

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

FISCAL YEAR 2014 BUDGET JUSTIFICATION



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



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COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

BUDGET REQUEST

EXECUTIVE DIRECTOR'S MESSAGE AND SUMMARY

The FY 2014 Budget Request for the Committee for Purchase From People Who Are Blind or Severely Disabled reflects the importance of strategic investment in **job creation** while ensuring effective stewardship and maximizing efficiencies. The Committee is the independent Federal agency that administers an **employment program** known as the AbilityOne Program, authorized by the Javits-Wagner-O'Day Act (41 U.S.C. §§8501-8506.) Providing oversight, regulation and policy in accordance with the Act, the Committee operates as the U.S. AbilityOne Commission.

The AbilityOne Program has a **proven track record and demonstrates results**. Despite the challenges of our national economy, employment under the AbilityOne Program grew more than 6.5 percent during FY 2011, providing work to **50,580 individuals with disabilities** -- a record high. More than 3,000 of AbilityOne employees are veterans, and about half of those veterans are blind or have other significant disabilities. Through its national network of nonprofit agencies, AbilityOne is the single largest source of employment for working age Americans with the most significant disabilities, a segment that has only a 21 percent rate of participation in the U.S. labor force¹.

The Commission's FY 2014 budget request supports the much-needed expansion of job opportunities for people who are blind or have other significant disabilities through the AbilityOne Program. An estimated 1,200 full-time equivalent positions were created for AbilityOne participants in FY 2011, despite widespread budget reductions on the part of AbilityOne customer agencies. However, the Commission is keenly aware that much more must be achieved in the employment of our target population. The challenging environment requires the Commission to establish and implement policies and procedures to more aggressively seek and sustain opportunities for AbilityOne employment in FY 2014. In particular, the Commission proposes to grow employment and support services for wounded warriors, through continued and focused collaboration with other Federal agencies. These efforts are described within the Employment Growth performance goal on page 10 of this request.

Consistent with the OMB guidance, the Commission uses evidence and evaluation in its development of policy, strategies and tactics to fulfill its mission. The Commission collects data and measures its success in achieving its strategic goals and targets in key areas such as employment hours and wages. For example, AbilityOne direct labor hours increased 2.5% in FY 2011 to surpass 49 million hours, while wages paid to individuals who are blind or significantly disabled rose to nearly \$560 million. This FY 2014 budget proposal sustains the Commission's operational staff and information system

¹ The Bureau of Labor Statistics reported that in July 2012, the percentage of people with disabilities in the labor force was 20.7. By comparison, the percentage of persons with no disability in the labor force was 70.0. [<http://www.bls.gov/news.release/empsit.t06.htm> retrieved 9/4/2012].

responsible for maintaining the products, services and employment associated with the AbilityOne Procurement List. The Commission continues to use trend analysis to identify emerging lines of business that result in the greatest job creation for individuals who are blind or significantly disabled, to be emphasized in the Agency's FY 2014 education and development efforts.

Effective stewardship and program integrity are the Commission's foremost performance goals. Minimizing costs wherever possible, we have taken a significantly conservative approach in developing this budget, while preserving our ability to execute the compliance audit function in FY 2014. Part of the necessary investment in our employment mission is ensuring that we educate and audit the 600-plus participating nonprofit agencies in the AbilityOne Program. From an internal stewardship perspective, the Administration's Management Priorities include cutting unnecessary spending and leveraging technology to deliver efficient, transparent government. Since FY 2008, the Commission has scrutinized its requirements and staffing, and implemented changes to conserve resources and optimize its human capital. The Commission continues to leverage technology to support transparency and reduce travel expenditures.

The Commission's core performance goals and indicators are detailed in this budget submission. They are briefly summarized as follows:

1. Effective stewardship, demonstrated by the number of participating nonprofit agencies verified to be in full compliance with program rules and regulations.
2. Employee and customer satisfaction, demonstrated by increases over time in percentages of employees and customers who report that they are satisfied or highly satisfied with what the AbilityOne Program provides them.
3. Employment growth, demonstrated by the increase in jobs and hours worked by the AbilityOne Program's workforce.
4. Business excellence, demonstrated by improved processes that affect the entire enterprise, including decreased cycle time for the AbilityOne Program's key business transactions.

The Commission has operated at a very low baseline budget of \$5.396 million since FY 2010. The President's budget for FY 2011 and FY 2012 proposed funding at a level of \$5.771 million in order to provide much-needed resources for increased compliance audits and adequate coverage of personnel requirements such as equipment and training. However, in both years, funding was enacted at the FY 2010 level; seven percent less than proposed by the Administration. Although this funding level constrained the Commission's ability to reach its target for compliance reviews, the Agency sought to maximize the resources made available. In light of the austere budget situation, the Commission did not request an increase in FY 2013 or FY 2014. Funding at this level is viewed by the Commission as the bare minimum to effectively pursue our priority performance goals. However, at the time of this budget submission, no funding has been enacted for FY 2013.

The Agency's goals, statutory requirements and staffing needs drive this FY 2014 request for **\$5.396 million** which is the same as the President's FY 2013 budget. As a micro-agency, administering one program, the Commission has no margin to absorb decreases, and cannot meet its bare minimum requirements if funded below this, essentially the FY 2010 level. We respectfully seek the current funding level to ensure that the Agency's oversight responsibilities will not be jeopardized, to ensure that its modest information technology infrastructure can be maintained, and most importantly, to ensure that AbilityOne employment opportunities will continue to be created.

