



TITLE: PRICING ABILITYONE SERVICES

1. PURPOSE.

This document prescribes the policy for conducting successful market research and analysis to develop a Recommended-Fair Market Price (FMP) for services to be added to the AbilityOne Program[®] Procurement List (PL) and subsequent price adjustments.

2. APPLICABILITY.

The policies described herein apply to the U.S. AbilityOne Commission (Commission), Central Nonprofit Agencies (CNAs), and Nonprofit Agencies (NPAs). Legislative, judicial, and executive branches of the Federal Government, as well as Non-appropriated fund instrumentalities under the jurisdiction of the Armed Forces must also comply.

3. AUTHORITY.

- (a) 41 U.S.C. §§ 8501-8506, Javits-Wagner-O'Day Act (JWOD)
- (b) 41 CFR Chapter 51, Committee for Purchase from People Who Are Blind or Severely Disabled
- (c) Federal Acquisition Regulation (FAR) 8.707, Prices
- (d) FAR Subpart 15.4, Contract pricing
- (e) FAR 15.404-1, Proposal analysis techniques
- (f) U.S. AbilityOne Commission Policy 51.600, Fair Market Pricing

4. DEFINITIONS AND ACRONYMS.

Definitions, abbreviations, and acronyms frequently used throughout this policy system are provided in U.S. AbilityOne Commission Policy 51.102, Definitions. Terms unique to this policy are defined in Commission Policy 51.600, Fair Market Pricing.

5. RESPONSIBILITIES.

- (a) The Commission has sole authority and responsibility for determining the FMP for services added to the PL and for making adjustments to prices for services already on the PL. In addition to performing review and evaluation in order to set the FMP, the Commission's responsibilities include:
 - i. Obtaining information it deems appropriate from the Contracting Activity, the CNA(s) and the NPAs for review and determination of a FMP.
 - ii. Establishing and disseminating the FMP for services on the PL.
 - iii. Providing guidance regarding the performance of contract-related audits of AbilityOne-participating NPAs at the request of a Contracting Activity.
- (b) The CNAs' main responsibilities related to the pricing of AbilityOne services include:
 - i. Ensuring that all parties are knowledgeable of the AbilityOne Program requirements for developing and negotiating a price for AbilityOne services.



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- ii. Providing technical assistance to NPAs and Contacting Activities as necessary.
 - iii. Certifying their concurrence and submitting the Recommended-FMP to the Commission.
- (c) NPAs shall actively participate in the development and negotiation of the Recommended-FMP, with the assistance of the CNAs and in accordance with all pricing policies and procedures of the AbilityOne program.
- i. NPAs maintain and present, when requested, accounting records that capture, allocate and report costs, sales, and direct labor hours of individuals employed on AbilityOne contracts. The NPA will present this information when requested by the Commission.
 - ii. Perform market research and provide market data to the CNA to support the proposed Recommended-FMP.
- (d) Contracting Activities shall actively participate in the development and negotiation of the Recommended-FMP to include:
- i. Communicating with and providing the CNA(s) and NPA(s) with adequate documentation that allows them to develop a pricing proposal that properly addresses all aspects of the requirement.
 - ii. Performing standard cost and price negotiation activities described in FAR Subpart 15.4, to determine whether the Recommended-FMP is fair and reasonable, and to furnish pricing information to the Commission that assists in establishing the FMP.
 - iii. Awarding initial and base-year renewal contracts only after the Commission approves the price.

6. POLICY.

- (a) The Commission's pricing procedures are intended to result in a FMP for each service on the Procurement List that is fair and reasonable in relationship to the marketplace, and founded in negotiations between the Government contracting activity (or its designated prime contractor) and the designated NPA(s), with support from the responsible CNA.
- i. The prices shall be evaluated using the proposal analysis techniques described in FAR 15.404.
 - ii. While the negotiation and recommendation of the parties to the eventual contract are the foundation of the pricing process, the Commission is not bound to approve the Recommended-FMP, and may establish a FMP other than the negotiated price.
- (b) Recommended-FMPs, submitted to the Commission by the CNAs on behalf of the NPAs and the Contracting Activities, shall take into consideration the Government's socioeconomic objective and purpose of the AbilityOne Program, which is to provide employment for people who are blind or have other significant disabilities.
- i. The parties to the price negotiation recognize that in some cases, the NPA(s) performing the work may employ a less than fully productive workforce, which may result in additional costs for the NPA(s).

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- (c) Recognition by the Government of the unique mission and workforce of the AbilityOne Program in no way diminishes the responsibility of the participating NPAs to present to the Government a fair and reasonable price that falls within the high and low price/cost of the relevant commercial market.
 - i. Good faith negotiations should result in a reasonable Recommended-FMP and an agreed-upon method for adjustment of future prices.
- (d) If the Government and the NPA cannot reach a Recommended-FMP for a service on the Procurement List, the Commission may use its policy and procedures for price-related impasses and disputes (see U.S. AbilityOne Commission Policy 51.640, AbilityOne Program Price Impasse) to establish the FMP.
- (e) If the participating NPA, CNA, or Contracting Activity discovers a mistake, the Commission will consider a revised Recommended-FMP.
 - i. All parties should work to reach concurrence on a corrected Recommended-FMP.
 - ii. If the mistake is discovered after the FMP determination is made by the Commission, then the NPA, CNA, and Contracting Activity shall negotiate new prices.
 - iii. If the parties cannot reach an agreement, or decline to participate in negotiation, then the impasse procedures as outlined in U.S. AbilityOne Commission Policy 51.640 shall be followed.
- (f) The Commission determines the FMP when a service is added to the Procurement List and every contract base period thereafter. Once the Commission receives a Recommended-FMP, the Commission reviews the documentation and determines the FMP. During the Commission's review, the Contracting Activity, the NPA, and/or CNA may be contacted by the Commission as necessary to provide additional information or clarification.

7. EXCEPTION TO POLICY.

None

8. PROCEDURES.

- (a) Procedure 51.620-01, Recommended FMP Development for Services (under development).
- (b) Procedure 51.620-02, Recommended FMP Submission for Services (under development).

9. SUPERSESSSION.

This policy supersedes Pricing Memorandum No. 3, Fair Market Price Determination for AbilityOne Service Contracts, dated January 26, 2007, in its entirety.



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