

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

**FISCAL YEAR 2021  
CONGRESSIONAL BUDGET JUSTIFICATION**



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

*Operating as the U.S. AbilityOne Commission*



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## OFFICE OF THE CHAIRPERSON

Dear Member of Congress:

The U.S. AbilityOne Commission is pleased to submit the Commission's fiscal year (FY) 2021 budget request for \$13,930,000, including not less than \$2,300,000 for the Office of Inspector General.

The Commission today is defined by its leadership role in transforming the AbilityOne Program. The Program's enduring mission is to create and expand employment opportunities for people who are blind or have significant disabilities – currently 45,000 employees. Over its 82-year history, the Program has evolved to meet the changing nature of disability employment. Concurrently, the Commission has continued to adapt by exercising its statutory authority, implementing Congressional mandates and constantly engaging key stakeholders.

The central challenge to Commission oversight of the AbilityOne Program is lack of resources. It is increasingly clear that additional appropriations are needed to provide adequate staffing to enable the Commission to successfully implement new Congressional requirements, including Cooperative Agreements with the Central Nonprofit Agencies, build-up of the new Office of Inspector General, and recommendations from the 2017 National Defense Authorization Act Section 898 "Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity." In addition, the Commission urgently needs additional funding to modernize its Information Technology – a mission-critical concern.

Without additional resources, the Commission will be unable to meet recent and rapidly growing Congressional mandates. For example, in FY 2021, the Commission will confront the full impact of recommendations submitted to Congress by the Section 898 Panel. Under this legislation, the Department of Defense is authorized to terminate a nonprofit agency's AbilityOne contracts if that nonprofit agency does not comply with certain Section 898 Panel recommendations. Program-wide, a failure to implement Section 898 Panel recommendations could result in a loss of Department of Defense purchases that would jeopardize approximately 25,000 jobs for people who are blind or have significant disabilities.

Inadequate resources also threaten the Commission's ability to meet other challenges, such as increased litigation and the erosion of Program authority. If the Commission lacks the resources to address these issues, the AbilityOne Program's ability to provide employment to the nation's most vulnerable citizens will be at risk. In short, lack of resources means potential mission failure.

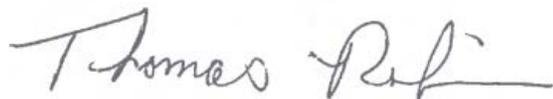
As it deals with these challenges, the Commission has organized for innovation, taking decisive actions to modernize policy, improve performance and strengthen the Program. For example, consistent with its authority under the Javits-Wagner-O'Day Act, the Commission has initiated pilot studies that address longstanding challenges in the Program. These pilot studies are proving to be informative and to deliver a return on the Agency's investment, but are very resource-intensive.

The Commission's forward-looking focus was also evident in FY 2019 when it addressed a major point of friction in the Program by issuing a call for an end to payment of subminimum wages on AbilityOne contracts at SourceAmerica nonprofit agencies – an action long sought by members of the disability community who criticize subminimum wage laws.

Similarly, an increased focus on the Program's future motivated the Commission's 2018 designation of American Foundation for the Blind (AFB) as the first new Central Nonprofit Agency in almost half a century. AFB is focusing on knowledge-based employment and is currently in a research phase.

People who are blind or have significant disabilities are the heart of AbilityOne. On behalf of the U.S. AbilityOne Commission and the individuals employed nationwide through the AbilityOne Program, thank you for your consideration and support.

Sincerely,

A handwritten signature in black ink that reads "Thomas D. Robinson". The signature is written in a cursive, flowing style.

Thomas D. Robinson  
Chairperson and Presidential Appointee  
U.S. AbilityOne Commission

## 1.0 Program and Budget Justification Summary

The U.S. AbilityOne Commission<sup>1</sup> (Commission) requests \$13,930,000 for FY 2021. Specifically, the Commission requests \$11,630,000 for the Agency and \$2,300,000 for the Office of Inspector General (OIG).

The Commission administers and oversees the AbilityOne Program, through which approximately 45,000 people who are blind or have significant disabilities work in the manufacture and delivery of products and services to the Federal Government. These people work at approximately 500 nonprofit agencies (NPAs) across 15 time zones, from Guam to Maine.

The Program is vital because people who are blind or have significant disabilities have the highest unemployment level of any other segment of American society, across all age groups and at all levels of educational attainment.<sup>2</sup> Through the AbilityOne Program, these individuals have jobs, earn income, pay taxes, contribute to their communities and provide valuable products and services as part of the nation’s industrial base—helping to increase the Gross Domestic Product and grow the U.S. economy, a longstanding bipartisan goal.

The greatest risk to the integrity and effectiveness of the AbilityOne Program is a lack of capacity resulting from inadequate funding and staffing for the Commission.

<b>Table 1: FY 2021 Budget Request (in \$ millions)</b>					
<b>Category:</b>	<b>FY 2017 Enacted</b>	<b>FY 2018 Enacted</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Enacted</b>	<b>FY 2021 Request</b>
<b>Personnel</b>	4.088	4.170	4.228	4.228	6.580
<b>Benefits</b>	1.099	1.105	1.120	1.120	1.680
<b>All Other</b>	1.813	1.725	1.650	3.002*	3.370
<b>OIG</b>	1.000	1.250	1.250	1.650	2.300
<b>Total</b>	8.000	8.250	8.250	10.000	13.930

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

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

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

Specific challenges related to the Commission’s resource shortfall include:

#### Resource Challenges—Forced Office Move

The General Services Administration (GSA) has notified the Commission that its commercial office lease in the Crystal City section of Arlington, Virginia, will be terminated in March 2021, with no potential for extension. Historically, office space in suburban Virginia has been more economical than space in downtown Washington, D.C. However, the rental market in Northern Virginia is in greater demand and becoming more expensive due to the construction of nearby headquarters for large companies and universities. This real estate situation is causing government agencies like the Commission to find they are unable to renew their commercial leases.

The Commission is working closely with GSA to find new office space and minimize moving costs. The Commission plans to consolidate offices with the OIG in the new office space—a decision aimed at efficiency, effectiveness, reduced costs and optimization of taxpayer dollars.

#### Resource Challenges—Staffing

Inadequate Commission staffing has long been at odds with the Agency’s statutory requirements and regulatory scope of work:

- Agency staff of only 32 Full-Time Equivalents (FTEs) must oversee \$3.6 billion in annual AbilityOne sales – with total contract value of more than \$8 billion.
- Agency staff oversee approximately 500 nonprofit agencies across 15 time zones, from Guam to Maine.
- Agency staff oversee two longstanding Central Nonprofit Agencies (CNAs), whose combined revenues and staff are 12-16 times larger than the Agency appropriation and FTEs, respectively, based on FY 2018 data.
- Agency staff also oversee one new CNA – the American Foundation for the Blind (AFB) – that the Commission designated in 2018 to bring new expertise to the Program at a time when changes in employment trends point to a different future for AbilityOne jobs.

#### Resource Challenges—Congressional and Executive Branch Mandates

The Commission must meet an ever-increasing number of Congressional and Executive Branch mandates that have exceeded the Commission’s ability to effectively implement them without additional funding – e.g., Office of Management and Budget (OMB) requirements for Information Technology (IT) and cybersecurity. Aimed as they are at performance, maximizing accountability and integrity throughout the Program, these mandates are welcome and valuable. They include:

- Section 898 of the 2017 National Defense Authorization Act (NDAA) directed the Secretary of Defense to create the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity.” The Panel is chartered to review the effectiveness and internal controls of the AbilityOne Program related to Department of Defense (DoD) contracts, including, among other matters, reporting back to Congress on ways to eliminate waste, fraud and abuse and recommending changes to business practices and IT systems to facilitate compliance with the Javits-Wagner-O’Day Act (41 U.S.C. §§8501-8506) as well as OMB requirements.

Under this legislation, DoD is authorized to terminate a nonprofit agency’s AbilityOne contracts if that nonprofit agency does not comply with certain Section 898 Panel recommendations. Program-wide, a failure to implement Panel recommendations could result in a loss of DoD purchases that would jeopardize approximately 25,000 jobs for people who are blind or have significant disabilities.

The Panel’s first annual report to Congress, in July 2018, contained more than 40 recommendations. The second Panel report, in January 2020, reiterated these recommendations and consolidated them into a list of 26 actionable items.

- In the Consolidated Appropriations Act, 2016, Congress mandated that the Commission establish Cooperative Agreements to govern its relationship with the CNAs, increase accountability, and strengthen Commission oversight of the AbilityOne Program. In this same Act, Congress mandated the creation of an OIG for the Program.
- Congress directed the Commission to establish a Western U.S. Field office in 2017. The office continues to build up its capacity and capability to oversee 14 States and Guam, 115 nonprofit agencies, and \$703,000,000 in AbilityOne Program sales (FY 2018 data).

### Resource Challenges—Increased Litigation

The Commission is experiencing a major increase in litigation related to a variety of factors including legislative requirements in the 2017 NDAA Section 898 Panel, bid protests, contract disputes and administrative matters. In many instances, the litigation challenges the authority of the Commission to perform its mission rather than just challenging specific errors made in a single action. The risks associated with this increase in litigation and the nature of the challenges being made are exacerbated because the Agency is understaffed in its Office of the General Counsel. Litigation examples include:

- *Kingdomware Technologies, Inc. v. United States*: As a consequence of the U.S. Supreme Court decision in *Kingdomware Technologies, Inc. v. United States*, 136 S. Ct. 1969 (2016), the Commission and participants in the AbilityOne Program have been involved in lawsuits filed by veteran-owned small business owners.

One such lawsuit is *PDS Consultants v. United States*, 132 Fed. Cl. 117 (2017), which was affirmed at the Court of Appeals for the Federal Circuit. The affected NPA, IFB Solutions, sought further review at the Supreme Court, but the Court denied to hear its case. The Commission General Counsel represented the positions of the AbilityOne Program to the Office of the Solicitor General on multiple occasions in this case which can have impact in the hundreds of millions of dollars to the Program.

In addition to the case directly involving PDS Consultants and IFB, the CNAs and several participating NPAs have filed lawsuits in district courts in the District of Columbia and Colorado challenging the VA's actions under the Administrative Procedure Act (APA). The General Counsel provides comments and participates in discussions on litigation strategy in these cases.

