



## U.S. ABILITYONE COMMISSION

**Policy 51.302**  
**Effective Date: 06/15/2025**

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### **TITLE: COLLECTION AND UTILIZATION OF PROGRAM FEES BY DESIGNATED CENTRAL NONPROFIT AGENCIES**

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#### **1. PURPOSE.**

This document prescribes the U.S. AbilityOne Commission (Commission) policy and procedures for collection and utilization of Program Fees. Program Fees are paid by Commission-authorized nonprofit agencies (NPAs) to Commission-designated Central Nonprofit Agencies (CNAs) to facilitate and maintain AbilityOne Procurement List (PL) requirements and related administration expenses.

#### **2. APPLICABILITY.**

This policy applies to the Commission staff, designated CNAs, and qualified NPAs participating in the AbilityOne Program (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 Program Fee and may reference Commission Policy 51.601 for the application of Program Fees to the prices proposed for products and services on the 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
- (c) Public Law 114-113 (2016)
- (d) 2 C.F.R. Part 200

#### **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 unique to a specific subject matter will be defined in the associated policy and/or procedure.

<b>Term</b>	<b>Definition</b>
Allowable Cost	Reasonable and necessary expenses related to direct and indirect support of the AbilityOne Program.
Basic Program Fee (BPF)	The authorized baseline Program Fee for services or products on the PL.

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Disallowed Cost	Expenses that are unallowable in accordance with applicable Federal statutes, regulations, 2 C.F.R. Part 200, and allowable 2 C.F.R. Part 200 exemptions, as noted in Attachment B of this policy.
Point-of-Sale Program Fee (PPF)	The authorized maximum amount of Program Fee for products produced by individuals who are blind or have a significant disability as applied at the noncontractual retail point-of-sale (i.e., base supply centers).
Program Fee Ceiling	The maximum permitted Program Fee percentage that a CNA may charge an AbilityOne-participating nonprofit under the BPF or PPF.

## 5. RESPONSIBILITIES.

### (a) The Commission:

- i. Authorizes and provides guidance regarding the collection of Program Fees by the Commission-designated CNAs in 41 C.F.R. 51-3.5; and
- ii. Establishes the Program Fee Ceiling in accordance with 41 C.F.R. 51-2.2(f).

### (b) The Executive Director:

- i. Provides the Commission with a recommendation for setting the Program Fee based on expected allowable CNA programmatic expenses; and
- ii. Communicates the applicable rates to participating NPAs and other stakeholders.

### (c) The CNAs:

- i. Provide information to the Executive Director to support the establishment of the Program Fee(s) in accordance with the terms described in the Cooperative Agreement and this policy.
- ii. Collect applicable Program Fees from their associated NPAs based on amounts paid to the NPAs by the Government; and
- iii. Report on their collection of Program Fees and Program Fee-related expenditures as required by their Cooperative Agreements with the Commission and/or applicable law.

### (d) The NPAs:

- i. Remit Program Fees to their respective CNA(s) upon receipt of payment from the ordering activity to maintain qualification to participate in the AbilityOne Program. See 41 C.F.R. 51-4.3(b)(9).

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#### 6. POLICY.

