U.S. ABILITYONE COMMISSION

Procedure 51.401-01
Effective Date: 03/22/2013

TITLE: PHASE-IN PROCEDURES

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1. PURPOSE.

This document provides the procedures to be used by nonprofit agencies (NPAs), Central Nonprofit Agencies (CNAs) and the U.S. AbilityOne Commission (Commission) when a phase-in has been requested.

2. APPLICABILITY.

This procedure is to be used by NPAs participating in the AbilityOne® Program, National Industries for the Blind (NIB), NISH, and the Commission.

The procedures apply when a project is added to the Procurement List or is transferred from one NPA to another.

3. AUTHORITY.

(a) 41 CFR 51-4.2, Initial qualification

(b) 41 CFR 51-4.3, Maintaining qualification

(c) Commission Policy 51.401, Direct Labor Ratio Requirements

4. DEFINITIONS AND ACRONYMS.

DEFINITIONS	
Product or service family	A group of closely related projects that utilize the same workforce
PLIMS	Procurement List Information Management System

5. RESPONSIBLITIES.

(a) NPAs

i. NPAs must track and maintain records of all (AbilityOne) direct labor hours and sales. This applies to any product or service and/or any product or service family.

ii. If an NPA requests and is authorized to have a project phase-in period, the NPA must:

a. Submit monthly reports to the CNA after beginning work on the project. The report must reflect the NPA's progress in meeting phase-in milestones until the phase-in has been completed and the projected percent of direct labor has been achieved.

b. Prepare and submit a revised phase-in plan at any time it appears that the NPA will not meet the projected percentage of direct labor by the date indicated on Form ADD-5 or ADD-6.

1. The revised phase-in plan is submitted to the CNA, and then forwarded to the Commission.
2. The revised phase-in plan must include a detailed explanation of why the project could not be done as originally planned.

c. Notify the CNA when the phase-in has been completed and the NPA has reached the projected percent of direct labor.

iii. If an NPA is performing an AbilityOne project with a cumulative direct labor ratio that is more than 10 percent below the ratio approved by the Commission for that project, at any time after the phase-in period, the NPA will notify the CNA and request assistance.

(b) CNAs

i. CNAs report the status of all projects that have an authorized phase-in period to the Commission staff Director of Compliance on a quarterly basis.

ii. This reporting requirement includes projects recently added to the Procurement List and any projects that have been transferred to a different NPA agency where the new NPA agency requires a phase-in period.

iii. CNAs will monitor the progress of all projects during an approved phase-in to ensure that the direct labor ratio is attained.

iv. When a phase-in is required, the CNA must:

a. Submit a copy of the NPA's phase-in plan to the Commission with Form ADD-5 or ADD-6 (estimated direct labor hours).

b. Submit a recommendation explaining why the CNA believes the phase-in is necessary and attainable.

c. Submit quarterly reports to the Commission indicating progress in meeting the phase-in milestones through completion, as well as the projected direct labor ratio that has been reached.

d. Submit a revised NPA phase-in plan to the Commission if the NPA is unable to meet its schedule. As part of the submission, NIB or NISH will verify the explanation provided by the NPA.

e. Notify the Commission in writing when the phase-in is completed and the projected percent of direct labor hours indicated on Form ADD-5 or ADD-6 has been achieved.

(c) The Commission Director of Compliance will review the proposed phase-in. Depending on the complexity and length of the requested phase-in, the General Counsel and the Deputy Executive Director will provide additional review. (See paragraph 7, Procedures,

subparagraph (e)(i) Table 1) At the conclusion of the review process, a determination will be made.

6. POLICY REFERENCE.

These procedures shall be followed in accordance with U.S. AbilityOne Policy 51.401, Direct Labor Ratio Requirements.

7. PROCEDURES.

(a) When an NPA is initially unable to perform the proposed or transferred project at the direct labor ratio proposed on the Estimated Direct Labor form, a phase-in must be requested in accordance with paragraph (b) below. (See Appendix A – Phase-in Process Overview) The phase-in request, and when required, a phase-in plan, is submitted through the CNA and included with the request proposing the addition of a product or service to the PL or the transfer of a product or service from one NPA to another.

(b) The NPA must include the following information with the phase-in request:

i. A detailed explanation of why the phase-in is required.

ii. The ratio at which the project will begin.

iii. The length of time that the phase-in will take.

iv. Whether or not the phase-in will cause the NPA's cumulative overall direct labor ratio to drop below 75 percent and, if so, when that ratio will be at 75 percent on a cumulative basis again.

v. A narrative that describes how the NPA plans to replace non-blind or non-disabled persons in order to reach the projected employment of people who are blind or otherwise significantly disabled shown on Form ADD-5 or ADD-6.

(c) A phase-in request must include a phase-in plan (See Appendix B – Phase-In Plan Format) when one or more of the conditions below apply:

i. The NPA initially plans to employ less than 60 percent blind or other significantly disabled direct labor, but expects to increase the percentage following the start-up phase.

ii. The NPA will require more than 12 months after it begins work on the project to reach the percent of blind or other significantly disabled direct labor hours anticipated.

iii. The NPA's overall direct labor will drop below 75 percent as a result of the phase-in.

iv. The project being proposed will generate more than 100 work years of blind or significantly disabled direct labor.

