



## SourceAmerica Views: AbilityOne Program Perceptions Versus Facts

### The AbilityOne Program

The AbilityOne<sup>®</sup> Program was created by Congress through the Javits-Wagner-O’Day (JWOD) Act to ensure individuals with disabilities have access to employment through federal contracting opportunities. This Program is administered by an independent federal government agency, the U.S. AbilityOne Commission<sup>®</sup>.

### Central Nonprofit Agencies

Two Central Nonprofit Agencies administer the AbilityOne Program: SourceAmerica<sup>®</sup> and National Industries for the Blind (NIB).

SourceAmerica is the larger of the two and serves people with disabilities of all kinds, including developmental, neurological, physical, post-traumatic stress disorder and traumatic brain injury. NIB serves individuals who are blind or have visual impairments.

As part of its role as a central nonprofit agency, SourceAmerica monitors federal customer satisfaction assurance and compliance oversight according to Commission rules and requirements, which include those regarding employee wellbeing.

### Network Nonprofits

Hundreds of SourceAmerica network nonprofits around the country - including some in your district – participate in the AbilityOne Program and fulfill federal contracts by employing individuals with disabilities. Unlike traditional contractors, network nonprofits reinvest revenue from the contract (after wages and costs) into supports for individuals with disabilities. Network nonprofits have the skills, requirements, and mission-focus to ensure our Department of Defense (DoD) customers receive high quality service. This high quality resulted in the DoD recommendation to increase AbilityOne Program purchases from 0.6% to 1% of budget.

### Perceptions Versus Facts

**Perception:** SourceAmerica nonprofit agencies are the primary users of 14(c) certificates.

**Fact:** In 2019, SourceAmerica’s Board of Directors authorized actions to end of the use of 14(c) certificates within the SourceAmerica network. Effective October 19, 2022, the U.S. AbilityOne Commission finalized and

adopted a regulatory requirement prohibiting the payment of subminimum wages on AbilityOne contracts, extensions of contracts, and options.

In addition, SourceAmerica supports legislation that would repeal Section 14(c) of the Fair Labor Standards Act.

**Perception:** SourceAmerica jobs in the AbilityOne Program do not meet competitive integrated employment standards.

**Fact:** According to the Commission’s Fiscal Year 2024 Congressional Budget Justification, the average hourly wage for an AbilityOne employee is just over \$16 an hour. All jobs that network nonprofit employees perform on federal contracts would still need to be fulfilled in the absence of AbilityOne.

In the case of DoD – the sole focus of the amendment and the largest customer of the Program – many SourceAmerica network nonprofits contracts support bases on which AbilityOne employees work side-by-side with service members. Many maintenance workers in the House and Senate office buildings are on an AbilityOne contract, working in integration with others to keep these buildings operating. These are not unique examples. While the contracts require nonprofits to hire a high ratio of individuals with disabilities, these are standard, competitive jobs that individuals without disabilities would have filled if not for the AbilityOne Program.

**Perception:** SourceAmerica network nonprofit employees in the Program are not regularly promoted and do not have upward mobility.

**Fact:** In FY22 according to the Commission’s Fiscal Year 2024 Congressional Budget Justification, 3,565 individuals with disabilities in the Program were promoted or moved to positions outside the Program.

**Perception:** A statutory goal duplicates the efforts of designated AbilityOne Representatives (ABORs).

**Fact:** The Office of Federal Procurement Policy issued a memorandum in 2020 outlining how to increase federal contracting opportunities in the AbilityOne Program and asked agencies to designate ABORs. However, in the final 898 Panel report to Congress in 2022, DoD noted, “While the OFPP memorandum facilitates a targeted pledge for AbilityOne participation in contracting, establishing a statutory goal will make it easier for the acquisition workforce to support the addition of new products and services to the AbilityOne Procurement List.”

**Perception:** A 1% goal should not be established until the AbilityOne Program has finished modernizing.

**Fact:** The 898 Panel from DoD, which made the 1% goal recommendation in its report to Congress, also made 24 other modernization recommendations. Many of the recommendations that do not require Congress or rulemaking have been implemented. For those recommendations that require rulemaking, the Commission has filed rulemakings and is receiving public comment.

## AbilityOne Program Modernization

Modernization has been a top priority for SourceAmerica and network nonprofits, as evidenced by the elimination of 14(c) certificate use. The focus on modernization continues as the Commission works with

Congress on legislation and multiple rulemakings to further modernize. Here are a few of the key modernization issues:

- **Contract Ratios:** Right now, AbilityOne contracts require that 75% of direct labor employees are individuals with disabilities. Many in the disability rights advocacy community, policymakers, and nonprofits would like the ratio lowered. There is currently robust conversation about what ratio would be the appropriate balance of ensuring individuals with disabilities remain the primary objective of the Program but allow for increased integration across the board. Through legislation proposed by the Commission and policymakers, the Commission would pilot programs testing a range of ratio requirements. The [AbilityOne FY2022-2026 Strategic Plan](#) speaks to the goals of a pilot and the Commission’s perspective on ratio in more depth.
- **Competition:** A Commission-proposed rule is in process to increase competition practices within the Program. The Commission has received extensive comment on the proposal from SourceAmerica and network nonprofits.
- **Compliance:** The Commission has pending updates to its compliance program. SourceAmerica and network nonprofits have commented on the first round of draft compliance policies with more policies to be released this year.
- **Job Growth:** Many in the community want SourceAmerica to provide as many employment opportunities through the AbilityOne Program as possible for individuals with disabilities. SourceAmerica estimates that a contracting goal of 1% could create about 16,400 new employment opportunities for people with disabilities, including veterans and wounded warriors, in communities across the country.

The 1% goal would be phased in by DoD over several years, aligning perfectly with the trajectory of the other modernization initiatives.

*The views expressed here are solely those of SourceAmerica and does not infer an endorsement from the AbilityOne Commission.*