- Randolph Sheppard Act (RSA): Litigation continues related to Randolph Sheppard Act (RSA) issues, and appropriate implementation of priority to blind persons to operate vending facilities on Federal property. The Commission General Counsel is participating in *SourceAmerica, et al. v. U.S. Department of Education, et al.*, now on appeal to the Federal Court of Appeals for the 4<sup>th</sup> Circuit, and in *Texas Workforce Commission v. U.S. Department of Education*, a separate case with similar issues on appeal in the Federal Court of Appeals for the 5<sup>th</sup> Circuit (scheduled for oral argument on February 5, 2020, in San Antonio, Texas).

The Commission General Counsel also participates in negotiations with the Departments of Justice, Education, Defense, Army and Air Force regarding overall litigation strategy affecting the various agencies, as well as resolution of other RSA-related disputes. In addition to the two referenced cases, there are about an additional half dozen cases pending in other federal district or appellate courts, and this type of litigation has been occurring over three decades. For this reason, it has been elevated in the Department of Justice to the Solicitor General's attention for resolution of global recurring issues arising between DoD, Education and the Commission for the performance of food services contracts. There is a potential to have more of these cases as long as the Department of Education's statutory and regulatory framework are not revised.

- National Federation of the Blind v. U.S. AbilityOne Commission: In July 2018, the Commission designated a third CNA, American Foundation for the Blind. In September 2018, the National Federation of the Blind (NFB) filed a civil complaint in district court in Maryland against the Commission challenging, among other things, its authority to designate a CNA and the manner in which it did so.

The Commission General Counsel coordinated closely with the Assistant United States Attorney in Baltimore to prepare the Government's response, and coordinated closely to prepare for hearing on preliminary injunction in September 2019. The court ruled in favor of the Commission in late September 2019. NFB filed a Notice of Appeal in December 2019, and the briefing schedule is set for March and April 2020. No other court actions have been scheduled as of this date.

- *Pride Industries, Inc. v. Committee for Purchase From People Who Are Blind or Severely Disabled*: Pride Industries, Inc. filed a bid protest action at the Government Accountability Office (GAO) in August 2019 challenging the Commission's authority to conduct a competition pilot study on the Army's Facilities Support Operations Services contract at Ft. Bliss, Texas, where Pride Industries is the incumbent contractor. This pilot study is one of several that the Commission is implementing based on the 2017 NDAA Section 898 Panel recommendations to Congress. At Ft. Bliss, the Commission used a pilot competition process to exercise its statutory authority to set the fair market price and authorize the NPA on the contract.

In addition to the GAO bid protest, Pride Industries also filed a civil complaint in U.S District Court for the Eastern District of California challenging the Commission's authority to conduct a competition pilot under the Administrative Procedure Act. The GAO dismissed the protest before it when Pride Industries disclosed that it had also filed a case in federal district court. The court held two hearings, one for an emergency injunction in early October (briefing and hearing occurred in five calendar days) and the other on Pride's preliminary injunction, which occurred later in October 2019. The Commission prevailed in both hearings on those motions. The only remaining issue was Pride's motion for permanent injunction, which had been briefed and was set for a hearing on December 20, 2019. Upon the completion of the competition pilot, Pride learned that it was authorized as the NPA to perform the contract and withdrew its case pending in the court in California in early December 2019.

- The Commission is also involved in repeat administrative and civil complaints against the Agency under the Equal Employment Opportunity Act by two former employees. The Commission engages assistance from GSA counsel to represent the Agency in employment litigation matters. The General Counsel coordinates with GSA counsel to prepare declarations and the Agency record in these matters.
- The General Counsel also manages the Commission's Freedom of Information Act (FOIA) requests. Although there are typically fewer than two dozen requests each year, due to other legal responsibilities, the Commission has a backlog of outstanding FOIA cases, which has resulted in litigation against the Commission in one case to compel release of documents. Due to continuous demands on the General Counsel's time and that the General Counsel is the only Agency attorney, this situation could generate more litigation due to delays in responding to FOIA requests.

### Resource Challenges—Enhancing Oversight

As it seeks to cope with these challenges and meet increasing mandates, the Commission is actively transforming the AbilityOne Program’s policies, procedures and business practices to strengthen performance, evaluation, accountability, oversight and transparency. This process incorporates recommendations from GAO Report 13-457, “Employing People with Blindness or Severe Disabilities: Enhanced Oversight of the AbilityOne Program Needed” (2013); the mandates of the Consolidated Appropriations Act 2016; and, as they develop, the recommendations of the Section 898 Panel. To continue this transformation, increased funding is essential.

### Resource Challenges—Pilot Projects

As recommended by the Section 898 Panel in its first and second annual reports to Congress, the Commission is conducting, or studying possibilities for, several pilot tests to address longstanding areas of interest within the Program.

For example, in FY 2019, the Commission ran a pilot test in which nonprofit agencies competed for the Facility Support Operations Services contract at Fort Bliss, Texas. The pilot test shows a path to improving contractor performance while regularly achieving cost savings for Federal customers and taxpayers. This Budget Justification includes funding for two four-person competition teams to perform pilot tests. (See 3.2, Personnel Requirements.)

Other pilot tests the Commission is considering or conducting include a pilot test on lower ratios of direct labor hours on AbilityOne contracts, and a 4<sup>th</sup> Party Logistics pilot test to determine if disabled labor through the AbilityOne Program is capable of meeting quick or even emergency supply requirements as determined by the Naval Facilities Command.

Such pilot tests have a potential to enhance value for the AbilityOne Program’s customers, expand the Commission’s expertise and increase the Program’s sustainability at a time of change in the economic and policy arenas. However, pilot tests are labor-intensive and require additional resources.

### Benefits of Investments in the Commission

Funds appropriated for the Commission are investments in some of America’s top priorities.

- Growing jobs for people with disabilities, and particularly veterans, is both an Administration and nonpartisan priority. The Commission and its AbilityOne Program have the experience and capacity to contribute effectively to this national priority.
- Veterans benefit from numerous wounded warrior transition programs, training and employment opportunities furnished by AbilityOne-authorized providers. Approximately 3,000 wounded, ill or injured veterans work in direct labor jobs in the AbilityOne Program. In addition, NPAs employ approximately 4,000 veterans working in indirect labor positions, including supervisory and management roles. In

total, approximately 7,000 veterans work at AbilityOne NPAs. The range of their military service stretches from Vietnam to Afghanistan and Iraq.

- The AbilityOne Program returns dollars to the U.S. Treasury through:
  - The AbilityOne contract close-out initiative (more than \$2 billion identified for de-obligation since 2010).
  - Increased tax revenues from AbilityOne employees who are blind or have significant disabilities. In FY 2018, AbilityOne employees earned more than \$650 million in wages while gaining greater independence and experience.

Legislative Proposals: The Commission has no legislative proposals currently pending.

## **2.0 Legal Authority, Mission, Vision, Program Structure and Responsibilities**

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

### **The vision of the AbilityOne Program is:**

To enable all people who are blind or have significant disabilities to achieve their maximum employment potential.

This vision will be realized when:

- Every person who is blind or has a significant disability and who wants to work is provided an opportunity to be employed productively.
- Every AbilityOne employee earns not only the Federal minimum wage (or higher applicable state or local minimum wage) but also a living wage and benefits package appropriate to his or her geographic locality.
- AbilityOne employees are provided the training and development they need to be successful in their current positions, and to ultimately achieve their maximum employment potential.

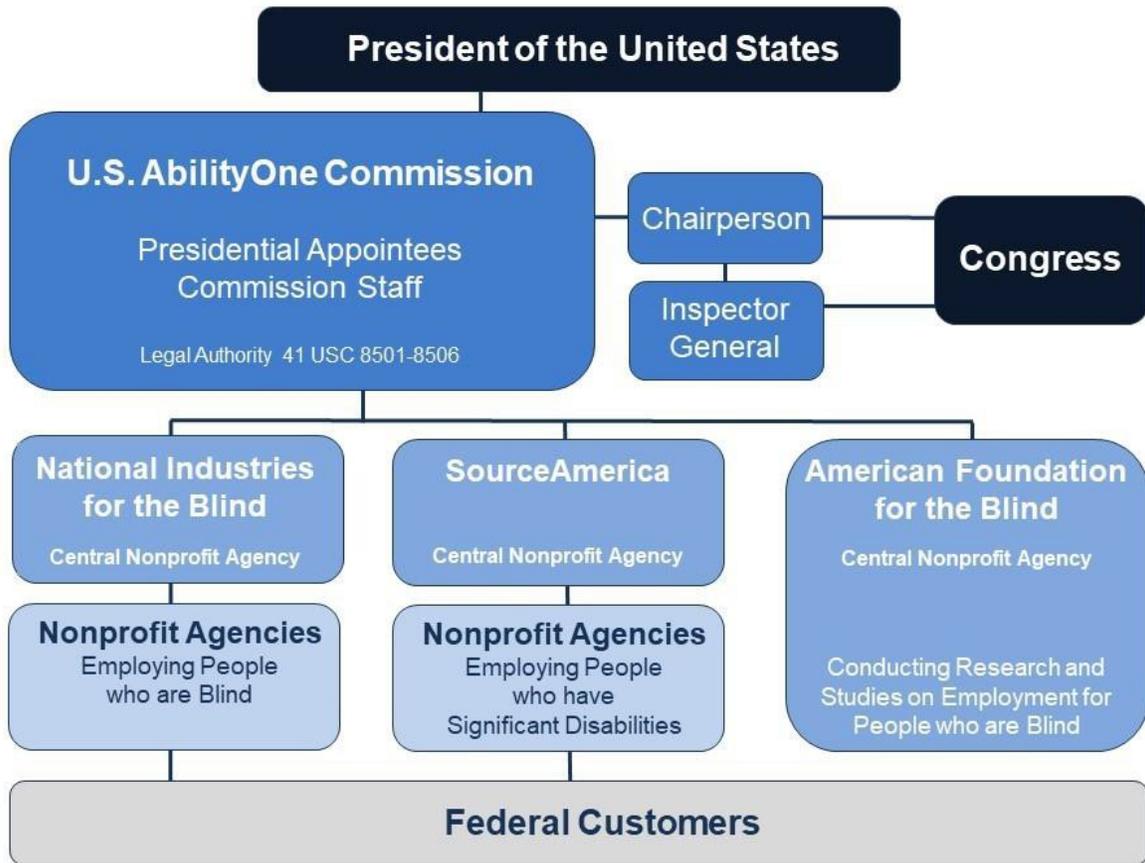
- Every AbilityOne employee is provided the opportunity, with or without accommodations, to advance to his or her maximum employment potential, including internal or external competitive placement or management and administrative positions.
- All AbilityOne products and services provide best value to Federal customers, thus earning their continued support and loyalty.