This small agency oversees a unique jobs program with more than 50,000 employees and more than \$3 billion in sales. Funding the agency again at \$5.396 million is a small but crucial (sustained) investment in job creation for Americans with the most barriers to stable employment, and is supported by evidence and data showing results. A brief summary of this request is presented below.

| Table 1: Budget Summary | | | |
|-------------------------|----------------------------------|-----------------|------------------------------------|
| Category: | FY 2013 President's Budget Level | FY 2014 Request | Percent Change from FY 2013 Budget |
| Personnel | \$3,275,000 | \$3,330,000 | 1.7% |
| Benefits | \$ 823,000 | \$ 837,000 | 1.7% |
| All Other | \$1,298,000 | \$1,229,000 | (-5.3%) |
| Total | \$5,396,000 | \$5,396,000 | 0% |

Salary and benefits account for over 75 percent of the total budget requested for FY 2014. The Commission's request for FY 2014 includes funding its 27 full-time equivalent (FTE) workforce and four Special Government Employees who are Presidential appointees. The remainder of this budget request includes necessary expenses for rent and information technology services; it also contains travel, supplies, equipment and other services. The Commission will continue to identify cost avoidance and savings opportunities to maximize available resources for the highest impact. The funding reflected above, at the FY 2014 requested level, will provide minimum resources to execute the Agency's specifically mandated responsibilities.

The Commission's statutory duties include:

- Increase employment opportunities for people who are blind or have other significant disabilities. (Job creation)
- Establish rules, regulations, and policies to assure effective implementation of the Javits-Wagner-O'Day Act and the AbilityOne Program it authorizes. (Job creation)
- Monitor participating nonprofit agencies' compliance with the JWOD Act, Commission regulations and procedures [GAO Report GAO-07-236.] (Program integrity)
- Determine which products and services procured by the Federal Government are suitable to be furnished by persons who are blind or have other significant disabilities employed at qualified nonprofit agencies. (Job creation)
- Determine and revise fair market prices for items procured by the Federal Government. (Job creation)
- Inform Federal agencies about employment of people who are blind or significantly disabled and the statutory mandate that items on the Procurement List be purchased from qualified nonprofit agencies employing this population. (Job creation)
- Encourage and assist entities of the Federal Government to identify additional products and services that can be provided by people who are blind or have other significant disabilities. (Job creation)

The AbilityOne Program is an important pillar supporting long-term economic growth and independence for Americans who are blind or significantly disabled. Sustaining and building upon AbilityOne employment nationwide is absolutely critical in the current environment. The small

investment requested in the Commission's FY 2014 budget (at \$5.396 million) is structured to maximize available resources to correct this inequity, while adhering to the expectation of fiscal austerity. The risks and impacts of an FY 2014 budget at five percent (5%) below the discretionary funding targets in the President's FY 2013 budget are discussed on pages 16-17.

The President stated in his 2011 Proclamation for National Disability Employment Awareness Month, "*To win the future, we must harness the power of our Nation's richest resource -- our people. Americans with disabilities, like all Americans, are entitled to not only full participation in our society, but also full opportunity in our society. Their talents and contributions are vital to the strength of our Nation's workforce and our future prosperity.*" The Commission looks forward to continuing to providing opportunities for these worthy individuals to demonstrate their talents and make strong contributions to our national economy.

Submitted by

E. Ballard
Executive Director & CEO

LEGAL AUTHORITY

*The Javits-Wagner-O'Day Act of 1971.
See 41 U.S.C. §§8501-8506 and 41 CFR Chapter 51.*

MISSION STATEMENT

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

COMMISSION AND ABILITYONE PROGRAM STRUCTURE

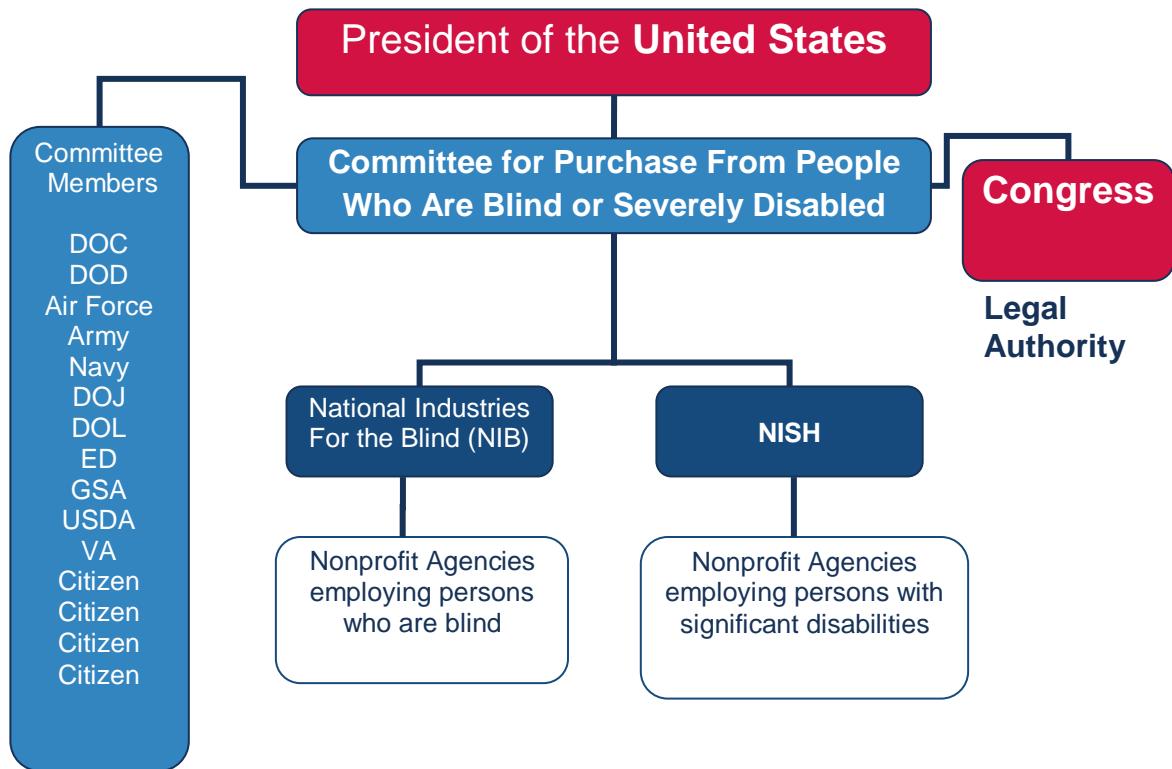
The Commission is an independent agency with exclusive responsibility for administering the Javits-Wagner-O'Day Act of 1971 (41 U.S.C. §§8501-8506.) Accordingly, the Commission oversees an employment and procurement program known as the AbilityOne Program, which is responsible for employing more than 50,000 Americans who are blind or who have other severe disabilities.

