



OFFICE OF THE EXECUTIVE DIRECTOR

DIRECTIVE

NUMBER: 26-01

March 24, 2026

SUBJECT: Non-negotiability of Program Fees by AbilityOne Authorized Nonprofit Agencies (NPAs) during Contract Negotiations with Federal Customers

- 1. PURPOSE.** This directive provides guidance to AbilityOne Program (Program) authorized nonprofit agencies (NPAs) with respect to the role of Program Fees in price negotiations with Federal customers.
- 2. APPLICABILITY AND SCOPE.** This directive applies to the central nonprofit agencies (CNAs), NPAs, and Federal contracting activities.
- 3. GUIDANCE.** The Javits-Wagner-O'Day (JWOD) Act authorizes the U.S. AbilityOne Commission (Commission) to designate one or more CNAs to facilitate the distribution of Federal government orders for products and services on the Procurement List (PL). 41 U.S.C. § 8503(c). The JWOD Act does not specify how the CNAs are funded; however, it allows the Commission to prescribe regulations as necessary to carry out its statutory duties. 41 U.S.C. § 8503(d).

The Commission has authorized the CNAs to collect Program Fee up to the Commission-established ceiling to facilitate NPA participation in the AbilityOne Program. 41 C.F.R. § 51-2.2(f) and 51-3.5. Commission Policy 51.302, Collection and Utilization of Program Fees by Designated Central Nonprofit Agencies, reaffirms this authority and provides additional guidance.

The Commission requires NPAs within the AbilityOne Program to remit Program Fee to their CNA. As a result, this fee is an allowable cost within the Program. Moreover, to maintain qualification under the JWOD Act, NPAs must pay the CNA a Program Fee upon receipt of payment by the Federal government for products or services furnished under the Program. 41 CFR § 51-4.3(b)(9).¹

If an issue arises during contract negotiations between NPAs and Federal contracting activities relating to the inclusion of Program Fee, please be advised that **NPAs do not have the authority or discretion to waive Program Fees or to negotiate a variance in the Program Fee rate.**

¹ If an NPA or Federal contracting activity has questions as to the appropriate means of computing Program Fee, please see Commission Policy 51.601, AbilityOne Program Fee Calculation Methodologies, which provides guidance for the appropriate methodologies on calculating Program Fee using either cost or price analysis.



If a contracting activity will not include Program Fee in a recommended Fair Market Price, or demands a reduced rate, the NPA involved should seek assistance from the Commission in accordance with Commission Policy 51.640, AbilityOne Program Price Impasse, as soon as practicable.

4. REFERENCES.

- (a) 41 U.S.C. §§ 8501-8506, Javits-Wagner-O'Day (JWOD) Act
- (b) 41 C.F.R. Chapter 51, Committee for Purchase From People Who Are Blind or Severely Disabled
- (c) Commission Policy 51.302, Collection and Utilization of Program Fees by Designated Central Nonprofit Agencies
- (d) Commission Policy 51.601, AbilityOne Program Fee Calculation Methodologies
- (e) Commission Policy 51.640, AbilityOne Program Price Impasse

5. SUPERSESION. None

6. EFFECTIVE DATE AND IMPLEMENTATION. This directive is effective immediately. Please send any questions to PLrequest@abilityone.gov.



APPROVED: _____
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Executive Director