The Commission consists of 15 Presidential appointees. An Agency staff of 32 FTEs supports the Commission, handling day-to-day oversight operations of the AbilityOne Program that now exceeds \$3.6 billion in annual sales to the Federal Government. Independent from the Agency staff, the OIG currently employs four (4) FTEs, and is focused on establishing the infrastructure to increase the capacity and capability of that office.

The Commission’s statutory responsibilities fall into three categories—job creation, program integrity and oversight—and can be summarized as follows:

- Increasing employment opportunities for people who are blind or have significant disabilities. (Job Creation)
- Establishing rules, regulations, policies and procedures to assure effective implementation of the Javits-Wagner-O’Day Act (41 U.S.C. §§8501-8506) and AbilityOne Program. (Job Creation and Program Integrity)
- Monitoring compliance of CNAs and participating nonprofit agencies with the Act, Commission regulations and procedures. (Program Integrity)
- Determining which products and services procured by the Federal Government are suitable to be furnished by persons who are blind or have significant disabilities, and who are employed at qualified nonprofit agencies. (Job Creation)
- Determining and revising fair market prices for items procured by the Federal Government. (Job Creation)
- Informing Federal agencies about employment of people who are blind or have significant disabilities and the statutory mandate that items on the Procurement List be purchased from qualified nonprofit agencies employing this population. (Job Creation and Oversight)
- Encouraging and assisting entities of the Federal Government to identify additional products and services that can be provided by people who are blind or have significant disabilities. (Job Creation)

**Figure 1. AbilityOne Program Organization**



## 2.1 Resource Comparisons Between the Commission and Longstanding CNAs

A key challenge to the Commission’s oversight of the AbilityOne Program, and particularly the longstanding CNAs, is that the Commission’s staffing and funding are a fraction of those of the CNAs. The combined revenues and staff of those CNAs are 12-16 times larger than the Agency/OIG appropriation and FTEs. Consequently, the increasing numbers of Congressional requirements and GAO recommendations for greater Commission oversight of the CNAs place demands on the Commission that, in many cases, cannot be met without additional staff and funding.

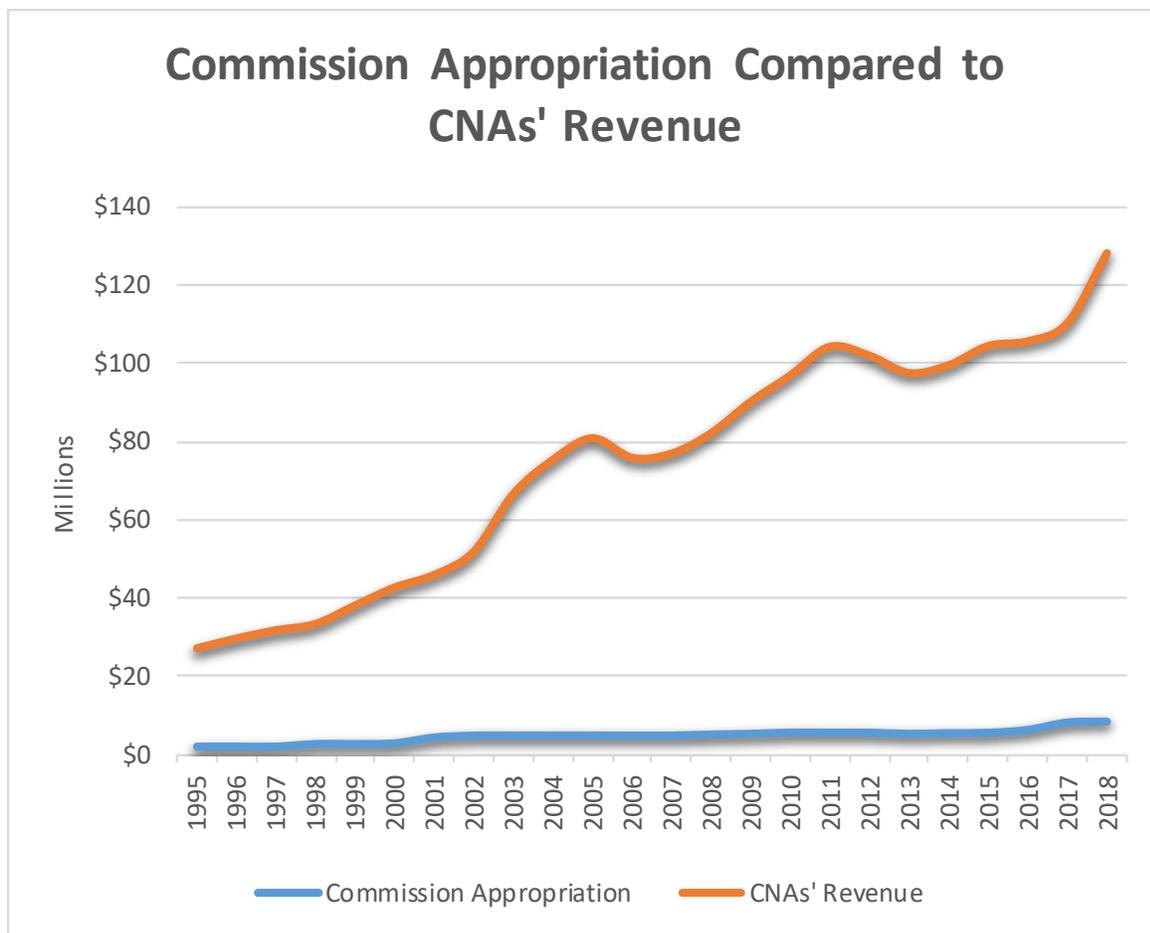
Commission resources come solely from appropriations (\$10 million in FY 2020 for Agency and OIG) while the CNAs’ AbilityOne-related revenue (estimated at approximately \$125 million in FY 2019) comes from a fee based on Program sales. Figure 2 and Figure 3, below, illustrate these differences.

CNAs are not government entities. As the private part of the public-private AbilityOne Program structure, they are not-for-profit organizations that allocate orders and provide other technical and financial assistance to approximately 500 nonprofit agencies that participate in the AbilityOne Program. The Act authorizes the Commission to designate

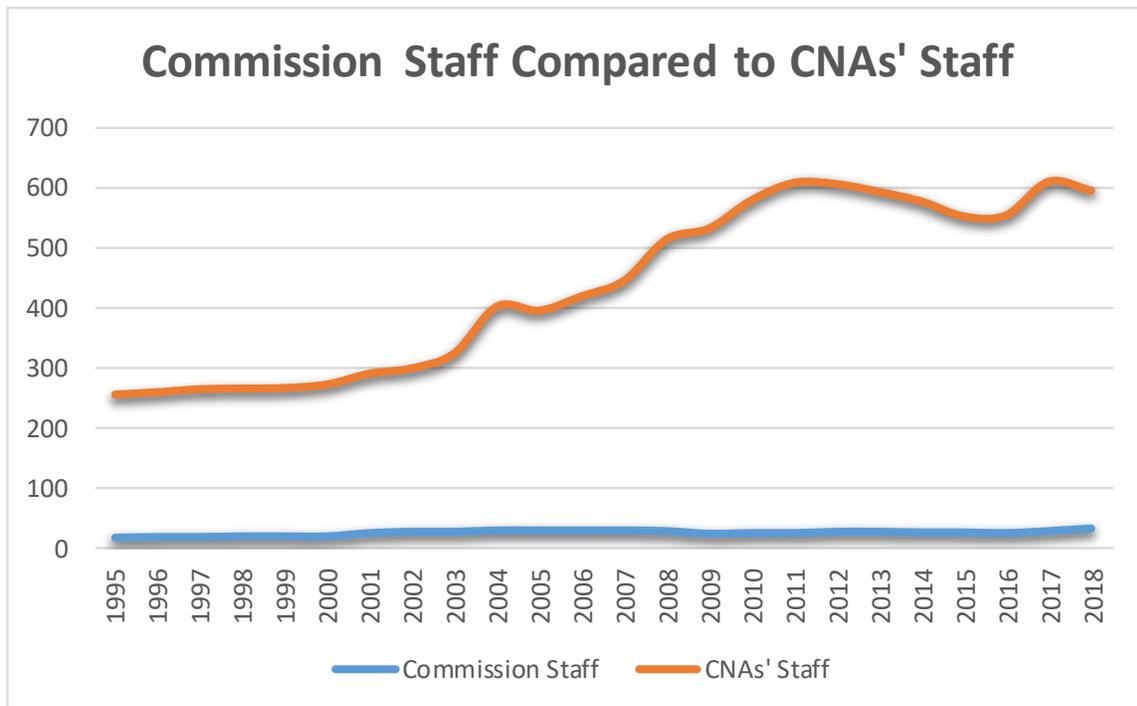
one or more CNAs to help administer the statute and AbilityOne Program. National Industries for the Blind (NIB) and SourceAmerica have been designated by the Commission and are currently performing these duties.

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

In 2016, in accordance with the timeline defined in that year’s Consolidated Appropriations Act, the Commission accelerated its process of establishing Cooperative Agreements with the longstanding CNAs to strengthen Commission oversight, transparency and performance evaluation. The Commission continues to assess the level of resources required to fully implement and manage the Cooperative Agreements with the CNAs.



**Figure 2. Comparison of Commission Appropriation to Longstanding CNAs’ Revenue**



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

### 3.0 Analysis of Resources Requested

#### 3.1 Recommendations for Efficiency, Effectiveness and Mission-Related Investments

As a small independent agency, the Commission identifies and leverages efficiencies and cost-avoidance measures to maximize resources. The Commission headquarters is the main administrative office, managing resources and leveraging shared services providers for the Western U.S. Field Office and the OIG to achieve efficiencies. The Commission administers one law – the Javits-Wagner-O’Day Act (41 U.S.C. §§8501-8506) – and one program authorized by that statute. Therefore, there is no programmatic overlap or duplication within the Commission.

The Commission’s finance and human resources requirements are processed by the U.S. Department of Agriculture (USDA) and GSA, respectively, on a reimbursable basis. The Commission uses Federal Strategic Sourcing Initiative contract vehicles and other strategic sourcing approaches to obtain the products and services it needs at discount pricing.