- (a) The Commission will generally set the Program Fee Ceiling in conjunction with the establishment of the Cooperative Agreement between the Commission and designated CNAs. The Program Fee Ceiling set at that time will remain constant until a new agreement is established or a certain date is set by the parties in accordance with the terms of the Cooperative Agreement(s).
- (b) The CNA will collect Program Fees based on NPA sales to the Government under the Program in accordance with 41 CFR 51-3.5 and Commission policy.
- (c) Program Fees are intended to serve as a fixed award amount paid to a designated CNA by their associated NPAs. The primary purpose of the Program Fee is to advance employment opportunities for participating employees, facilitate the satisfactory delivery of products and services, and satisfy requirements and responsibilities set forth in AbilityOne regulations, policy, and written agreements and the AbilityOne Program's strategic plan.
- (d) In accordance with 41 C.F.R. §§ 51-2.2(f) and 3.5, the categories of Program Fees in the Cooperative Agreement shall be limited to the following categories:
  - i. **Basic Program Fee (BPF):** The purpose of the BPF is to support normal programmed expenses necessary for CNA fulfillment of requirements in accordance with the effective Cooperative Agreement, the JWOD Act, other applicable Federal statutes, the Commission's regulations, and other guidance issued by the Commission.
  - ii. **Point-of-Sale Program Fee (PPF):** PPF fees are the maximum fees allowable for retail sales transactions at base supply centers, web sites, or other similar retail outlets selling AbilityOne and non-AbilityOne products.
- (e) Program Fee Ceiling Application by the CNAs.
  - i. The CNA(s) may assess Program Fees at a rate equal to or lower than the Program Fee Ceiling approved by the Commission.
  - ii. The Program Fee may only be applied to the portion of the order performed by a qualified NPA. Except as otherwise permitted, the Program Fee may not be applied to any portion of the work subcontracted by an NPA unless the subcontracting is de minimis (less than five percent), performed by another NPA, or permitted in furtherance of career development objectives such as the Mentor/Protégé Program.
  - iii. When serving as a prime contractor, the CNA may assess a Program Fee to NPA subcontractors serving as authorized sources for the underlying PL requirement. It may not, however, collect any additional management or oversight fees, other than those negotiated with the Federal government in furtherance of contract performance.

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- iv. In instances where an NPA is serving as a subcontractor to a commercial prime contractor, a CNA may only assess a Program Fee for the portion of the order performed by the NPA.
  - v. Each CNA shall issue a policy or procedure that stipulates any exceptions or waivers to application of Program Fees, including but not limited to application of Program Fees to subcontract costs.
  - vi. Program Fees owed to the CNA, payable by associated NPAs, shall be calculated by multiplying the applicable Program Fee Rate (at or below the Commission-approved Program Fee Ceiling) by the amount of an NPA's sales to the Government, net of excluded items.
- (f) The Commission's revocation or discontinuation of the CNA designation severs any rights or responsibilities of the CNAs to collect any Program Fees consistent with the terms and conditions described in the Cooperative Agreement.
- (g) In accordance with Public Law 114-113 (2016), a CNA may not collect a Program Fee without an active Cooperative Agreement with the Commission.
- (h) The Commission's regulation at 41 C.F.R. 51-4.3(b)(9) requires NPAs to remit Program Fees to their CNA(s) after receiving payment from the Government as a requirement for maintaining qualifications in the AbilityOne Program. Failure to remit Program Fee in a timely manner may result in an enforcement action as described in Commission Policy 51.407.

## 7. PROCEDURES.

- (a) Developing the Program Fee Ceiling: The Commission will establish the Program Fee Ceiling for the period of performance described in the Cooperative Agreement(s) after receiving a recommendation from the Executive Director and a recommended rate from each designated CNA. The CNAs' proposed rate shall be based on the Projected Program Related Expenditures (PPRE). The CNA's PPRE should reasonably estimate the expected and appropriate costs of the required "Functions and Major Categories of Accompanying Tasks" in the Cooperative Agreement (see **Attachment A**). In addition to the PPRE, CNAs shall also provide the following information:
- i. Detailed descriptions for each task area that describe key objectives and how the proposed funding will be used to facilitate mission accomplishment.
  - ii. The anticipated total sales from Federal agencies (service contract prices + estimated product sales) over the course of the Cooperative Agreement performance period.
  - iii. Program Fee and other Program-related income collected over the last five years.
  - iv. Income received as a prime contractor in support of AbilityOne requirements.
  - v. Certified financial statements for the last five years.