The agency is directed by 15 Commission members appointed by the President, 11 of whom work for and represent other Federal agencies, while four members are private citizens representing the interests of people who are blind or severely disabled. The Commission members formulate policy and vote on significant legal and administrative matters, including additions to the list of products and services for procurement by Federal Agencies and published as the "Procurement List." An Executive Director serves as the chief executive officer and leads a full-time civil service staff in performing the day-to-day activities necessary to administer the Act and the AbilityOne Program.

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

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

ABILITYONE PROGRAM ORGANIZATION CHART



AGENCY FY 2014 BUDGET AND PERFORMANCE INITIATIVES

The Commission's Strategic Plan for FY 2010-2014 remains the driver for its performance plan and indicators. The Agency's core performance goals are (1) Effective Stewardship, (2) Employee and Customer Satisfaction, (3) Employment Growth and (4) Business Excellence.

Each goal is further discussed below, to include the performance indicators and other evidence, such as evaluations, used to guide and inform the agency's development and execution of plans to achieve the goal. The funding proposed in this budget submission reflects the levels needed to meet proposed FY 2014 targets.

GOAL 1: EFFECTIVE STEWARDSHIP

The Commission's effective stewardship goal is its highest order performance goal, as program integrity is paramount. The primary indicator used by the Commission to measure stewardship is the number of participating nonprofit agencies verified to be in full compliance with program rules and regulations. The AbilityOne Program ended FY 2011 with a normalized 97 percent rate of nonprofit agencies demonstrating compliance through their annual reports and certifications. However, the Agency has found that its on-site compliance audits uncover a greater degree of errors or omissions in participating nonprofit agencies' full compliance with all of its statutory and regulatory requirements, requiring education, guidance and correction where necessary. Accordingly, there is no substitute for an in-depth compliance audit conducted on-site, at least once every five years for each AbilityOne associated nonprofit agency. In this time of litigious leanings, the Commission has seen an increase in the protests from industry and challenges faced by AbilityOne participating nonprofit agencies as they lose experienced staff and face a steep learning curve that impacts the accuracy of documents and compliance outcomes.

The Agency's multi-year focus on prioritizing and re-programming resources to support and enhance the compliance function, notwithstanding flat or declining funding overall, has enabled the Compliance Directorate to build its capability and capacity to meet the Agency's strategic objectives and targets. There are currently five FTEs, including senior managers and full-time compliance specialists, dedicated to the compliance function. However, delays in funding during the Continuing Resolution Authority periods have impacted the Commission's ability to fulfill its on-site audit schedule and fully achieve its targets.

While there remains no substitute for the in-depth compliance audit on-site, in FY 2013 and FY 2014, the Agency will explore and pilot test various methodologies for virtual compliance audits to reduce total cost and schedule impact that results from lapses in travel funding. However, the Commission does not yet have the evidence to support an evaluation that on-site compliance audits are less necessary or that the same level of robust review and monitoring can be attained without compliance travel. The agency is seeking to sustain its travel resources associated with the compliance audits. Other travel, not related to compliance, will be minimized in accordance with the Administration's guidance to take all possible cost-cutting measures. In lieu of requesting an additional FTE for compliance assistance in FY 2014, the Agency is processing a management reassignment to reprogram staffing resources.

The Commission annually reviews and evaluates its compliance audit results and the causes for noncompliance among its participating nonprofit agencies. As a result of this ongoing analysis and continuous improvement effort, the Commission's Compliance Directorate will increase its education

efforts through widely attended seminars, distance-based learning vehicles and individual consultations in FY 2013 and FY 2014.

GOAL 2: EMPLOYEE AND CUSTOMER SATISFACTION

To achieve the AbilityOne Program's employment mission, both employee and customer satisfaction are critical. The Commission oversees the collection and evaluation of data from these two key stakeholder groups, and uses both quantitative and qualitative measures to identify current levels of satisfaction. The Commission and its AbilityOne partners then develop and execute plans to increase satisfaction in the areas where the evidence shows the greatest opportunity for improvement.

For example, a baseline employee satisfaction level was established in 2010, showing an overall AbilityOne Program employee satisfaction rating of 85%, compared to the 68% industry benchmark level². These results, and updated data anticipated in 2013, guide the AbilityOne Program's efforts to increase satisfaction in the areas identified for improvement.

In FY 2014, the Commission will continue to promote employee satisfaction through oversight of the AbilityOne Quality Work Environment (QWE) Initiative. The QWE initiative reinforces choice, supports and workplace flexibilities; access to training; and a clear path to career advancement for AbilityOne workers who are blind or significantly disabled. A key metric, the participation rate among AbilityOne employers, demonstrated significant progress in FY 2012. More than 50% of the 600-plus AbilityOne participating nonprofit agencies have now committed to adopting the QWE initiative, 33% have completed their self-assessments, and 25% are implementing action plans. By September 30, 2012, more than half of the AbilityOne workforce will be employed at nonprofit agencies that participate in the QWE initiative. The QWE's efficacy in enhancing employee satisfaction will be evaluated in FY 2014, when updated survey results are received. The Commission will foster and accomplish these efforts within its existing FTE and resource levels.