From an external perspective, the Commission maintains awareness of other Federal agencies’ programs to assist people who are blind or have significant disabilities in their employment needs. Consistent with findings in the most recent GAO Report to directly compare disability employment programs, GAO-12-342SP, “Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue,” the Commission finds that the AbilityOne Program remains unique in creating and providing

jobs for its target population through nonprofit agencies and the Federal procurement system. Other Federal programs provide policy, training, grants, placement services and/or other supports, but not direct employment, to people who are blind or have significant disabilities.

The Commission has achieved reductions in travel costs, particularly by using teleconferencing to minimize meeting-related travel, consistent with OMB Memorandum M-12-12 “Promoting Efficient Spending to Support Agency Operations” and its amendment M-17-08. There is still a need for mission-related travel, such as performing reviews or inspections as part of the Agency’s oversight responsibilities, as recognized by M-17-08. Conducting on-site compliance inspections remains necessary to thoroughly review and ensure the integrity of AbilityOne-participating nonprofit agencies. The Commission’s business practices, such as pre-inspection desktop reviews, optimize travel dollars. The Commission also considers risk factors and the period of time since its last review when determining its priorities for on-site compliance inspections.

In FY 2021, the Commission proposes to make critical updates to its legacy IT network infrastructure and its business web application, the Procurement List Information Management System (PLIMS). IT-driven vulnerabilities, efficiencies and needs are discussed in Section 3.3 of this document.

FY 2020 funding provided \$1.35 million to cover a forced office move. This move will consolidate the Agency and OIG staffs to increase efficiency and effectiveness.

The Commission has operated within a smaller physical footprint since 2015. Nearly all Commission employees participate in the Agency’s telework program, which has enabled the Agency to operate with less office space, fewer supplies and lower public transportation subsidies. However, new responsibilities and the need for more robust and expanded oversight dictate that the Commission increase its staffing in FY 2021. If approved, the Commission will require an increase in funding for space and equipment, particularly in the out-years.

### **3.2 Personnel Requirements**

To effectively execute its responsibilities and sustain the AbilityOne Program mission, the Commission must have adequate personnel. Currently, the Agency’s staffing level is 32 FTEs. Separately, the OIG currently has four (4) FTEs.

This justification below includes FY 2021 funding for 18 new FTEs for the Agency. (See Section 7.0 for the OIG request.) As shown below in Table 2, these FTEs will increase the Commission’s financial management and enterprise risk management, and enhance the Commission’s compliance and oversight ability.

In addition, nearly half of the new FTEs will be assigned to two teams to help administer competitions for the allocation and pricing of AbilityOne contracts. These teams are expected to achieve cost savings of 10-20 percent for DoD agencies with large AbilityOne contracts.

**Table 2**  
**3.2 Additional Personnel Requirements**

<b>Position Needed</b>	<b>Location (Focus Area)</b>	<b>FTEs</b>	<b>Total FTEs for Requirement</b>	<b>Source of Requirement / Justification</b>
Chief Financial Officer GS-15	HQ (Financial Management / Enterprise Risk Management)	1	3	Federal Managers' Financial Integrity Act (FMFIA) & OMB Circular A-123
Deputy Chief Financial Officer GS-14		1		
Budget/ Records Officer GS-12/13		1		
Compliance Inspector GS-12	Western U.S. Field Office  (Enhance Compliance)	1	2	2017 Consolidated Appropriations Act & OIG Top Management Challenges Report
Vocational Rehab Specialist GS-12		1		
Compliance Inspector GS-12	HQ / Midwest focus (Enhance Compliance)	1	2	OIG Top Management Challenges Report
Vocational Rehab Specialist GS-12		1		
Competition Leader GS-14/15	HQ or Western U.S. Field Office  (Changes to Statute, Regulations, Policies)	2	8	2017 NDAA Sec. 898 Panel Recommendations – Increase Competition
Attorney Advisor GS-14/15		2		
Contracting/ Acquisition Policy GS-14		2		
Operations/ Price Analyst GS-13/14		2		
Program Manager (Interagency Liaison) GS-13/14	HQ (Veterans Employment and Initiatives)	1	2	2017 NDAA – Increase Veterans Employment
Program Manager (Apprenticeships) GS-13/14		1		
Cybersecurity Specialist GS-14		1	1	Cybersecurity Enhancement Act of 2014
<b>Future Personnel</b>	<b>Total</b>		<b>18</b>	

## **Responsibilities of Proposed Additional Personnel**

**Chief Financial Officer (CFO):** The Commission's highest staffing priority is a CFO to reduce its dependence on, and more actively oversee, its shared service providers for all financial transactions. The CFO will enable the Commission to develop more effective budget and Congressional justification documents, and to explore budget neutral business models, such as a working capital fund.

**Deputy Chief Financial Officer:** The Deputy CFO position will enable the Commission to establish a formal, enterprise-wide framework to identify, analyze and manage risk, in accordance with OMB Circular A-123 requirements regarding Enterprise Risk Management. The Commission's current lack of resources and expertise to conduct Enterprise Risk Management has been identified as one of the Agency's Top Management and Performance Challenges by the OIG. Establishing the CFO and Deputy CFO positions will provide the capability and capacity for the Commission to establish a Chief Risk Officer, as required by Circular A-123.

**Budget/Records Officer:** This FTE will support budget and records management.

**Compliance Inspectors and Vocational Rehabilitation Specialists -- HQ and Western U.S. Field Office:** Four (4) new FTEs will assist the Oversight and Compliance function: two (2) new compliance inspectors, and two (2) Vocational Rehabilitation (VR) Specialists, with one (1) FTE in each category assigned to headquarters, while one (1) FTE works at the Western U.S. Field Office. The OIG's Top Management and Performance Challenges Reports for 2018 and 2019 discuss the need for more resources in this functional area to execute the Commission's compliance responsibilities. The Compliance directorate's responsibilities include implementing policy guidance, conducting routine inspections, reviewing annual certifications and training NPAs.

The VR Specialists will contribute additional capability and credibility to the Commission's review of disability documentation that establishes individuals' eligibility to participate in the AbilityOne Program.

**Competition Teams:** Two teams of four (4) new FTEs (for a total of eight (8) FTEs) will be hired with specific skills necessary to support competitions. These teams will administer competitions for the allocation and pricing of Federal agencies' requirements that are already on existing AbilityOne contracts. These competitions are pilot tested and conducted in accordance with recommendations of the 2017 NDAA Section 898 Panel. Based on the initial pilot test, AbilityOne competitions are expected to achieve savings of 10-20 percent for DoD agencies with the largest AbilityOne contracts. Competitions will also increase customer satisfaction with, and support for, the AbilityOne Program.

In doing so, the competitions will sustain, and potentially increase, employment opportunities for AbilityOne Program participants. Each team consists of a competition project manager, an attorney-advisor, an acquisition policy expert with contracting officer experience, and a price analyst. The new FTEs will also support the Agency's growing workload in their respective functional areas.

Program Managers, Veterans Employment and Initiatives: Two (2) new FTEs will strengthen the Commission's Directorate of Veterans Employment Initiatives (DVEI). One (1) position will have day-to-day management responsibility of the Commission's education programs for veterans, including its new nationwide Apprenticeship Program for veterans. Apprenticeships will be initially offered in four (4) industries, among a small set of nonprofit agencies. The Commission will grow the Apprenticeship Program's offerings and utilization. At the same time, the Commission has identified a compelling need for greater communication, information exchange and navigation to available supports and services for wounded, ill and injured veterans. Consequently, one (1) FTE will coordinate between the AbilityOne-related resources for veterans and the myriad of programs and employment supports available to veterans through other Federal agencies and private entities.

Cybersecurity Specialist: This expert will lead the Agency's cybersecurity initiatives and augment its current resources and capability to meet the actions identified in OMB's Federal Cybersecurity Risk Determination Report and Action Plan (Risk Report). The one (1) FTE will increase cybersecurity threat awareness, mitigate network risk and vulnerabilities, help standardize IT and cybersecurity capabilities to control costs and improve asset management, and enable a more robust Risk and Continuous Monitoring Program across the enterprise.

### **Responsibilities of Current Personnel**

The Commission's employees support the following core business areas: regulatory compliance, Procurement List operations and program management; as well as cross-cutting functions such as legal, policy, communications and government affairs, IT and resource management.

The Agency's current organization and staffing is as follows:

Oversight and Compliance: With hundreds of nonprofit agencies performing thousands of Federal contracts across the AbilityOne enterprise, compliance monitoring and inspections are a top Commission priority. Sales of products and services under the auspices of the AbilityOne Program exceeded \$3.6 billion in FY 2018. The Commission-designated nonprofit agency contractors must not only ensure AbilityOne-related compliance, they must also comply with numerous Federal laws and regulations, and fully meet the Government's quality and performance standards. The Commission's compliance team (currently five (5) FTE positions) issues policy guidance, conducts inspections, reviews annual certifications and conducts training for nonprofit agencies participating in the AbilityOne Program.

Business Operations: The Commission's operations team executes hundreds of transactions each year to maintain the Procurement List. The process of adding items to the Procurement List is the lifeblood of the AbilityOne Program because products and services on the Procurement List create employment for the AbilityOne workforce. Updating products, service locations, prices and other elements of Procurement List requirements is critical. The operations team (currently nine (9) FTE positions) is essentially "one deep" in terms of individual expertise and responsibilities. The team handles new and existing products, new and existing services, pricing, information and records management, the required Federal Register notice-and-comment process for Commission actions, and the authorization of commercial distributors.

Program Management Office: The Commission's Program Management Office (PMO) currently has two (2) FTEs to administer and implement the Cooperative Agreements established with the CNAs. NIB and SourceAmerica have considerably larger program offices to handle their respective Cooperative Agreement requirements. The third CNA, AFB, designated in 2018 and currently in a research phase, also has a program office. The Agency's PMO reviews more than 100 deliverables annually in the course of administering the Cooperative Agreements. The PMO also utilizes other Agency staff as a Cooperative Agreement Task Force to review and analyze deliverables. The PMO shares a data analyst with Chief of Staff.

Contracting and Policy: Strengthening AbilityOne Program oversight requires identifying and disseminating rules and regulations, as well as developing and updating policy and procedures. The Commission staff must have the experience and expertise to work with the Federal Acquisition Regulation (FAR) Council on rule changes that affect the AbilityOne Program. The Commission also monitors and engages as necessary when other Federal agencies issue procurement guidance that does not fully conform to the requirements of the JWOD Act and the AbilityOne Program. The directorate's one (1) FTE also handles internal contracting requirements and supports the Cooperative Agreements.