(d) All phase-in plans must be submitted to the Commission by the NPA through the CNA and provide the following:

i. The source or sources of new referrals of persons who are blind or otherwise significantly disabled.

ii. The number of referrals expected from each source each month until the phase-in is complete, accompanied by a letter from the source(s) indicating the projected availability of eligible, qualified persons who are blind or significantly disabled.

iii. The type and extent of the training required, including any on-the-job training.

iv. The number of hours expected to be worked by persons who are blind, otherwise significantly disabled, and non-disabled for each month during the phase-in period.

v. Suitable tables showing the progress expected, taking into consideration those individuals who are blind or otherwise significantly disabled who will drop out of the training program or leave employment with the NPA for any reason.

vi. Additional factors that must be included when applicable are:

1. Access clearances to military bases and Federal buildings.
2. Security clearances.
3. Transportation to the work site for people who are blind or significantly disabled.
4. Complex projects that involve multiple job categories must include information on what jobs will be done by people who are blind or significantly disabled and the timing of these positions during the phase-in.

vii. The signature of the NPA agency chief executive officer.

(e) Demographic information on the availability of people who are blind or significantly disabled in the area where the project will occur is required for phase-ins that:

i. Begin at a direct labor ratio less than 50 percent.

ii. Take longer than 12 months.

iii. Involve more than 100 people who are blind or significantly disabled.

(f) When a phase-in plan is not required (project starting ratio is at least 60 percent and the length of the phase-in does not exceed 12 months), but an NPA does not expect to begin providing a product or service using the required percentage of blind or other significantly disabled direct labor hours, a phase-in schedule must be submitted.

i. At a minimum, the schedule will include the direct labor ratio at which the project will be performed for each month of the phase-in.

(g) The Commission will review all proposed phase-in requests, plans, and schedules before any project requiring a phase-in begins.

i. The level of the review by the Commission is based on the initial direct labor ratio, the length of time of the requested phase-in, and the presence of any unique conditions or variances from similar project phase-in requests. In general, the following will apply:

If the initial ratio is:	And/or the project lasts:	Review and Approval will be completed as follows:
At least 60%	Up to 12 months	By compliance specialists
At least 50%	12 - 18 months	By the Deputy Director of Compliance
Below 50%	18-24 months	Reviewed by the General Counsel and approved by the Director of Compliance.
Below 40%	More than 24 months	Reviewed by the General Counsel and approved by the Deputy Executive Director.

ii. The following will be included in the Commission review of a proposed phase-in:

a. The reason for the starting ratio to be lower than the long term ratio, the length of the phase-in, and why that length is required.

b. Additional factors such as location, job categories required, and the need for security clearances.

c. If necessary, additional information will be requested to answer any questions prior to approving the phase-in.

d. If the reviewer is uncertain about approving or rejecting the phase-in it will be referred to the next higher level.

e. The Executive Director will be briefed on all phase-ins occurring in a quarter.

iii. The determination of a phase-in plan will explain why the reviewer believes that the phase-in requested is justifiable and include the justification in the PLIMS transaction. The determination of a phase-in schedule can be limited to the comments section of the compliance approval section of PLIMS, must provide a brief summary of the reasons for approval.

iv. The Commission will consider the information it receives based on previously approved Phase-ins and similar projects. It may request additional information from the NPA, NIB, and/or NISH.

v. The outcome of the review can be one of the following:

a. Require NIB and/or NISH to allocate part of the requirement to another NPA.

b. Require the NPA to revise the phase-in plan or schedule.

c. Approve the phase-in plan.

vi. Inability to meet phase-in requirements:

a. If the phase-in is not completed at the end of the quarter following the original scheduled completion date, additional actions are required as follows

The ratio is:	And the projected ratio is:	Then
at least 51 percent	within five percentage points of the requested final direct labor ratio	No further reporting or monitoring is required unless requested by the Commission.
below 51 percent	more than five percentage points below the projected ratio	The CNA shall advise Commission staff in writing of the current and expected future status with: • A brief narrative discussion of the circumstances. • The NPA agency's revised ADD-5/6 or new Phase-in request. • A recommendation for the Project.

8. EXCEPTION TO POLICY.

None

9. SUPERSESSION.

(a) Operations Memorandum Number 10, Submission of Direct Labor Data for Proposed Additions, dated August 30, 1991.

(b) Compliance Memorandum Number 4, NPA Agencies' Organization-Wide Direct Labor Ration Requirements, dated October 1, 2004.