Federal customer satisfaction data is collected and evaluated to determine where the AbilityOne Program must improve to fully meet or exceed Government requirements and to reinforce the AbilityOne Program's position as a vendor of choice for many Federal agencies. This ensures that new business is referred to the AbilityOne Program, to facilitate its employment mission. The Commission considers customer satisfaction at the buying office level and among the end-users of AbilityOne products and services. Contracting officer satisfaction, most recently measured via survey in 2011, shows that 84% were satisfied or very satisfied with their AbilityOne experience. Customers of the AbilityOne Program were also provided feedback opportunities at Department of Defense training events, on a more qualitative basis, with an average satisfaction score of 82%. Through 2013, the Commission will focus on obtaining and analyzing end-user feedback, via surveys of customers of the AbilityOne online office products site and other targeted questionnaire/focus group activities within key customer agencies. The evaluation and implementation of plans to further increase satisfaction will continue in FY 2014 utilizing the Commission's existing resources.

² Source: A random sample of 1,773 AbilityOne employees with significant disabilities and a census survey of 1,262 AbilityOne employees who are blind or visually impaired were asked a combination of satisfaction questions with the results combined and appropriately weighted. The benchmark industry percentage is a weighted average of Towers Watson employee survey results from the cross-section of industry sectors in the U.S., weighted by size and industry using current Census data.

GOAL 3: EMPLOYMENT GROWTH

Employment growth – more jobs, quality jobs – are at the heart of the AbilityOne Program mission. Success in this area is demonstrated by the increase in both unique employee positions and the direct labor hours worked by the AbilityOne Program’s workforce. To provide employment opportunities for people who are blind or significantly disabled the AbilityOne Program must aggressively pursue new employment opportunities.

Employment under the AbilityOne Program grew more than 6.5 percent during FY 2011, providing work to **50,580 individuals with disabilities** -- a record high. AbilityOne direct labor hours increased 2.5% in FY 2011 to surpass 49 million hours, and nearly \$560 million in wages were paid to individuals who are blind or significantly disabled as a result of the program. The AbilityOne Program has demonstrated that its employment model, to identify products and services delivered by people who are blind or significantly disabled that are suitable for procurement by the Government, to be an effective way to help individuals become more economically independent while fulfilling Federal agencies’ requirements.

At the same time, the Commission has evidence that in the absence of the AbilityOne Program, participating nonprofit agencies would have experienced decreased employment for the target population, especially in hours of work, and sales. An analysis of AbilityOne nonprofit employers’ outside results (non-AbilityOne) for FY 2011 showed no increase in direct labor hours, and smaller gains in other critical areas such as total jobs and the sales of products and services that drive such employment opportunities. The same data for FYs 2009- 2010 shows that outside of or absent the AbilityOne Program, participating nonprofit agencies experienced employment losses across all categories (jobs, hours and placements into competitive employment).

This FY 2014 budget proposal sustains the Commission’s operational staff and information system responsible for maintaining the products, services and employment associated with the AbilityOne Procurement List. The Commission’s plan to grow AbilityOne employment relies upon trend analysis to identify emerging lines of business that result in the greatest job creation for individuals who are blind or significantly disabled, to be emphasized in the Agency’s education and development efforts.

A special area of emphasis identified for FY 2013 and to continue in FY 2014 is to better meet the employment needs of wounded warriors and other veterans with disabilities. More than 3,000 of current AbilityOne employees are veterans, and about half of those veterans are blind or have other significant disabilities. The AbilityOne Program’s research shows that a large number of these veterans are not achieving employment, or are not able to sustain employment, as a result of physical and/or psychological injuries sustained in the defense of our country. Additionally, while numerous Federal agencies and private sector organizations have programs and efforts designed to serve these veterans, there is no central hub for this information.

In FY 2014, the Commission will leverage the AbilityOne Program’s existing footprint, and collaborate with other service providers, to establish a network of employment support services for these veterans with significant disabilities. This initiative will assist wounded warriors and other veterans in navigating among the many agencies and programs offering the support services they need. The Commission will facilitate the development of new vocational opportunities that are aligned with the wounded warriors’ skills, interests and desired places of residence.

GOAL 4: BUSINESS EXCELLENCE

The Commission executes business processes directly linked to key stakeholders and the employment mission. Three primary business processes that require attention, resources and coordination across Federal and nonprofit agencies are (1) the Procurement List addition process that generates employment, (2) fair market pricing policy and procedures, and (3) the Central Nonprofit Agency (CNA) Fee determination process. The main performance indicator for this goal is the identification and implementation of improved processes that affect the entire enterprise, resulting in decreased cycle time for the AbilityOne Program's key business transactions.

The Commission's has decreased the average time it takes for products or services to be added to the Procurement List by more than 25 percent since 2009. This was achieved through execution of Lean Six Sigma studies and implementation of solutions to reduce cycle time. The Agency has also achieved a significant reduction in process steps that do not add value, enabling its staff and its business partners to spend their time on more critical tasks. After implementing three key solutions to streamline its Procurement List addition process, the Commission turned to improving its pricing processes in FY 2012 and 2013. In FY 2014, the Commission will implement the next round of Lean studies to further reduce cycle time, thereby increasing customer satisfaction and growing jobs. Even shorter cycle time, measured by average days to complete the full Procurement List process, will demonstrate increased efficiency and the most economical use of operational resources. At the same time, scores for customer satisfaction and statistics for employment growth will show the results and advantages of these initiatives. These will be achieved within the Agency's current level of staffing and resources.

This goal also supports the Agency's oversight and evaluation of its central nonprofit agencies' use of resources. Through quarterly dashboards and annual business plans, the Commission will continue to monitor the resources needed by and collected by the central nonprofit agencies in 2014 in order to provide technical and financial support to AbilityOne-participating nonprofit agencies. The Commission considers the data demonstrating the levels of compliance and job growth achieved by the central nonprofit agencies in evaluating their efficacy and providing them with guidance. The implementation of this goal and evaluation of results will be achieved in FY 2014 without any additional resources being requested.

