



U.S. ABILITYONE COMMISSION

Policy 51.601
Effective: 8/6/2025

TITLE: ABILITYONE PROGRAM FEE CALCULATION METHODOLOGIES

1. PURPOSE.

This document prescribes the U.S. AbilityOne Commission (Commission) policy for calculating AbilityOne Program Fees using (1) cost proposals, and (2) price analysis. The Commission requires nonprofit agencies (NPAs) with AbilityOne Program sales to remit Program Fees to their Central Nonprofit Agencies (CNAs) for the purpose of contributing to the overall financing of the non-appropriated portion of the AbilityOne Program. As such, these fees are allowable direct costs within the AbilityOne Program, treated as described below. Prior to 2016, these fees were referred to as CNA Fees.

2. APPLICABILITY.

This policy applies to the Commission, CNAs, and NPAs participating in the AbilityOne Program. Federal entities subject to the Javits-Wagner-O'Day (JWOD) Act, and Federal contractors awarding directed subcontracts to meet the mandatory source requirement in their prime contracts, should be aware of the Commission's guidance related to Program Fees, which affect the Fair Market Prices (FMPs) of products and services on the AbilityOne Procurement List (PL).

3. AUTHORITY.

- (a) 41 U.S.C. §§ 8501-8506, Javits-Wagner-O'Day (JWOD) Act
- (b) 41 C.F.R. Ch. 51, Committee for Purchase From People Who Are Blind or Severely Disabled

4. DEFINITIONS AND ACRONYMS.

Definitions, abbreviations, and acronyms frequently used throughout this policy system are provided in Commission Policy 51.102, Definitions of Terms. Terms that are unique to a specific subject matter will be defined in the associated policy and/or procedure.

| Term | Definition |
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| Fair Market Price (FMP) | The price the Commission determines for products and services on the Procurement List. (Note: A Recommended FMP is an FMP that has been recommended by a CNA to the Commission, but not yet approved by the Commission.) |

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| Program Fee | A fee that CNAs are authorized by Commission regulation and their Cooperative Agreements to collect from NPAs to facilitate the latter's participation in the AbilityOne Program. The Program Fee contributes to the overall financing of the non-appropriated portion of the AbilityOne Program. The Program Fee is neither profit nor net proceeds. |
| Program Fee Ceiling | By regulation, the Commission establishes a limit (i.e., a ceiling expressed as a percentage rate) on the fees a CNA may collect to facilitate its associated NPAs' participation in the AbilityOne Program. The CNAs may charge less than, but no more than, the Program Fee Ceiling set by the Commission. The Commission may establish a different Program Fee Ceiling for each CNA. |
| Total NPA Compensation | For a product or service on the Procurement List, the portion of the Fair Market Price that includes all of the NPA's allowable costs for labor, materials, overhead, general and administrative costs (G&A), and net proceeds. Total NPA Compensation does not include the Program Fee. |

5. RESPONSIBILITIES. See Commission Policy 51.302.

6. POLICY.

- (a) The Commission establishes and oversees the Program Fee Ceiling rates for the CNAs and communicates the applicable rates to NPAs and Federal customers.
- (b) The Commission has sole authority to establish FMPs for AbilityOne products and services. As such, the Commission establishes the methodologies for calculating Program Fees to be included in the Recommended FMPs for AbilityOne contracts.
- (c) The Commission authorizes the CNAs to collect Program Fees from NPAs “for facilitating their participation in the AbilityOne Program” – i.e., exclusively for performance of duties as a CNA – in accordance with 41 C.F.R. 51-3.5.
- (d) The Program Fee is unique to the AbilityOne Program and to Federal purchases pursuant to the JWOD Act, and is neither profit nor net proceeds. The Program Fee is an allowable direct cost for the NPA delivering a product or service under the AbilityOne Program.
- (e) The Commission's policy is to direct and ensure that Program Fees may not be added to prices that already include Program Fees.
 - i. The purchase and use of PL products in the performance of PL requirements consistent with Commission Policy 51.542 does not violate this guidance.