Veterans Employment and Initiatives: This directorate's mission is to provide oversight, programming, and strategic planning that maximizes employment opportunities for service members and veterans with catastrophic injuries, consistent with JWOD law. Two (2) FTEs staff this function – a director and a program manager. The Directorate of Veterans Employment and Initiatives is a high return-on-investment area within the Commission. Staff seek veterans' employment opportunities by networking in the public and private sectors, pursuing the Section 898 Panel's recommendations, developing memoranda of agreement with other Federal agencies, and assisting AbilityOne Program nonprofit agencies in employing more veterans.

Western U.S. Field Office: Responsible for 14 States and Guam, 115 nonprofit agencies, and \$703 million in AbilityOne Program sales, the Western U.S. Field Office was established at Joint Base Lewis-McChord in Washington State in 2017. DoD has installations from every military service throughout this Western region. The Agency's current funding levels support three (3) of eight (8) FTE positions projected for this office. Currently allocated to this office are a field office director, senior pricing analyst and compliance inspector to engage with Federal customers in particular, and to focus on regional NPA compliance.

Office of Inspector General: See Section 7.0.

Executive Leadership Team: Office of the Executive Director, the Chief of Staff (including Human Resources, Finance and IT), Office of the General Counsel, and Communications and Government Affairs. Within these functions are 10 FTEs.

### **3.3 Information Technology (IT)**

Imminent, critical application failure is likely to occur due to Microsoft no longer providing security software updates for Commission equipment. Now more than 10 years old, the legacy application supporting Commission business operations is its Procurement List Information Management System (PLIMS). PLIMS supports all AbilityOne business transactions with customers and Program partners, and enables the Commission staff to meet government-wide goals for telework through a distributed web workflow. PLIMS is hosted on a virtual Microsoft 2003 server that is no longer supported by the vendor for system or security updates. Modernization to a newer version to support AbilityOne's mission and business needs is mission essential.

The Commission will use \$800,000 of proposed FY 2021 funding to upgrade cybersecurity and IT.

OMB requirements are driving the Commission's need for these additional resources to comply with IT and cybersecurity mandates. Specific requirements include:

- a) Presidential Decision Directive 63 (PDD 63), "Protecting America's Critical Infrastructures"
- b) Federal Information Security Modernization Act of 2014 (FISMA), Public Law 113-283; 128 Stat 3073
- c) OMB Circular A-130, "Managing Information as a Strategic Resource," July 2016
- d) OMB Memorandum M-17-25, "Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure," May 2017

Upgrades requiring funding are needed in support of the Commission's critical infrastructure (network hardware, monitoring software, critical application upgrades) and a continuity of operations location that would support the AbilityOne Program in the event of a disaster lasting longer than 30 days.

In 2017, the FISMA inspection rated the Commission information security program "Not Effective." The Commission's cyber posture fell short in 11 areas. The root cause of IT compliance problems was lack of staff to correct them. With the addition of the Western U.S. Field Office in 2017, and the shared services presence of the OIG on the Agency network, the need for connectivity has only increased.

In 2018, after obtaining cybersecurity support services, the Commission's information security program improved and was rated "Effective" in the annual FISMA evaluation. The FISMA evaluation issued no new recommendations or major findings for improvement. It also found that the Commission had successfully implemented 25 of 29 recommendations noted from the 2017 FISMA audit.

The Commission's improved performance on its 2018 annual FISMA inspection demonstrates the direct and immediate benefit of additional resources to address initial Agency findings and priorities.

In its 2019 FISMA audit, the overall assessment of the Commission’s information security program was deemed not effective because the tested, calculated and assessed maturity levels across the functional and domain areas received an overall rating at Level 3 – Consistently Implemented. The auditor found that the Commission took positive steps to implement policies, procedures and strategies, but that improvements are required. The auditor closed all prior year recommendations and identified three new recommendations.

In FY 2021, the Commission seeks to establish an experienced, full-time cybersecurity resource in the Agency.

The Commission needs:

- (1) At least one Cybersecurity Specialist to build organic capability to support key functions required by FISMA, and to provide cybersecurity oversight for the OIG part of the Commission network (see Section 3.2)
- (2) Modernization of AbilityOne’s legacy infrastructure comprised of the AbilityOne General Support network and PLIMS application system (long-term planning required)
- (3) Continuous monitoring and vulnerability assessment software tools to monitor protection controls
- (4) Software to provide a Data at Rest (DAR) solution to encrypt stored data and files monitoring tools to track access to sensitive data such as Personally Identifiable Information (PII), legal, contract, OIG and Proprietary Business Information (PBI)
- (5) Alternative work site to support FISMA Continuity of Operations (COOP) requirements (for executive staff and/or all employees) – this requires funding a Cloud Service Provider initiative to support COOP requirements or a COOP physical site. The absence of this initiative will result in a major FISMA finding.
- (6) FISMA-required IT and cybersecurity training for key personnel to identify, protect, detect, respond and recover from cybersecurity incidents
- (7) FISMA Annual Assessment Provider (contractor support)
- (8) Cloud Service Provider (CSP) to support off-site contingency operations, data back-up and recovery activities and Office 365 email services (contractor support)
- (9) Personnel screening of contractor support
- (10) “Remote Equipment Initiative” funding to provide hardware and software to enable Compliance inspectors conducting on-site NPA assessments to enter data directly into handheld devices

(11) Commercial-Off-The-Shelf (COTS) application for records management for the Directorate of Oversight and Compliance

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

The Commission is continuing a broad IT system assessment to identify weaknesses, necessary investments and opportunities for greater efficiencies. For example, the Commission’s compliance team may be more efficient when conducting on-site inspections if they are able to use mobile devices such as tablets or applications that streamline data entry and the capture of other information. Such recommendations continue to be researched and documented for proposal in future budget cycles. Table 3 reflects the current IT enterprise.

<b>Table 3: Information Technology (IT) Summary Table</b>					
<b>Category:</b>	<b>(CY) FY 2017 Enacted</b>	<b>(BY) FY 2018 Enacted</b>	<b>(BY) FY 2019 Enacted</b>	<b>(BY) FY 2020 Enacted</b>	<b>(BY) FY 2021 Request</b>
Personnel	1 FTE	2 FTE	2 FTE	3 FTE	3 FTE
Network Maintenance	\$200,000	\$204,000	\$208,000	\$220,000	\$225,000
PLIMS System Programming	\$198,000	\$206,000	\$209,000	\$215,000	\$220,000
Hardware	\$100,000*	\$50,000	\$20,000	\$25,000	\$15,000
Software	\$150,000**	\$125,000	\$70,000	\$45,000	\$45,000
New Investments	\$600,000***	\$250,000	\$0	\$0	\$0
Total	1 FTE \$1,248,000	2 FTE \$835,000	2 FTE \$527,000	3 FTE \$505,000	3 FTE \$505,000

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

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

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

#### IT Resource Statements:

The Commission's CIO has reviewed and contributed to the Agency's IT investments as described in this budget justification. The CIO routinely reviews and submits the planned IT support for AbilityOne Program objectives, as does the Agency's Chief of Staff. (There is no Chief Financial Officer at this time.) The statements attesting to these facts are attached in the Appendix section.

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

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

#### Cybersecurity:

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

The Commission requires additional, dedicated cybersecurity capability to monitor insider threats, assess and evaluate the impact of identified or potential risk, and provide a technical and impact analysis and mitigation recommendations. The cybersecurity team supports key functions required by FISMA to develop governance, monitor and evaluate implemented protection controls for compliance, as well as to provide cybersecurity oversight for the OIG part of the Commission network. To support these requirements in FY 2021, the Commission requests one (1) FTE cybersecurity specialist (see Section 3.2).

### 3.4 Budget Request by Object Class

<b>Table 4: FY 2021 Budget Request by Object Class (in \$ thousands)</b>					
	<b>FY 2017 Enacted</b>	<b>FY 2018 Enacted</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Enacted</b>	<b>FY 2021 Request</b>
Personnel	\$4,088	\$4,170	\$4,228	\$4,228	\$6,580
Benefits	1,099	1,105	1,120	1,120	1,680
Travel	152	155	158	158	390
Rent & Communications	430	465	470	1,820*	660
Printing	36	36	36	36	40
Services	1,064	977	892	892	2,020
Supplies	51	45	46	46	100
Equipment	80	47	50	50	160
Losses & Claims	0	0	0	0	0
Office of Inspector General	1,000	1,250	1,250	1,650	2,300
<b>TOTAL</b>	<b>\$8,000</b>	<b>\$8,250</b>	<b>\$8,250</b>	<b>\$10,000</b>	<b>\$13,930</b>

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

#### **Object Class Narrative for FY 2021 Request (\$13,930,000):**

**Salaries and Benefits - \$8,260,000.** Salary and benefits represent more than 70 percent of the Agency budget, excluding OIG funding. The personnel and benefits cost includes **18 new FTEs**, in addition to the Agency’s current staffing level of 32 FTEs (excluding the OIG). See Section 3.2 for descriptions of current staffing and proposed new FTEs.

The Commission staff position descriptions are reviewed annually to ensure they provide the maximum support to the Agency’s priorities and goals. Positions are reprogrammed as necessary to most efficiently and effectively promote the mission. In the short-term, contractor support can provide the necessary skills while management ensures that funding will be sufficient for long-term hires.

The salaries and benefits total accommodates four (4) private-citizen Commission members who are appointed by the President to represent the interests of individuals who are blind or who have other significant disabilities. As Special Government Employees, they are paid at the Executive Level IV rate on a per-diem basis when conducting Commission business.

**Travel - \$390,000.** The Commission’s need for travel-related resources in FY 2021 has increased with the proposed addition of four (4) Oversight and Compliance FTEs and the addition of eight (8) FTEs supporting competitions. The new Compliance Inspectors and VR Specialists will join the Oversight and Compliance Directorate in assessing approximately 500 NPAs and approximately 45,000 employees for compliance with program qualification requirements. Inspections include reviewing health and safety standards, direct labor hour

ratios, and eligibility requirements (i.e., documentation about the employee's significant disability). While analyzing NPAs' Annual Representations and Certifications is a Commission compliance tool, on-site inspections are critical to spot-checking information and detecting compliance deficiencies. With the requested FY 2021 funding, the Commission will be able to embark on a rigorous schedule of compliance inspections based on a data-driven risk assessment approach.