FY 2014 GOVERNMENT-WIDE INITIATIVES

Improper Payments Reductions

In accordance with the Improper Payments Information Act of 2002, the Commission reports that it had no significant improper or erroneous payments in FY 2011. As of September 7, 2012, the Commission staff has reviewed and reconciled all FY 2012 payments to date, and has identified no significant improper or erroneous payments in this fiscal year. Therefore, no corrective action is required. The Commission has no grant making authority, makes no payments to beneficiaries, has no unneeded real property and has no debt collection program. The Commission has fewer than eight contracts for services; none in excess of \$210,000 per year and most are significantly below that threshold. Nearly all of the agency's resources are dedicated to personnel, rent and mission-critical travel. The Agency is committed to monthly reconciliation of all spending, including payroll, and will remain vigilant in oversight of payments.

Acquisition Improvements/Workforce

As a small agency, the Commission does not have an acquisition workforce, nor the FTEs available to hire dedicated acquisition professionals. The Commission relies on GSA's agency liaison division to provide acquisition services that are beyond its own capability. The Commission uses existing government-wide contracts to leverage volume and obtain discount prices. The Agency will again seek to minimize office and general supply costs in FY 2014 by continuing to conserve resources. The Commission will print fewer documents, re-use and repurpose existing supplies, and reduce package delivery and mailing costs.

Overlap in Federal Programs

The Commission participated in the Government Accountability Office's (GAO) recent government-wide review of ways to improve the effectiveness of disability programs through better coordination and alignment of priorities and strategies (GAO 131156: Employment Programs for People with Disabilities.) The Commission is aware of and supports the Administration's guidance and expectation for collaboration and innovation to improve efficiency and effectiveness, as well as to reduce costs. While GAO did not make recommendations specific to the AbilityOne Program in this report, the Commission is prepared to cooperate and assist with any Administration recommendations or action items on improving the reviewed areas for people with disabilities in FY 2014.

INFORMATION TECHNOLOGY

IT Infrastructure, Project Management, Cyber Security

The Commission's primary business information system was developed and launched in FY 2008. The Commission continues to make minor enhancements to the system's usability and efficiency, to better support AbilityOne Program business transactions with Federal customers and participating nonprofit agencies. There are no new technological initiatives in development or investments sought for this budget cycle.

This FY 2014 budget request, at **\$5.396 M**, includes a funding level of \$404,000 for high-priority maintenance of the agency's information management system as well as ongoing support and maintenance of its local area network. These systems are critical to the Agency's ability to perform mission-critical tasks on a daily basis. Their accessibility and continuity also enable the Commission to increase productivity for staff and to meet government-wide goals for telework. The Agency requires programming support to maintain its electronic workflow system that automates all AbilityOne business transactions, to include collection of compliance reports. This support requires specialized skills that are not inherently governmental. It is not advantageous to the Agency to directly hire individuals with these specialized skills, which require frequent updates, training and certifications. The Commission also requests \$50,000 for the purchase of required software licenses and a small hardware replacement budget. The Commission has a multi-year plan that spreads out hardware expenditures so that the Agency does not face obsolescence of a large share of its infrastructure in any one year.

| Table 3: Information Technology Expenditures | | | |
|---|---|----------------------------|---|
| Category: | FY 2013 President's Budget Level | FY 2014 Request | Percent Change from FY 2013 Budget |
| Personnel | 1 FTE | 1 FTE | 0% |
| Network Maintenance | \$206,000 | \$206,000 | 0% |
| Information System Programming | \$198,000 | \$198,000 | 0% |
| Hardware | \$20,000 | \$20,000 | 0% |
| Software | \$30,000 | \$30,000 | 0% |
| New Investments | \$0 | \$0 | 0% |
| Total | 1 FTE \$454,000 | 1 FTE \$454,000 | 0% |

OMB Memorandum 12-13, dated May 18, 2012, requires all agencies to identify how they would achieve a 10% reduction in IT spending, compared to the average spending from FY 2010-2012. The Commission's average IT expenditure for the three-year period was \$404,000. Accordingly, a 10% decrease would be \$40,400. As this decrease could not be achieved in software licenses or refreshing of hardware alone, the Commission would have no choice other than to reduce one of its IT support contracts. The Commission has explored moving from a fixed level of effort, which currently provides the required IT resources, to an Indefinite Delivery/Indefinite Quantity (IDIQ) style contract that would have a lower baseline effort and allow the Commission to purchase certain services on a periodic or as-needed basis. This acquisition strategy would be compared to the costs and benefits of hiring an FTE to handle either the network support or the information systems programming in-house. However, the Commission's previous analysis of these options found that the current, firm-fixed price contract model provides a steady level of effort and is the best value for the Government. Accordingly, the Commission requests to add-back the \$40,400 to its FY 2014 budget, as further explained below.

The IDIQ concept for IT support has been considered by the Commission in the past, but the associated risks have deterred the Agency from this acquisition strategy. The two service contracts in place are each staffed by technical experts familiar with the Commission's systems and located on-site for immediate assistance and support. Decreasing the level of service to a periodic or on-call model would likely result in the loss of this dedicated expertise familiar with the systems involved. More critically, the Commission would risk waiting hours for on-call support, while its network or information system is inoperable. Such an interruption in service would severely impact the mission workload, as the Agency increasingly supports telework, virtual meetings and other use of technology in its daily operations. In an IDIQ scenario, the Commission may be required to defer necessary systems or network maintenance, if unanticipated problems with the network or information system consumed available hours and left the Agency short on resources to support these activities. The Commission would also lose its ability to make real-time corrections or system enhancements that increase efficiency and effectiveness in its Procurement List management. This has the potential to directly impact customers, partner nonprofit agencies and overall employment outcomes.

The Commission has also considered hiring an FTE in lieu of procuring contractor support for one or both of the specialized IT functions. However, to get the level of technical expertise required, to sustain that salary level with benefits for multiple years and to pay for the necessary training to keep the skill set current, the Commission may spend very close to the contract value, if not more.

