are blind or who have mobility impairments and require readers or travel aides.

Supplies and materials - \$35,000. The Commission continues to target this object class for savings in order to have the necessary funds for higher priority requirements. Staff members continue to reduce office supplies consumption, particularly paper and toner. Spending in this area was greatly reduced in FY 2013, and will likely be held to a bare minimum in FY 2014. However, at some point, the Agency will not be able to forego certain replenishments of necessary office and operating supplies. This class also includes subscriptions to technical reference such as West Law, technical journals or publications that enable employees' performance of their official duties.

Equipment - \$49,000. The Commission was unable to implement its multi-year plan hardware refreshment plan in FY 2012 and FY 2013, due to the lower level of appropriations received compared to the President's Budget. It is unclear whether the Commission will be able to refresh any of its hardware during FY 2014, given the budget environment. Thus, in FY 2015, the Commission has requested funds sufficient to at least refresh and maintain the minimum hardware infrastructure necessary to fully support its personnel in fulfilling their duties. The Agency must also purchase the necessary software and licenses for its personnel, as well, which is a fairly constant cost of about \$30,000 per year.

PROPOSED APPROPRIATION LANGUAGE

The U.S. AbilityOne Commission has two requests related to proposed appropriation language. The first is a request for the necessary FY 2015 resource requirements to be funded by appropriation, as follows:

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

SALARIES AND EXPENSES

For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled, established by Public Law 92-28 (41 U.S.C. §8501 et. seq.), \$5,441,000.

CONCLUSION

In marking the anniversary of the Americans with Disabilities Act, President Obama's July 25, 2013 proclamation stated, **"Even now, barriers still keep too many people with disabilities from fully participating in our society and our workforce. Our country suffers when our citizens are denied the chance to strengthen our economy, support their families, and fully participate in our American life."** The AbilityOne Program exists to help Americans who are blind or significantly disabled to overcome those barriers and to have the chance to participate in our economy.

The Committee for Purchase From People Who Are Blind or Severely Disabled operates as the U.S. AbilityOne Commission, and administers the AbilityOne Program. The AbilityOne Program achieved more than 48,000 jobs in FY 2012, and worked hard to minimize reductions in jobs and direct labor hours in 2013 and 2014 due to the drawdown and austere budget environment. The Agency will use the resources requested in this FY 2015 budget proposal to focus on rebuilding employment -- increasing the numbers of jobs, hours worked and wages earned by people who are blind or significantly disabled. This population has the most difficult time obtaining and maintaining employment, and by providing opportunities to work under the AbilityOne Program, the Commission enables these individuals to contribute to our nation's economy and the taxpayer base.

The Commission's goals, strategies and resulting budget request are well aligned with the Administration's priorities for employment, as well as economic growth, accountability, transparency, and maximization of technology to deliver services efficiently and effectively. The AbilityOne Program is also a part of the national solution to reintroducing wounded or otherwise disabled veterans into the civilian workforce. In FY 2012, more than 3,000 veterans and wounded warriors were employed by AbilityOne program; approximately half of these veterans were blind or significantly disabled.

This FY 2015 budget request is structured to support the Commission's mission and the key employment generated and sustained by the AbilityOne Program. The justification describes the Agency's plans for 2015, including continued emphasis on effective stewardship and program integrity. In accordance with Administration guidance, this proposal was developed with an understanding of our nation's fiscal challenges, and provides a recommended funding level as well as an assessment of the risks and alternatives. To fully achieve the Commission's strategic goals and objectives, especially its compliance-related requirements, and to grow employment, a funding level of **\$5,441,000** is necessary.

Appendix A

Financial Management

Though it is a small, independent agency, the Commission accomplishes an important mission that is national in scope – touching the lives of more than 48,000 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 2013 budget, with the Sequester, was \$5,093,000; just over a five percent reduction from the FY 2012 enacted budget. This budget is primarily used to fund salaries and benefits for the Agency’s full-time civil service staff and private citizen members, to pay for rent and overhead expenses at the agency’s sole office in Arlington, Virginia, and to fund official travel such as on-site audits of nonprofit agencies’ compliance with the law and relevant regulations. Any change in the agency’s financial position from the previous fiscal year is nominal.

The agency’s goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. The External Services Branch of the Finance Division at the General Services Administration (GSA) provided financial systems services to the Commission under an interagency agreement during FY 2013, as they have in years past. 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 Finance Division conducted by the Office of the Inspector General at GSA to uncover material weaknesses in the systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Commission by that office.

In FY 2013, independent auditors found the Committee’s financial statements presented fairly and the agency’s financial position for the fiscal year ended in conformity with generally accepted accounting principles. Additionally, the auditors did not note any deficiencies in internal controls over financial reporting that would qualify as a material weakness. Also, the audit did not disclose any instances of noncompliance with laws or regulations that would be reportable under Government Auditing Standards or the Office of Management and Budget (OMB) Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended. The agency continues to perform monthly periodic reviews of financial statements against internal control documents to ensure accuracy of transactions between the Committee and our GSA service provider.

Improper Payments Reductions

In accordance with the Improper Payments Information Act of 2002, the Commission reports that it had no significant improper or erroneous payments in FY 2012. As of September 6, 2013, the Commission staff has reviewed and reconciled all FY 2013 payments to date, and has identified no significant improper or erroneous payments in this fiscal year. Therefore, no corrective action is required. The Commission has no grant making authority, makes no payments to beneficiaries, has no unneeded real property and has no debt collection program. The Commission has fewer than eight contracts for services; none in excess of \$205,000 per year, and most are significantly below that threshold. Nearly all of the agency’s resources are dedicated to personnel and rent. The Agency is committed to monthly reconciliation of all spending, including payroll, and remains vigilant to prevent improper payments.