A portion of the Commission's travel budget will provide the resources for the two new competition teams to conduct Industry Day briefings and site visits of service locations that will be competed, and to meet with the Government requiring and contracting offices whose requirements will be competed. The investment in these few, strategic, face-to-face meetings and site visits will be returned to the Government in the way of savings achieved through the competition process. The requested resources will fund the Commission staff's mission-critical business meetings as well as travel to high value communication opportunities that enhance transparency. As noted above with the salary and benefits, the Agency must also fund its private-citizen Commission members' travel to participate in their official duties.

**Rent and Communications - \$660,000.** The Commission has been notified that its headquarters office lease in Arlington, Virginia, will end in March 2021, with no potential for extension. To cover moving expenses, the Commission's FY 2020 appropriation included \$1.35 million for the one-time costs associated with a move of the headquarters office. For this reason, the Commission has not included the full relocation cost in this budget justification. However, this budget justification includes the ongoing costs that will be associated with the new office space.

The upcoming headquarters lease will include an increase in square footage sufficient to accommodate co-locating with the OIG, and all current and projected Agency and OIG FTEs. It is anticipated that the space will be in Washington, D.C., which has a higher cost more per square foot than the prior lease, given the rising rental markets in the Washington, D.C., metropolitan area.

The Commission will continue to leverage its rent-free office space at Joint Base Lewis-McChord, Washington, for the Western U.S. Field Office.

This category also includes monthly charges for IT and telecommunications equipment. The Commission uses strategic sourcing vehicles to obtain discount pricing for requirements such as its wireless phone service. The Commission's expenses include high-speed web connectivity and remote access Internet service provider accounts to enable staff members to telework or work while in a travel status. A small portion of this category includes standard business expenses for postage, domestic package delivery, and teleconference bridge lines.

**Printing - \$40,000.** In accordance with the Administrative Procedure Act, the Agency continues to have printing costs associated with publishing notices in the Federal Register. This fulfills legal requirements and promotes transparency. In FY 2021, the Commission will continue its routine publishing cycle for Procurement List additions and deletions, and may publish some proposed updates to the Code of Federal Regulations. Based on recent years' billing, the Commission anticipates that \$40,000 will cover these costs. The Commission does not intend to use such funding to print informational materials or collateral that can be disseminated electronically.

**Services - \$2,020,000.** The Commission’s request for resources in this budget object class reflects an investment of \$800,000 for IT modernization. This funding includes the resources to hire technical expertise to evaluate the Commission’s Procurement List Information Management System (PLIMS) and to recommend critical changes and updates. The latter are necessary to keep pace with Federal cybersecurity requirements and to maximize staff efficiencies in maintaining the AbilityOne Procurement List.

This class also reflects funding for three critical service contracts that provide ongoing support for the Commission’s IT infrastructure: one for general network support, one for routine programming and maintenance of the PLIMS system, and one for cybersecurity support. In addition to these commercial services, the Commission must pay its Federal servicing offices for the shared services it receives in the financial and human resources areas. Additionally, to maximize its productivity, the Agency makes limited use of support contractors for special projects such as the launch of a SharePoint system and to alleviate some of the administrative burden on its technical experts.

**Supplies and Materials - \$100,000.** The Commission has requested an increase in this budget object class to purchase the office supplies and operating materials necessary to support the 18 new FTEs, as well as the remainder of the Agency in a new office space. This budget object class also includes routine purchases of subscriptions to essential technical references such as Westlaw, technical manuals, and other publications that enable employees’ performance of official duties.

**Equipment - \$160,000.** This budget object class reflects an increase to fund laptop computers, mobile phones and modular work stations for the 18 new FTEs discussed in this justification. The Commission uses government-wide contract vehicles or other government discounts to obtain the lowest available prices in this category for hardware purchases, software and furniture. In addition to supporting the new FTEs, this category includes routine IT refresh purchases and software license updates. See Section 3.3 for detail on Commission IT needs.

## **4.0 Agency Restructuring or Work Process Redesign**

### **4.1 Forced Office Move**

As noted above, in Sections 1.0 and 3.4, GSA notified the Commission that its headquarters office lease in the Crystal City section of Arlington, Virginia, will be terminated in March 2021, with no potential for extension. The Commission’s FY 2020 appropriation included \$1.35 million for costs associated with this move, which will consolidate Agency offices with the OIG in the new office space—a decision aimed at efficiency, effectiveness, reduced costs, and stewardship of taxpayer dollars.

GSA is responsible for facilitating the Commission’s office space and move. The Commission is working closely with GSA to find new office space and minimize moving costs. The Commission anticipates selecting the new location in Q2 of FY 2020. Timing of the move will depend upon the availability and condition of the new office space, negotiations with the lessor, and coordination with GSA.

## **4.2 Western United States Field Office Update**

The 2017 Consolidated Appropriations Act directed the Commission to establish the Western U.S. Field Office. This guidance was consistent with the President's Budget request, which requested this office to enhance the Commission's oversight and compliance regarding nonprofit agencies, and support Federal customers. Regional staff are better positioned to efficiently conduct local compliance inspections (including surprise inspections and repeat visits), rapidly respond to local problems, and educate local Federal employees about their responsibilities under the Javits-Wagner-O'Day Act.

The Commission obtained rent-free office space at Joint Base Lewis-McChord, Washington, for the Western U.S. Field Office. In addition to the office director and price analyst currently assigned, the Commission allocated a compliance inspector position to the office. The Western U.S. Field Office staff have conducted compliance inspections and site visits among AbilityOne NPAs located in Texas, Arizona, California, Oregon, and Washington. Similarly, this office has conducted nearly 30 meetings with AbilityOne customers.

However, the Commission needs to add staff to fulfill the purpose and potential of the Western U.S. Field Office to provide more oversight, foster better relationships with Federal customers, and create more jobs for veterans and others who are blind or have significant disabilities. See Section 3.2, Personnel Requirements, for the additional FTEs the Commission proposes to assign to the Western U.S. Field Office.

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

Commission performance planning and reporting, on behalf of the AbilityOne Program, are conducted in accordance with the 2010 Government Performance and Results Act Modernization Act. Links between resources requested to execute against goals are based on the Commission's FY 2018-2022 Strategic Plan. Commission and Program mission and vision statements, and core goals, have been validated several times. In FY 2021, the Commission will continue to convene stakeholders to refine shorter-term performance goals, tactics and measures, to ensure that the plan remains a living document and relevant in today's dynamic business environment.

Strategic core goals for the AbilityOne Program are:

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

The Agency staff tracks progress for each goal, reviewing and using relevant data for decision recommendations to the Commission.

## 5.1 Strategic Goal 1: Effective Stewardship

Stewardship was a key theme in the 2013 GAO Report 13-457. Stewardship underlies the 2016 Consolidated Appropriations Act mandate for the Commission to establish written agreements with the CNAs. Stewardship includes fostering, monitoring and enforcing NPA compliance with statutory and regulatory AbilityOne participation requirements.

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

Based on this certified review of data, 478 nonprofit agencies participated in the AbilityOne Program through September 30, 2018. Of those reporting and remaining in the Program, three percent (14 nonprofit agencies) were out of compliance with the statutory ratio requirement. Consequences for noncompliance include probation and increased reporting requirements, suspension from consideration for future AbilityOne work opportunities, and/or removal of eligibility to participate in the Program. The Commission analyzes compliance-related data and trends to identify priorities for future training and communications.

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

## 5.2 Strategic Goal 2: Employee and Customer Satisfaction

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

The first strategic objective under this goal is to increase and sustain AbilityOne nonprofit agency **employee satisfaction** through a continuous feedback process, followed by targeted strategies to achieve improvements. A baseline employee satisfaction level was established in 2010, showing an overall AbilityOne Program employee satisfaction rating of 85 percent compared to the 68 percent industry benchmark level.<sup>3</sup> In 2013, employee satisfaction was again measured, with AbilityOne participants reporting an increased level of overall job satisfaction level, 86.5 percent, compared to the U.S. National Norm of 70 percent.<sup>4</sup>

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<sup>3</sup> Source: A random sample of AbilityOne employees with significant disabilities and a census survey of AbilityOne employees who are blind were asked a combination of satisfaction questions with the results combined and appropriately weighted. The benchmark industry percentage is a weighted average of Towers Watson employee survey results from a cross-section of U.S. industry sectors, weighted by size and industry using current Census data.

<sup>4</sup> As with the 2010 survey, industry norm data was supplied by Towers Watson, a professional services company that conducts employee research and helps organizations improve performance.

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

The QWE initiative focuses on:

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

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

The Commission established an end goal of full participation in the QWE initiative across the AbilityOne Program. The annual targets and measures have evolved from the percentage of NPAs participating to the percentage of AbilityOne employees participating in QWE. QWE is a voluntary program, and participation levels rose to 87 percent of employees working on AbilityOne contracts at the end of FY 2019. Reaching the final 13 percent of AbilityOne employees will require a high adoption rate among the remaining, often smaller NPAs.

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

### **5.3 Strategic Goal 3: Employment Growth**

Generating job opportunities is a bottom-line metric for the AbilityOne Program. The Commission measures the number of direct labor hours worked by AbilityOne employees and the total number of jobs supported by the products and services on the AbilityOne Procurement List. FY 2018 data show that 44,006 people who are blind or have significant disabilities performed 47.8 million hours of direct labor and earned more than \$650 million in aggregate wages while working on AbilityOne contracts. The average hourly wage across the program was \$13.72. AbilityOne employment is driven by the delivery of products and services to the Government, and total AbilityOne sales recorded in FY 2018 exceeded \$3.6 billion.

The Commission tracks promotions of people who are blind or have significant disabilities – 1,310 in FY 2018, including 381 promotions into supervisory positions. The Commission also tracks competitive placements, in which AbilityOne employees are assisted in finding jobs outside of the Program – 1,842 in FY 2018.

While the quantity of AbilityOne jobs is the leading concern for the Commission, quality is also a top priority, as discussed under the Employee/Customer Satisfaction goal above.

The Commission’s role in employment growth is three-fold:

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

Second, the Commission makes additions, changes or deletions of products and services from the AbilityOne Procurement List. Managing the Procurement List is a mission-critical process, with numerous variations such as product updates and price changes.

Third, the Commission has the authority to authorize additional NPAs, as well as designate additional CNAs.