As noted earlier, the Commission supports the Administration's priorities for information technology; particularly to leverage technology to foster transparency, participation and collaboration. The Agency's network support and information system are critical to conducting the Agency's business both in the office and while employees are in a travel or telework status. The Agency is particularly looking to technology to decrease travel and meeting costs. These initiatives require no significant or new investment in FY 2014, other than sustaining the current IT delivery model at \$454,000.

For cyber security, the Commission relies on its interagency agreement with the Department of Homeland Security, National Cyber Security Division. Under this agreement, DHS provides consolidated intrusion detection, incident analysis and cyber response capabilities in the protection and defense of the Commission's external access points and network. There are no additional funds requested for this in FY 2014.

POLICY AND FUNDING PRIORITIES

The U.S. AbilityOne Commission administers and oversees only one program, the AbilityOne Program. The Agency's top policy and funding priorities pertain to employment growth, compliance audits and efficient business practices. Each of these is directly tied to the Agency's strategic goals as discussed in the performance goals section above. At the same time, each of these priorities will advance the Administration's goals and each is critical to the Agency's accomplishment of its mission. In the current environment, creating and sustaining employment of people who are blind or who have other significant disabilities is the absolute highest priority, and delivering on this mission requires a level of funding for the Agency at **\$5.396** million. Growing jobs and ensuring proper oversight and stewardship are critical investments that will positively affect the country's employment rate. Employment of people who are blind or significantly disabled directly accomplishes the President's objective to empower people with disabilities and is "*putting America to work.*" To achieve this Agency priority, it is critical to maintain current funding dedicated to the objective of ensuring oversight and full compliance with all laws and regulations. Efficient business practices and the leveraging of technology are high priorities as they achieve savings for the Government in the long run, while ensuring that the Agency can execute its mission-critical business transactions.

DISCRETIONARY FUNDING TARGETS AND ALTERNATE TARGETS

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

| Discretionary Targets | 2013 PB | 2014 (per 2013 PB) | Guidance (5% Reduction) |
|-----------------------|-----------|--------------------|-------------------------|
| Personnel (76%) | 4,098,000 | 4,274,214 | 4,060,503 |
| Non-Personnel (24%) | 1,298,000 | 1,250,883 | 1,188,338 |
| Total | 5,396,000 | 5,525,097 | 5,248,842 |

The Commission respectfully requests and requires alternate target levels both for personnel and non-personnel resources in order to fulfill its most critical functions and avoid adversely impacting Agency operations that result in employment for individuals with significant disabilities as well as quality products and services used by Federal agencies.

The Commission respectfully requests an alternate target of \$4,167,000 for personnel funding, based on the rationale provided in this budget justification to sustain the Agency's mission and critical operations. This request for FY 2014 is virtually the same as that approved for FY 2013, with an understanding of the Agency's needs to advance the employment mission with integrity.

This very modest investment, or add-back of \$106,497 if viewed in that light, will pay significant dividends in the AbilityOne Program's governance and in the employment opportunities generated or sustained for our target population. If personnel funds are held to \$4,060,503, the Commission will not be able to continue to fully employ its current 27 FTEs in their critical duties related to AbilityOne employment creation and program compliance. At the lower funding level (5% below the 2013 target), the Commission will have to furlough its employees for several days per year, or institute a reduction-in-force, either of which would disrupt the Commission's already lean operation and its execution of the mission.

Likewise, the Commission respectfully requests an alternate funding target of \$1,229,000 for non-personnel resources. A funding level 5% below the FY 2013 target would severely impact the Agency's ability to obtain the necessary information technology (IT) support discussed on pages 14-15, or to fund critical, compliance-related travel to perform the on-site audits that are the foundation of the Commission's compliance function. The need for compliance-related travel is discussed on page 18, as are other resource requirements that lack true discretion, such as rent and certain costs for required audits of the Commission's financial and other systems. The Agency's request for may be viewed as an add-back of \$40,662 to support baseline IT to sustain efficiency, support telework and reduce face-to-face meeting costs.

TERMINATIONS, REDUCTIONS AND SAVINGS

The Commission administers only the Javits-Wagner-O'Day Act and the AbilityOne Program it authorizes. The Agency continues to use cost avoidance measures such as deploying technology to reduce processing costs, use of paper and other consumable supplies. The Agency has minimized the number of hard copy publications it prints and distributes in favor of providing electronic copies online. Adoption of web-based business transactions has already reduced the need for couriers and some package delivery services. In FY 2013 and FY 2014, the Commission will use video tele-conferencing to reduce travel that is unrelated to program compliance. Due to obligatory increases in personnel and technology costs, funding below \$5.396 M would result in a lack of sufficient resources to support the Agency's human capital infrastructure, to fulfill all statutory, regulatory and contractual obligations. The Commission has already requested and received some limited price reductions from its primary vendors in FY 2012. A further budgetary decrease would preclude the Commission from being able to afford adequate IT support services to ensure continuity of operations for the Agency's electronic workflow and information management system.

PROGRAMMATIC INCREASES OR ANOMALIES

The Agency was again at 100 percent of its funded staffing level in FY 2012, with no attrition, and no vacancies anticipated in FY 2013. As personnel and rent costs represent approximately 85% of the Agency's current and requested budget, there is no margin from which a reduction can be absorbed. Should the Agency budget be reduced below the enacted FY 2012 funding (\$5,374,800), after reducing all other non-mandated spending, it will be necessary to initiate a reduction in force or multiple furloughs to avoid an Anti-deficiency Act violation. The Commission requires a human capital infrastructure that can fulfill its mission. The current environment of accountability and transparency, along with the critical need to invest in and accelerate job creation, necessitates that the Commission have employees with the experience, skills and abilities to execute program compliance, policy development and implementation, and education and advocacy to Federal agencies.