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- (b) **Proposed Program Fee Ceiling Rate:** The Commission will generally provide the CNAs with a proposed Program Fee Ceiling rate within 30 days of receiving complete information from the CNAs. If the proposed rate differs from the rate recommended by the CNA, the Commission will provide an explanation as to the basis for not accepting the CNA's proposed rate. After which, the following shall occur:
- i. If a CNA disagrees with the proposed rate, it may appeal the proposed rate to the Commission Chairperson, through the Executive Director, within 15 days of notification. If the Chairperson determines that the Commission's prior decision was erroneous or based on incomplete facts, the Chairperson will forward the appeal to the full Commission for reconsideration. The rate set after reconsideration is final and no other appeals are permitted.
  - ii. If the CNAs concur with the proposed rate or the Chairperson denies an appeal, the proposed rate shall be considered final.
- (c) **Final Program Fee Rate:** The final rate shall be posted on the Commission website within 15 days of finalization and incorporated into the Cooperative Agreement as soon as practicable.
- (d) **Transition Period for Enacting New Program Fee Ceilings:** When the Commission establishes a new Program Fee Ceiling, the new Program Fee Ceiling rate may be applied at the first available option period for existing contracts but shall be applied no later than the next contract renewal or negotiated price change.
- (e) **Updating the Program Fee Ceiling:** In the event of a significant change not reasonably foreseeable at the time the Program Fee Ceiling was established, a CNA may request a reconsideration of the current Program Fee Rate based on new information and updated PPRE projections.
- (f) **Fee Expenditures.**
- i. *Allowable Costs.* In accordance with 2 C.F.R. §§ 200.403, 200.404, and 200.405, the CNA shall only expend Program Fee if the expenditure meets the following criteria:
    - a. Necessary, reasonable, and allocable for the performance of the functions, objectives, and tasks described in the Cooperative Agreement.
    - b. Accorded consistent treatment, which means a cost may not be assigned to the Cooperative Agreement as a direct cost if any other cost incurred for the same purpose in like circumstances is allocated to this Agreement as an indirect cost.
    - c. Except as otherwise provided, be in accordance with generally accepted accounting principles (GAAP).
    - d. Not included as a cost or used to meet cost-sharing, cost-matching requirements, or maintenance or level of effort for any other Federally

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financed program.

- e. Cost explicitly permitted on an exception basis at **Attachment B** of this policy and incorporated into the Cooperative Agreements.
- ii. *Disallowed Costs.* In accordance with 2 C.F.R. § 200.1, disallowed costs are expenses that are inconsistent with applicable Federal statute, regulation, 2 C.F.R. Part 200, the terms and conditions of a Cooperative Agreement, or have not been otherwise excepted by the Commission in **Attachment B**, the Cooperative Agreement(s) with the CNA, or otherwise in writing by the Commission.
- iii. *Reserves.* CNAs are required to maintain an unrestricted balance of no less than three months of operating expenses to account for unexpected cash flow shortages, expenses, or losses.
- iv. *Excess Fees.* For any unexpended Program Fees in a given Fiscal Year, the CNA shall apply those amounts to: (i) its reserves in accordance with its Reserve Policy; (ii) reinvestments in the AbilityOne Program, or other programmatic objectives beneficial to its network of NPAs or their employees; or (iii) a combination thereof. Excess fees shall be included in the CNA's expenditure report, with enough detail to explain how such funds were used.