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

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

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

The Commission’s Cooperative Agreements with NIB and SourceAmerica include Commission requirements for timeliness and accuracy in CNAs’ submissions of requests for Procurement List or pricing transactions. The Quality Assurance Surveillance Plans (QASPs) in the Cooperative Agreements measure timeliness and accuracy against specified standards.

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

## **6.0 Evidence and Evaluation**

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

The Commission reviews both annual and quarterly data such as changes in the number of Program employees, direct labor hours, wages, outplacements made to competitive employment, and adoption of best practices in the work environment. This information enables the Commission to gain a better understanding of both the NPAs and the employees. Average number of hours worked per employee and number of employees per NPA are two examples of evidence that informs Commission's decisions and policies.

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

Data and evidence-based reviews also play a substantial role in the 2017 NDAA Section 898 Panel. As noted earlier, the Commission is participating in and fully supporting the Panel's important work, which includes consideration of data related to employment, pricing, "leakage" statistics, and more.

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

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

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

### U.S. AbilityOne Commission Office of Inspector General Congressional Budget Justification (FY2021)

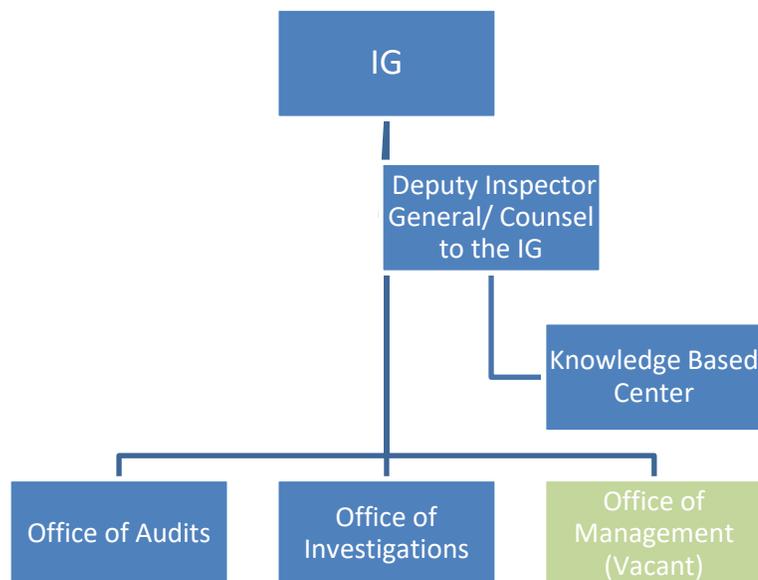
#### Executive Summary

The U.S. AbilityOne Commission (Commission) is responsible for creating and maintaining employment opportunities for people who are blind or have significant disabilities. The Commission is headquartered in Arlington, VA, where its employees administer the \$3.6 billion AbilityOne Program (Program) that encompasses approximately 500 nonprofit agencies (NPAs) operating across all 50 states, Guam, and Puerto Rico.

The Office of Inspector General (OIG) is an independent organization whose mission is to prevent and detect fraud, waste, and abuse in the Agency and in the Agency's programs and operations. The OIG promotes a more effective and efficient Agency and Program through audits and investigations. The OIG protects the integrity of the Program by assessing whether operations are conducted appropriately and achieve their intended purpose.

The AbilityOne OIG consists of the Inspector General (IG), Office of Counsel, Office of Audits, and Office of Investigations. Due to limited funding, the OIG is currently staffed by four full-time employees: IG, Deputy Inspector General (DIG)/Counsel to the IG, Assistant Inspector General for Audits (AIGA), and Assistant Inspector General for Investigations (AIGI).

Figure 1: AbilityOne OIG Organizational Structure



Source: OIG

To leverage its limited resources, the OIG created a Knowledge Based Center to share resources with other federal agencies. This shared services model allows the OIG to continue operating with these limited resources. The OIG has, to date, developed its Audit and Investigations Plans, published informative Top Management Challenges and Performance reports, issued five Semi-Annual Reports to Congress, and completed essential audit and investigative reports – exceeding its own projections.

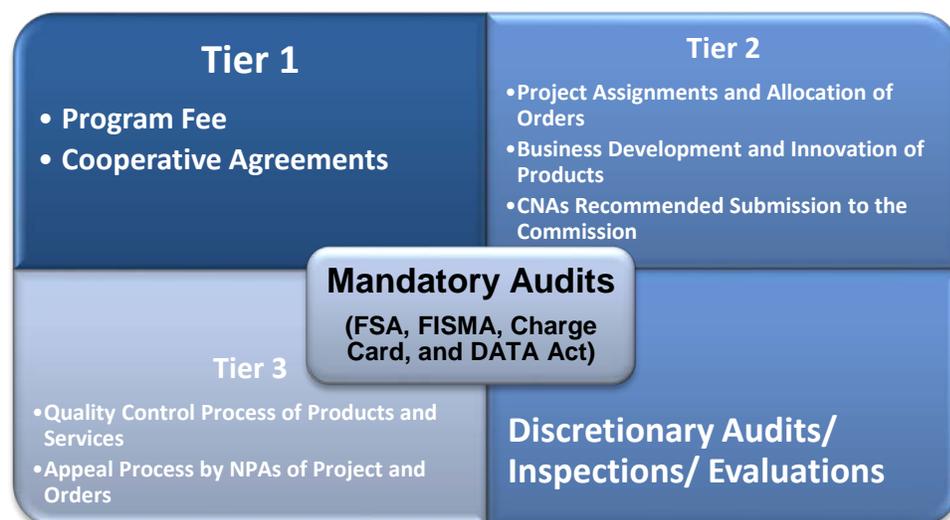
## Workforce Needs and Work Product

The current OIG staff level is insufficient to accomplish the required oversight of a \$3.6 billion program. The OIG is requesting \$2.3 million for Fiscal Year (FY) 2021 to fulfill its mission and statutory mandates. The requested level of funding will allow the OIG to hire needed staff to perform audits and investigations to accomplish appropriate oversight milestones. In addition to hiring full-time staff, the OIG intends to further leverage its Knowledge Based Center to tap the time and talents of professionals throughout the federal community. The OIG is utilizing MOUs with other agencies, hosting interns and fellows, and leveraging shared services.

## Audits

The OIG Audit Plan covers statutorily mandated work products and discretionary work to include emphasis in the areas of direct labor hour requirements, program fees, and reportable expenditures, as highlighted by the House Committee on Appropriations Report for FY 2018 Funding Bill Report (H. Rep. 115-244 at 135). Additionally, we have designed and published a much-needed two-year comprehensive audit plan that also includes the Central Non-Profit Agencies (CNAs), which requires substantial resources to implement and complete. The OIG has devised a ranked tier system to better prioritize the audit work that needs to be deployed and executed. The tiers combine OIG mandatory work and the work outlined the CNA Audit Plan (see Figure 2).

Figure 2: Prioritization of OIG Planned Audit Work



Source: OIG

Both the Commission and Congress have asked the OIG for a review of the AbilityOne Program Fee, the allocation of orders, and actions governed by the Cooperative Agreements.

With approximately 500 NPAs and a program size of \$3.6 billion, additional resources to lead and execute the audit program is needed. The Office of Audits requires a minimum of \$350,000 to complete essential audits from the audit plan.

### **Investigations**

The OIG Office of Investigations (“OI”) launched the OIG Hotline in August 2017, and employees, contractors, and Program participants for the first time are able to report waste, fraud, and abuse through the OIG. This new reporting system increased allegation intake and case openings, generating an increasing caseload.

OI conducts joint investigations with other agencies involving allegations of fraud by participants in the AbilityOne Program against these federal agencies. The investigations are active and occur at various stages. An example of the type of work is available [here](#), where DOJ in 2019 settled a suit with Goodwill Memphis for violations of the False Claims Act. With more than one investigator on staff, the OIG can be more effective supporting and developing the joint investigations as well as improving coordination and efficiencies for the multiple Federal agencies relying on our office. The OIG estimates that active cases total nearly \$300,000,000 in contracts.

OI could also more quickly process allegations received on our hotline and ensure that OI is responsive and timely to members of the program who do the right thing by reporting fraud, waste, and abuse.

OI will use resources to address allegations received on our hotline and ensure sustainable case work involving allegations of fraud, waste, and abuse. Our goal is measurable output; bringing active cases to resolution through recovery of funds for the government while stopping fraud that takes jobs away from blind and severely disabled Americans, many of whom are veterans.

In 2019, the Office of Investigations successfully procured for implementation of the OIG case management system. This provides management of the increasing number of referrals and active investigations in compliance with CIGIE investigative standards. It is the first step toward establishing a pro-active investigative program rather than solely relying on complaints brought by employees, contractors, and program participants. We desire to build the capacity to gather data, run analytics, and proactively prevent and detect fraud in the program.

The OIG requires an additional \$300,000 for investigative staff and \$100,000 for investments in foundational investigative infrastructure.

### **Reducing the Federal Footprint**

The OIG is currently responsible for its own rental expenses. This is in contrast to the arrangement that other similarly sized OIGs in the community have with their agency. Section 6(d) of the IG Act of 1978 (IG Act), as amended, requires each agency to provide its OIG “with appropriate and adequate office space at central and field office locations of such establishment, together with such equipment, office supplies, and communications offices, and provide necessary

maintenance services for such offices and the equipment and facilities located therein.”  
See Section 6(d) of the IG Act of 1978. The Commission plans to move offices by March 2021. The OIG and the Agency will co-locate with increased economies and efficiencies in this constrained budget atmosphere, and the Agency will be responsible for the lease. Accordingly, the OIG is not requesting separate funds for rent or related expenses in FY 2021.

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

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

### **Training**

The OIG training needs are based on training requirements for Federal law enforcement as well as investigative, legal, and audit personnel. Audit personnel are required to have 80 hours of training every two years to meet generally accepted government accounting standards (GAGAS), and investigators have CIGIE and DOJ mandated training requirements. The OIG is also establishing a core group of managers to stand up the major OIG functions, and we intend to provide them with ongoing quality leadership and management training. OIG’s funding request for training is \$50,000.

### **Budget Exhibits**

#### *Inspector General Reform Act Statement*

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

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

Section 6 of the IG Act was amended by the Inspector General Reform Act of 2008 (P.L. 110-409) to require certain information concerning OIG budget submissions. For FY 2021, this information is as follows:

- OIG’s aggregate budget estimate and request for FY 2021 is \$2,300,000 to remain available through September 30, 2021;
- OIG’s appropriation for FY 2020 was \$1,650,000 to remain available through September 30, 2020;
- OIG’s funding request for training needs is \$50,000; and
- Funding necessary to support CIGIE from OIG’s discretionary budget.