BUDGET REQUEST BY OBJECT CLASS

| Table 2: Budget Request by Object Class | | | | | |
|--|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | FY 2010 Authority | FY 2011 Enacted | FY 2012 Enacted | FY 2013 Request | FY 2014 Request |
| Personnel | \$3,335,000 | \$3,245,000 | \$3,250,000 | \$3,275,000 | \$3,330,000 |
| Benefits | 830,000 | 812,000 | 817,000 | 823,000 | 837,000 |
| Travel | 230,000 | 220,000 | 189,000 | 222,000 | 170,000 |
| Rent & Communications | 443,000 | 550,000 | 550,000 | 550,000 | 544,000 |
| Printing | 20,000 | 20,000 | 15,000 | 10,000 | 12,000 |
| Services | 435,000 | 435,000 | 455,000 | 430,000 | 430,000 |
| Supplies | 50,000 | 50,000 | 49,000 | 40,000 | 36,000 |
| Equipment | 53,000 | 53,000 | 50,000 | 46,000 | 37,000 |
| Losses & Claims | 0 | 0 | 0 | 0 | 0 |
| TOTAL | \$5,396,000 | \$5,385,000 | \$5,375,000 | \$5,396,000 | \$5,396,000 |

Object Class Narrative for FY 2014 Request at \$5.396 M:

Salaries and Benefits - \$4,167,000. Salary and benefits amount to more than 75 percent of the requested budget and covers the Agency's FY 2014 workforce plus required fringe benefits, for a total of 27 FTEs. Each of these positions has been reviewed to ensure it is providing the maximum benefit in support of the Agency's priority goals, such as program compliance assurance, employment growth and sustainment, disability employment education and communication to Federal agencies. Positions will continue to be reviewed and reprogrammed as necessary to most efficiently and effectively promote the mission. This amount also includes four private citizen Commission members who are appointed by the President to represent the interests of individuals who are blind or who have other significant disabilities. These Special Government Employees are paid at the Executive Level IV rate on a per-diem basis when conducting Commission business.

Travel - \$170,000. As a result of GAO recommendations, the Commission has intensified its efforts to provide more oversight of the nonprofit agencies participating in the AbilityOne Program. This was accomplished by increasing the compliance staff and on-site audits. Commission staff on-site audits must assess more than 600 nonprofit agencies' overall compliance with statutory and regulatory requirements, as well as validate and verify the data reported by nonprofit agencies through their annual certifications. This budget line predominately funds the compliance audits, which must increase in FY 2014 in order to meet the Agency's strategic goal, target and expectation to ensure program integrity. This budget line includes travel requirements to increase employment opportunities and other minimal travel by the Commission staff to accomplish the mission. It also includes travel by the private citizen Presidential Appointees serving as Commission members and any travel support required as reasonable accommodations to appointed private citizens with disabilities. They travel to conduct official business, with Federal organizations, organizations within the private disability community and Congress. However, in this austere budget climate, the Agency continues to maximize use of technology such as video tele-conferencing (VTC) and web meetings.

Non-compliance related travel will be reduced approximately 20% from the previous four-year average.

Rent & Communications- \$544,000. The primary driver of this budget class is the negotiated rent for FY 2014 in the Agency's lease, which is approximately \$506,000. The remaining funds requested are necessary for monthly charges for current telecommunications and postal equipment, which are minimized as much as possible through strategic sourcing. The Commission also maintains high speed web connectivity and remote access Internet service provider accounts. As an agency that serves and employs people with disabilities, we must acquire and sustain systems that are Section 508 compliant. The Agency must also provide staff members access to network and email accounts while on travel or teleworking from home or alternate locations.

Printing - \$12,000. In accordance with the Administrative Procedures Act, the Agency continues to have printing costs associated with publishing notices in the Federal Register. This fulfills legal requirements and promotes transparency. The Commission routinely seeks efficiencies in this category and leverages the electronic dissemination of information. The Agency will consolidate and/or minimize the volume of text published in the Federal Register to conserve in this area, and leverage online publication to provide more detailed information to the public.

Services - \$430,000. As a small agency, the Commission conserves its employee resources and relies on GSA to provide administrative support for HR/personnel support, accounting and payroll services. The Commission has two service contracts that support its information technology infrastructure; specifically the network support and information systems programming contracts discussed in the IT section on page 13. The Commission's information management system – the backbone of the Agency's operations database and electronic workflow – requires programming expertise to keep pace with changes in the business environment. The Commission's LAN, VPN, electronic mail, security and Internet systems are mission critical systems. Although the Commission's Chief Information Officer has the expertise and ability to capably handle most day-to-day operations, the LAN, VPN, electronic mail, security and Internet systems have grown both in terms of sophistication and complexity. Rather than attempt to add additional Government employees to the staff, the Commission procures services to perform both on-going, and as required, technical support from commercial firms with special expertise to support network operations.

This category also includes advisory and assistance services for statutory requirements. For example, in accordance with FISMA, the Commission must review and report on its security functions on a yearly basis. Similarly, the Accountability of Tax Dollars Act of 2002 requires every agency, regardless of size, to conduct an annual audit of its financial statements. In both of these instances, the Commission requires the services of experts to perform the review functions so that the Commission can then take action to ensure full compliance. A small portion of this category funds training and professional development necessary for Commission staff. Additionally, a small portion of this category funds the procurement and provision of services to accommodate employees who are blind or who have mobility impairments and require readers or travel aides.

Supplies and materials - \$36,000. The Commission will achieve savings in this object class in order to have the necessary funds for high priority requirements. Staff members will be required to reduce office supplies consumption, particularly paper. Subscriptions to technical reference systems, technical journals or publications will be reduced. The agency has already, and will continue in FY 2014 to reduce if not eliminate spending on plaques or other nominal tokens presented to Federal

agencies in the form of awards and recognition. Other basic supplies, including license upgrades for office software packages, will remain the same.