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- (f) Calculating Program Fees Using Cost Proposals: The CNAs and NPAs shall ensure that AbilityOne cost proposals to the Government reflect Program Fee calculations based on Total NPA Compensation (which does not include the Program Fee amount).
- i. The Program Fee dollar amount shall be calculated by multiplying the Program Fee percentage rate by the Total NPA Compensation.
 - ii. Beginning October 1, 2025, the Program Fee may not be applied to unallowable subcontracting costs – i.e., costs related to a non-AbilityOne subcontractor that represent 5% or more of the price and do not pertain to materials substantially transformed by the NPA.
 - iii. The Program Fee percentage rate applied shall not exceed the Program Fee Ceiling percentage rate established by the Commission.
 - iv. The cost proposal includes the Total NPA Compensation, which is normally composed of the following cost elements that may be evaluated by and negotiated with the Contracting Activity:
 - a. Labor Costs (including fringe benefits)
 - b. Materials Costs
 - c. Other Direct Costs
 - d. Overhead
 - e. General & Administrative (G&A) Expenses
 - f. Net Proceeds
 - v. The sum of these cost elements is the Total NPA Compensation.
 - vi. The Program Fee dollar amount is calculated by multiplying the Total NPA Compensation by the Program Fee percentage rate.
 - vii. The Recommended FMP is the Total NPA Compensation plus the Program Fee dollar amount.
- (g) Calculating Program Fees Using Price Analysis: The CNAs and NPAs shall ensure that when AbilityOne prices are negotiated with Government customers based on price analysis, the Program Fee amount is included within the negotiated price that is compared to or based on market price indicators. The Program Fee is not added after the price analysis has taken place, nor after a Recommended FMP has been negotiated.
- i. Price analysis is the preferred methodology to calculate the Program Fee for products with commercial equivalent items.
 - ii. When the price analysis methodology is used, the Recommended FMP is based on market price indicators and includes Program Fees. The Government customer will pay no more than the Recommended FMP.

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- iii. Within a Recommended FMP established by price analysis, the Program Fee dollar amount may be calculated by dividing the Recommended FMP by (1 + the Program Fee percentage rate expressed as a decimal number – e.g., for a 3.75% Program Fee percentage rate, 1 + .0375).
 - iv. The Program Fee dollar amount (as derived in section 6(g)iii) is the difference between the Recommended FMP and the Total NPA Compensation.
 - v. Alternatively, the Program Fee dollar amount may be calculated by multiplying the Total NPA Compensation by the Program Fee percentage rate.
 - vi. Using the price analysis methodology, the Program Fee dollar amount is the same using either mathematical calculation described in sections 6(g)iii and 6(g)v.
 - vii. The Program Fee charged by the CNA shall be calculated using percentage rates not to exceed the annual Program Fee Ceiling percentage rate approved by the Commission.
- (h) Government Furnished Materials (GFM) and cost-reimbursable line items other than labor are not considered to be part of NPA sales to the Government, and the Program Fee percentage rate is not applied to these items.
- (i) Program Fees shall not be assessed twice on the same sale. Thus, Program Fees shall not be embedded in one cost element of the sales price, such as overhead, and then assessed against the entire negotiated sales price.

7. PROCEDURES.

- (a) The following procedures further explain the methodologies used to calculate the Program Fee, as described in this Policy.
- (b) Cost Proposal Methodology to Calculate the Program Fee.
- i. Program Fee Dollar Amount Calculation. Total NPA Compensation x Program Fee Percentage Rate
 - a. Example: Using \$100,000 Total NPA Compensation and 3.75% Program Fee Percentage
 - 1. Program Fee Dollar Amount: $\$100,000 \times .0375 = \$3,750$
 - ii. Recommended FMP Calculation. Total NPA Compensation + Program Fee Dollar Amount
 - a. Example: Using \$100,000 Total NPA Compensation and 3.75% Program Fee Percentage
 - 1. Recommended FMP: $\$100,000 + \$3,750 = \$103,750$
 - iii. The NPA remits the Program Fee dollar amount to its CNA after the NPA receives payment from the Federal customer.

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(c) Price Analysis Methodology to Calculate the Program Fee.

- i. Total NPA Compensation Calculation. Recommended FMP divided ÷ by (1 + Program Fee Percentage Rate expressed as a decimal number)
 - a. Example: Using a \$100,000 Recommended FMP and 3.75% Program Fee Percentage Rate:
 1. Total NPA Compensation: $\frac{\$100,000}{1.0375} = \$96,385.54$
- ii. Program Fee Calculation. Recommended FMP minus Total NPA Compensation
 - a. Example: Using a \$100,000 Recommended FMP and NPA Total Compensation of \$96,385.54:
 1. Program Fee Dollar Amount of \$100,000 minus \$96,385.54 = \$3,614.46
 - b. Alternatively, the Program Fee dollar amount may be calculated by multiplying the Total NPA Compensation by the Program Fee percentage rate. (Using the example in section 7(c)ii.a.: $\$96,385.54 \times .0375 = \$3,614.46$).
 - c. Using the price analysis methodology, the Program Fee dollar amount is the same using either mathematical calculation described in sections 7(c)ii.a.1 and 7(c)ii.b.
- iii. The NPA remits the Program Fee dollar amount to its CNA after the NPA receives payment from the Federal customer.

8. EXCEPTIONS.

No exceptions to this policy or related procedures are permitted without written approval from the Executive Director.

9. SUPERSESSION.

This policy supersedes Commission Policy 51.601, effective January 1, 2022.



APPROVED: _____ Date: _____

Kimberly M. Zeich
Executive Director