The projected required cost for the salaries and benefits of an anticipated eight (8) FTE OIG staff is \$1,722,000.

**Appropriations Language**

*“For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled (referred to in this title as “the Committee”) established under section 8502 of title 41, United States Code, \$13,930,000; Provided further, That no less than \$2,300,000 shall be available for the Office of Inspector General.”*

Placement: Appropriations Bill for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2021.

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

	<b>FY 2020 Enacted</b>	<b>FY 2021 Request</b>
	\$ 1,650,000	\$ 2,300,000
<b>ALL PERSONNEL</b>		
Base Salary, Full-time permanent	\$ 960,000 6 FTEs	\$ 1,259,000 8 FTEs
Performance Awards	\$ 22,000	\$ 40,000
Special Act Awards	\$ 5,200	\$ 7,800
<b>Subtotal</b>	<b>\$ 987,200</b>	<b>\$ 1,306,800</b>
<b>ALL BENEFITS</b>		
Full Time Employee Benefits	\$ 320,000	\$ 413,500
Public Transportation Subsidy	\$ 3,000	\$ 3,500
<b>Subtotal</b>	<b>\$ 323,000</b>	<b>\$ 417,000</b>
<b>ALL TRAVEL</b>		
Mission Related Travel (Domestic)	\$ 39,000	\$ 55,000
Other Transportation of Persons (Domestic)	\$ 2,000	\$ 2,000
<b>Subtotal</b>	<b>\$ 41,000</b>	<b>\$ 57,000</b>
<b>ALL RENT &amp; COMMS</b>		
Rent to GSA	\$ 60,500	\$ -
Wireless Communications Services- Commercial Provider	\$ 4,704	\$ 6,800
Utility Services- Electricity	\$ 500	\$ -
<b>Subtotal</b>	<b>\$ 65,704</b>	<b>\$ 6,800</b>
<b>PRINTING</b>		
Printing and reproduction	\$ 800	\$ 800
<b>Subtotal</b>	<b>\$ 800</b>	<b>\$ 800</b>
<b>OTHER SERVICES</b>		
Advisory and Assistance - Commercial	\$ 150,000	\$ 350,000
Mission Support Contractual Services- Commercial Sources	\$ 32,596	\$ 100,000
Program Training- Commercial Provider	\$ 20,000	\$ 25,000
Good and services from Federal sources	\$ 4,400	\$ 6,600
Program Training - Fed Agency Provider	\$ 20,000	\$ 25,000
(PBS only) DHS Security Protection	\$ 1,300	-
<b>Subtotal</b>	<b>\$ 228,296</b>	<b>\$ 506,600</b>
<b>SUPPLIES AND MATERIALS</b>		
Office and General Supplies- Non- Federal	\$ 4,000	\$ 5,000
<b>Subtotal</b>	<b>\$ 4,000</b>	<b>\$ 5,000</b>
<b>GRAND TOTAL</b>	<b>\$ 1,650,000</b>	<b>\$ 2,300,000</b>

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

### *SALARIES AND EXPENSES*

*For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled (referred to in this title as "the Committee") established under section 8502 of title 41, United States Code, \$13,930,000:*

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

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

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

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

*Provided further, That no less than \$2,300,000 shall be available for the Office of Inspector General.*

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2021.)

## **9.0 Conclusion**

For FY 2021, the Commission request for \$13,930,000, including \$2,300,000 for the OIG, is the minimum funding level to enable the Commission to execute its mission of providing job opportunities for approximately 45,000 people who are blind or have significant disabilities. Through the AbilityOne Program, these individuals have jobs, earn income, pay taxes, contribute to their communities and provide valuable products and services as part of the nation's industrial base.

Among the most urgent funding needs is \$800,000 to modernize the agency's IT system. Imminent, critical application failure is likely to occur due to Microsoft no longer providing security software updates for Commission equipment. This includes the legacy application supporting AbilityOne business operations – the Procurement List Information Management System (PLIMS) – which supports all business transactions with customers and Program partners,

and enables staff to meet government-wide goals for telework through a distributed web workflow. PLIMS is hosted on a virtual Microsoft 2003 server no longer supported by the vendor for system or security updates.

Today, the Commission is experiencing an unprecedented imbalance between its inadequate resources and a historic increase in mission requirements – specifically, a disparity between its legacy of limited resources and the recent sharp rise in Congressional requirements to strengthen program oversight. This disparity threatens the kind of rigorous oversight that Congress has instructed the Commission to maintain.

Only 32 Agency FTEs oversee more than \$3.6 billion in annual AbilityOne sales – with a total contract value of more than \$8 billion. Agency staff oversee approximately 500 nonprofit agencies across 15 time zones from Guam to Maine, and provide guidance on Program policies and regulations to tens of thousands of staff at Federal agencies and nonprofit agencies. The Commission also oversees three (3) CNAs.

Major change has characterized the AbilityOne Program since 2015, especially in the area of Congressional legislation creating new and welcome opportunities for the Commission to assert its authority in the oversight of the AbilityOne Program. In 2016, as required by that year’s Consolidated Appropriations Act, the Commission signed Cooperative Agreements with its longstanding CNAs: NIB and SourceAmerica. The Commission remains committed to strengthening oversight of the AbilityOne Program through effective administration of these Cooperative Agreements. (A third CNA – AFB – was designated on July 26, 2018).

The Consolidated Appropriations Act, 2016 also directed the Commission to establish an OIG. The OIG is continuing to build the infrastructure to be an independent, fully functional organization able to handle complaints, perform audits and investigations, and make recommendations to improve the efficiency and effectiveness of the AbilityOne Program.

As part of its drive towards increased accountability and effectiveness, the Commission is fully participating in the FY 2017 NDAA Section 898 “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity.” The Panel’s review and recommendations are beginning to identify opportunities for improvement in DoD contracting with the AbilityOne Program.

The Panel will also promote increased use of AbilityOne products and services by DoD customers. It is also exploring ways to increase the employment of wounded warriors and other veterans across the AbilityOne Program. The Panel’s recommendations will have a major impact on the Commission’s resources, a fact taken into account in this budget justification.

This FY 2021 budget justification is designed to support the Commission’s day-to-day operations as the Agency strives to respond to a surge in new mandates while increasing effectiveness, efficiency, accountability, transparency and oversight throughout the AbilityOne Program.

While emphasizing these priorities, the Commission maintains an unwavering focus on its core mission of providing employment for people who are blind or have significant disabilities. Through the AbilityOne Program, approximately 45,000 individuals have jobs and are working to achieve their maximum employment potential.

## Appendix I

### Financial Management Summary

Though it is a small independent agency, the Commission accomplishes an important mission that is national in scope – touching the lives of approximately 45,000 people who are blind or have significant disabilities. It does so without a national infrastructure, and with very limited appropriated funds. The Agency’s FY 2020 budget was \$10,000,000, with no less than \$1,650,000 for the Office of Inspector General, and with \$1,350,000 for the one-time costs associated with a move of the headquarters office. This budget was primarily used to fund salaries and benefits for the Agency’s civil service staff and private-citizen members, to pay for rent and overhead expenses, and to fund official travel such as on-site inspections of NPAs’ compliance with relevant law and regulations.

The Agency’s goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. Accordingly, and leveraging the efficiencies of shared services, the Commission obtained financial systems services from the Financial Information & Operations Division USDA - Office of the Chief Financial Officer under an interagency agreement in FY 2019. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Commission relied primarily on audits of the Financial Information & Operations Division conducted by the Office of the Inspector General at USDA to uncover material weaknesses in those systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Commission by that office.

The Commission’s FY 2019 financial audit – including the Agency’s management response to the findings – is posted on the Commission’s OIG webpage. The independent auditors found the Commission’s financial statements were not presented fairly and the Agency’s financial position for the fiscal year did not conform with generally accepted accounting principles. Additionally, the auditors gave an adverse opinion based on material misstatements and omissions in the Commission’s financial statement and footnotes. Also, the audit disclosed instances of noncompliance with laws or regulations that would be reportable under Government Auditing Standards or the OMB Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended. The Agency continues to perform monthly periodic reviews of financial statements against internal control documents to ensure accuracy of transactions between the Commission and its USDA service provider.

The Commission is responding to the financial audit findings as follows:

- 1) The issues raised in the financial statement audit arose from USDA accounting practices that are currently under investigation at the direction of the Commission. The Commission appointed Mr. Bob Smalskas, GSA Accounting Division Director, to conduct the investigation on all matters requiring a formal response.

The status of the investigation is that it is ongoing, and scheduled to conclude by the end of April 2020, after which the Commission will update appropriate parties.

2) Based on the audit findings, the Commission is no longer engaging in the USDA practices that are under investigation.

### **Improper Payments Reductions**

In accordance with the Improper Payments Information Act of 2002, the Commission reports that it had improper or erroneous payments in FY 2019. The Commission's FY 2019 financial audit included a finding regarding a potential Anti-Deficiency Act violation.

As indicated above, the Commission has appointed an investigator for this matter, and will update appropriate parties upon the conclusion of the investigation, as well as take all required actions in accordance with OMB directives consistent with the investigation's outcome.

The Commission's view of the potential Anti-Deficiency Act violation is that the Commission is fully cooperating with the investigation to determine, as stated in the financial audit, "if an actual violation occurred."<sup>5</sup>

The Commission has no grant-making authority, makes no payments to beneficiaries, has no unneeded real property and has no debt-collection program. Nearly all of the Agency's resources are dedicated to personnel and rent. The Agency is committed to monthly reconciliation of all spending, including payroll.

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<sup>5</sup> U.S. AbilityOne Commission Independent Auditors' Report, September 30, 2019, p. 25, U.S. AbilityOne Commission website.



**Appendix II**  
**Statement of Chief Information Officer**

February 7, 2020

I affirm that as the Chief Information Officer of the U.S. AbilityOne Commission, I played a significant role in reviewing and recommending planned IT support and increases in IT resources for the Agency for the submission of the FY 2021 budget justification. There have been limited IT investments in equipment and cloud storage. The Commission has requested an increase in funding to procure IT equipment and software licenses for new employees.

  
Shang-iong (Edward) Yang, CIO