#### (g) Program Fee Record Keeping and Reporting Requirements.

- i. *Virtual Dashboards.* The CNA shall, to the maximum extent practicable, present required Program Fee reports to the Commission via the appropriate data visualization tool(s) (dashboards) facilitating the accurate and most current display of the Program Fee collection and expenditure data, with sorting and filtering capabilities.
- ii. *Auditability.* All actual expenses will be auditable in accordance with GAAP rules or any other methods described in the relevant Cooperative Agreements.
- iii. *Program Fee Records.* The CNA shall maintain complete records of all Program Fee collected in accordance with 41 C.F.R. § 51-3.5 as well as all expenditures of Program Fee monies in accordance with the applicable statute, regulation, and this policy for no less than six years. If the U.S. Congress requests a report specified in relevant legislation (an appropriation or otherwise), the Commission will request the CNA to provide the Commission with the specified report within a reasonable timeframe before the deadline required by Congress. The Commission staff will review the report for accuracy and completeness and resolve any questions before transmitting the report and supporting analysis to Congress. Any deficiencies identified by the Commission staff must be corrected by the CNAs in a timely manner that supports the Commission meeting the deadline required by Congress.
- iv. *Program Fee Collection Report.* The Program Fee Collection Report shall include the total amount of Program Fees collected under 41 C.F.R 51-3.5, the amount of Program Fees charged to and collected from each NPA required to remit Program

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Fees, and for each NPA remitting Program Fees, the order/allocation/project, the NPA entity name, a short description of product or service, the total contract value (or order price), the Federal contracting activity (or requiring activity), and, where applicable, the contract award ID number associated with the contract or order. The Program Fee Collection Report shall be provided quarterly on a date agreed to by the parties.

- v. *Program Fee Expenditure Report.* The Program Fee Expenditure Report shall include all fees used in support of the objectives and tasks described in the written agreement with the CNA, and applicable statutes, regulations, or other requirements. The report will be provided annually in the PPRE format in **Attachment A**.
- vi. *Format.* The format for providing information in support of the PPRE or any other report described in this policy shall be proposed by the CNAs and approved by the Executive Director or Agreements Officer for the relevant Cooperative Agreements.

## 8. EXCEPTIONS TO POLICY.

No exceptions to this policy or related procedures are permitted without written approval from the Chairperson. Furthermore, any changes related to this policy or procedure are subject to the Cooperative Agreement, Section G, Part XVI, Modification and Termination. Except as otherwise stated, any responsibilities assigned to the Executive Director may be delegated in accordance with Commission Policy 51.205.

## 9. SUPERSESSSION.

Commission Policies 51.210 and 51.302, dated August 31, 2021, are rescinded and replaced in their entirety.



APPROVED: \_\_\_\_\_ Date: \_\_\_\_\_

Robert D. Hogue  
Chairperson





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## ATTACHMENT A

### Projected Program Related Expenditures (PPRE)

Section C / C1: Procurement List Support & Opportunity Growth				Section D / C2: Compliance, Oversight, Employee Career Development				Section E / C3: Governance and Program Administration				Program Administration	Total
T1: Maintain Current Lines of Business	T2: Grow New Lines of Business	T3: Recommend NPAs for authorization by the Commission	T4: Provide Necessary Data for PLIMS Transaction Reports	T1: Implement an Effective Compliance Program	T2: Reporting Compliance Program Outcomes	T3: Assess and Ensure Progress on Employee Career Development	T4: Facilitate OIG Audit Findings	T1: Provide Information Regarding Customer Satisfaction and Contract Performance	T2: Establish and Implement System to Collect and Report NPA Required Data (Note: Also Includes CNA Data)	T3: Provide Other Required Reports & Trend Analyses	T4: Coordinate Program-Specific Communications	Program Administration	Total

Total Company

10.0%	10.0%	5.0%	2.0%	10.0%	15.0%	10.0%	5.0%	10.0%	2.0%	1.0%	15.0%	100.0%		
Total:			27.0%	Total:			40.0%	Total:			18%	15.0%	100.0%	100%

Company Budget \$:

100,000,000

Total Objective Spend (\$)	10,000,000	10,000,000	5,000,000	2,000,000	10,000,000	15,000,000	10,000,000	5,000,000	10,000,000	2,000,000	1,000,000	15,000,000	100,000,000	100,000,000
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The Committee for Purchase From People Who Are Blind or Severely Disabled operates as the U.S. AbilityOne Commission







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### ATTACHMENT B

#### Exceptions

In accordance with 2 C.F.R. 200.102(c), CNAs are hereby excepted from strict compliance with 2 C.F.R. 200 for the subsections described in the table below or as otherwise provided by the written agreements with the CNAs or in writing by the Commission. These exceptions and this table shall be incorporated in the relevant Cooperative Agreement(s) and can only be modified through mutual agreement. In the table below, “None” in the Limitations column means a full exception to the applicable CFR provision is granted with no limitations.