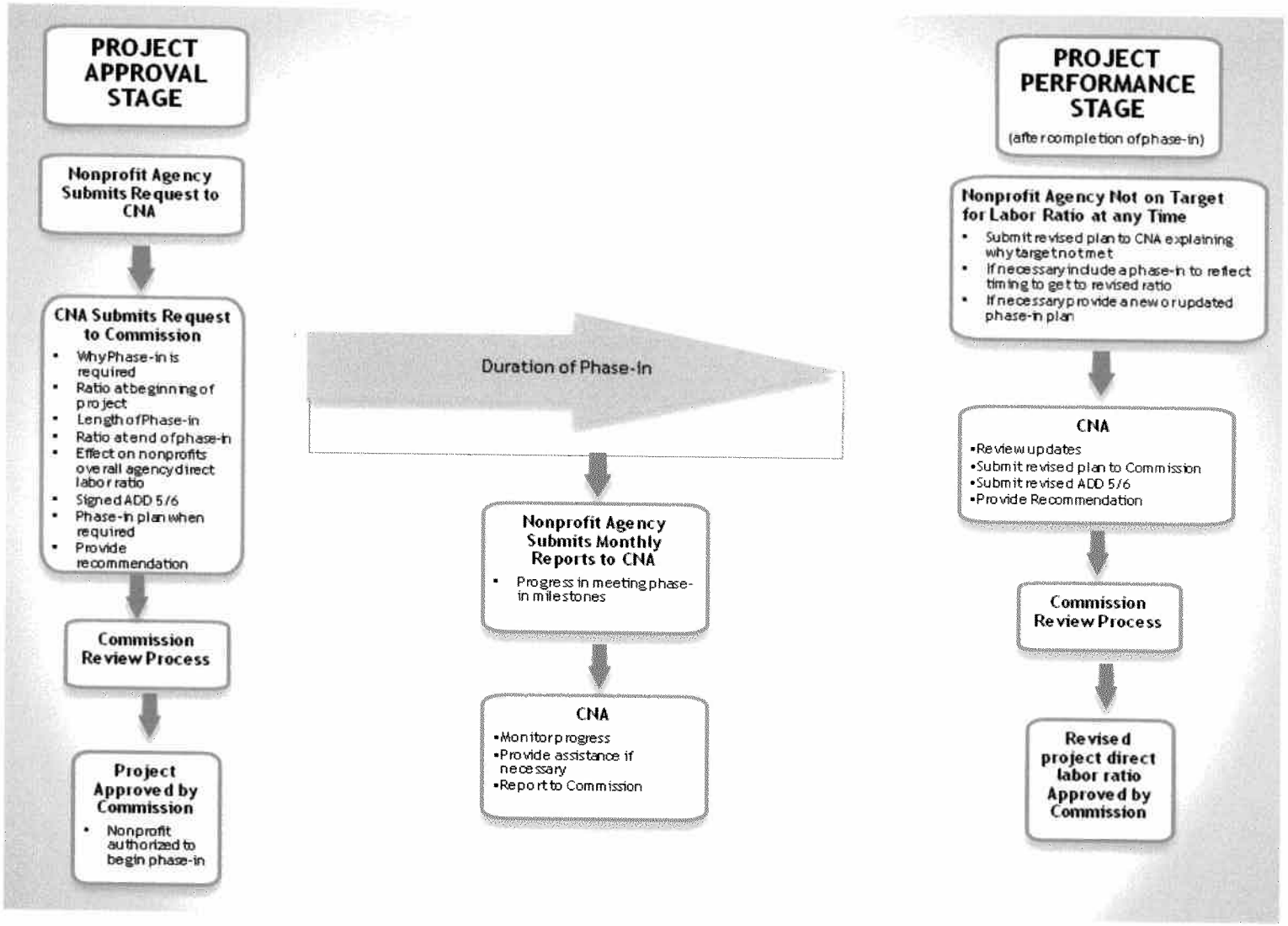
(c) Compliance Memorandum Number 5, AbilityOne

(d) Program Direct Labor Ratio Data Requirements, dated February 28, 2008.

APPROVED: _____ **Date:** 3/22/2013

E. Ballard
Executive Director

Appendix A – Phase-in Process



Appendix B – Phase-in Plan Format

The Phase-in Plan must have the following elements:

1. Explanation – A brief synopsis of what the project is and where it is located. Some explanation of the contracting activity might be necessary on service projects. Also, include the specific tasks that are to be performed by the agency.

2. Narrative of Phase-in – What will be the starting direct labor ratio and how long will the phase-in last. The narrative will provide a detailed description of the factors causing the need for the phase-in and the length of the phase-in.

3. Description of referral sources – A list of the referral sources that will be used.

4. Commitment from referral sources – Responses from the referral sources indicating their willingness to participate in providing people for the project and for large projects an estimate of how many referrals they believe they can make a month.

5. Description of Scope of training to be provided and jobs to be performed by people who are blind or significantly disabled. Provide information on basic training required for the project and specific training needed by people who are blind or significantly disabled to perform the jobs that they will be doing. Section will include projections for time period of who will complete training programs. When the phase-in includes multiple job categories to be done by people who are blind or significantly disabled this section will include information on what those jobs are and how each will be phased-in.

6. Table that outlines the monthly projections of the direct labor ratio on a monthly basis.