Equipment - \$37,000. The Commission proposes to follow its multi-year plan to refresh a portion of its IT hardware in FY 2014. However, the Agency has already taken steps to reduce the overall cost and maintenance requirements in this category. Employees with routine travel or telework schedules are issued economical laptops that they will use both in the office and off-site. The Agency must maintain a small funding level to maintain the air conditioning system in its LAN room to ensure that the Commission's IT network is protected and continues to function properly.

PROPOSED APPROPRIATION LANGUAGE

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

SALARIES AND EXPENSES

For expenses necessary for the Committee for Purchase From People Who Are Blind or Severely Disabled, established by Public Law 92-28 (41 U.S.C. §8501 et. seq.), \$5,396,000.

CONCLUSION

The Committee for Purchase From People Who Are Blind or Severely Disabled operates as the U.S. AbilityOne Commission, and administers the AbilityOne Program. The AbilityOne Program achieved more than 50,000 jobs in FY 2011, built on those jobs in FY 2012, and will use the resources requested in this FY 2014 budget proposal to again increase the numbers of jobs, hours worked and wages earned by people who are blind or significantly disabled. This population has the most difficult time obtaining and maintaining employment, and by providing opportunities to work under the AbilityOne Program, the Commission enables these individuals to contribute to our nation's economy and the taxpayer base.

Sustaining AbilityOne employment nationwide, and our ability to foster new job growth for people who are blind or who have other significant disabilities is absolutely critical in this environment. While the national unemployment rate has been between 8.1 and 8.3 percent during most of FY 2012, the rate of unemployment for the AbilityOne Program's target population is significantly higher. According to the Bureau of Labor Statistics, only 21 percent of this population was in the workforce in July 2012. The AbilityOne Program was established to help address this rampant unemployment, and the data shows that it is making a difference.

The AbilityOne Program is also a part of the national solution to reintroducing wounded or otherwise disabled veterans into the civilian workforce. Its 2012 data shows more than 3,000 veterans and wounded warriors are employed by the program; approximately half of these individuals are blind or significantly disabled. The AbilityOne Program is positioned to dramatically enhance the employment and support services provided to veterans with disabilities, through the establishment and development of its wounded warrior employment network. A minimal investment in a program manager and coordinator will allow the AbilityOne Program to leverage its national footprint and nonprofit infrastructure to provide centralized information and assistance, then customized employment, education and/or other support anywhere in the country where wounded veterans may choose to reside.

This FY 2014 budget request is structured to support the Commission's mission and the key employment generated and sustained by the AbilityOne Program. At the same time, this proposal and the Agency's plans for 2014 include continued emphasis on effective stewardship and program integrity. The AbilityOne Program is an employment source for more than 50,000 people who are blind or significantly disabled, through nearly \$3 billion in sales of products and services to the Government. The Commission oversees more than 600 nonprofit employers across the country. To supplement the Agency's continued focus of its resources on its compliance function, the Commission has requested an additional FTE to support its legal needs. A deputy to the sole lawyer and General Counsel is imperative to ensure that the Agency can accomplish all legal and ethical requirements necessary to protect the interests of the government.

In accordance with Administration guidance, this proposal reflects a cost-cutting mentality and the understanding that the Federal Government must accomplish more with less. This is reflected in the use of technology to minimize travel expenditures and minimal increases in other areas, such as rent, communications and equipment. While the Commission has identified an avenue to achieve a 10 percent (%) decrease in its total information technology spending, the Agency has requested to add-back this amount with the net effect of a flat-lined level of IT funding. The Commission's IT systems, software and hardware are the critical backbone to achievement of the mission. Likewise, the Commission has requested to add-back the difference between this budget proposal and the five

percent (5%) reduction from the FY 2013 discretionary target level. It is not possible to fulfill the Agency's mission-critical operations or functions with funding significantly below the President's FY 2013 budget. To fully achieve its goals and basic compliance requirements, in addition to growing employment, the requested funding level of \$5,396,000 is necessary.

The Commission's goals, strategies and resulting budget request are well aligned with the Administration's priorities for employment, as well as economic growth, accountability, transparency, and maximization of technology to deliver services efficiently and effectively. The President speaks with passion about the need for all Federal agencies to ***"realize more fully the goal of using the talents of all segments of society."*** The AbilityOne Program plays a key role in fulfilling this need, and the Commission looks forward to continuing to execute this mission.

Appendix A **Financial Management**

Though it is a small, independent agency, the Commission accomplishes an important mission that is national in scope – touching the lives of more than 50,000 people who are blind or who have other significant disabilities in FY 2011. It does so without a national infrastructure, and with very limited appropriated funds. The agency's enacted 2012 budget was \$5,374,000; a decrease of 0.2 percent from its enacted FY 2011 budget of \$5,385,000. This budget is primarily used to fund salaries and benefits for the Agency's full-time civil service staff and private citizen members, to pay for rent and overhead expenses at the agency's sole office in Arlington, Virginia, and to fund official travel such as on-site audits of nonprofit agencies' compliance with the law and relevant regulations. Any change in the agency's financial position from the previous fiscal year is nominal.

The agency's goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. The External Services Branch of the Finance Division at the General Services Administration (GSA) provided financial systems services to the Commission under an interagency agreement during FY 2011, as they have in years past. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Commission relied primarily on audits of the Finance Division conducted by the Office of the Inspector General at GSA to uncover material weaknesses in the systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Commission by that office.

In FY 2011 independent auditors found the Committee's financial statements presented fairly and the agency's financial position for the fiscal year ended in conformity with generally accepted accounting principles. Additionally, the auditors did not note any deficiencies in internal controls over financial reporting that would qualify as a material weakness. Also, the recent audit did not disclose any instances of noncompliance with laws or regulations that would be reportable under Government Auditing Standards or the Office of Management and Budget (OMB) Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended. The agency continues to perform monthly periodic reviews of financial statements against internal control documents to ensure accuracy of transactions between the Committee and our GSA service provider.