Section	Description	Limitations
302	<i>Financial Management</i>	None
307	<i>Program Income</i>	None
313	<i>Equipment</i>	None
338	<i>Public Access to Records</i>	None
414	<i>Indirect Cost</i>	Indirect costs in support of the AbilityOne Program are allowable, but all costs must be tracked as an itemized expenditure allocable to the Program.
421	<i>Advertising and Public Relations</i>	Limited to cost incurred to promote the Program generally and enhance awareness of AbilityOne initiatives across the Federal Government. Cost incurred to promote the capabilities of the NPA community and participating employees is generally permitted. Any advertising or public relations activities focused on a single NPA must be done to promote the AbilityOne Program. However, the cost to promote unrelated commercial activities is disallowed.
422	<i>Advisory Councils</i>	None
425	<i>Audit Services</i>	None

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<b>426</b>	<i>Bad Debt</i>	Generally disallowable, except as subject to CECL guidance under GAAP, or bad debt resulting from an NPA's failure to remit required Program Fee, which is allowed if the failure is reported to the Commission as a 51.407 violation. .
<b>428</b>	<i>Collection of Improper Payments</i>	Allowable, but must be itemized as an expenditure.
<b>430</b>	<i>Compensation</i>	Allowable if rates are historically based, commercially reasonable, and, when required, board approved. A CNA may provide reasonable estimates of employee costs and CNA is not required to implement employee timecards or a new chart of accounts.
<b>432</b>	<i>Conferences</i>	Allowable. Conference costs and associated income must be identified as a separate line item on the Expenditures Report.
<b>434</b>	<i>Contributions</i>	Generally disallowed, except Financial Assistance programs offered by CNA to NPAs in support of specific Program objectives
<b>435</b>	<i>Defense and Prosecution of Criminal and Civil Proceedings</i>	All costs related to criminal and civil proceedings, claims, appeals, and patent infringement related to findings of CNA fraud, waste, or abuse are disallowed. Additionally, claims against the Federal government are generally disallowed, except in support of the Commission's Ombudsman Program, certain bid protests as prime contractor, matters affecting multiple nonprofit agencies, and matters where the U.S. Government is not a party but the CNA is required to defend an action related to its role and responsibilities as a CNA.
<b>439</b>	<i>Equipment and Other Capital Expenditures</i>	None. However, all major capital expenditures (i.e., greater than \$50,000) must be identified in the CNA's PPRE report before the expenditure is considered allowable. The PPRE report may be updated if a need arises after submission and approval.

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<b>447</b>	<i>Insurance and Indemnification</i>	<b>None</b>
<b>454</b>	<i>Memberships, subscriptions, and professional activity costs</i>	<b>None</b>
<b>460</b>	<i>Proposal Cost</i>	Generally disallowable, except when the CNA is the prime contractor in support of an AbilityOne PL requirement or in support of commercial lines of business that are currently approved or will be approved in accordance with the Cooperative Agreement.
<b>463</b>	<i>Recruiting Cost</i>	<b>None</b>
<b>467</b>	<i>Selling and Marketing Costs</i>	Generally disallowed, except as described at the exception for 421.
<b>470</b>	<i>Taxes</i>	<b>None</b>
<b>473</b>	<i>Training and Education Cost</i>	<b>None</b>
<b>475</b>	<i>Travel Cost</i>	<b>None</b>
<b>501</b>	<i>Audit Requirements</i>	<b>None</b>