

# 2024 POLICY PRIORITIES

## **Create a wage floor of \$15/hour for workers who manufacture materials, supplies, articles, and equipment for the U.S. government.**

On April 27, 2021, President Biden signed Executive Order 14026, “Increasing the Minimum Wage for Federal Contractors,” improving the economic security of hundreds of thousands of workers in federal service contracts. While this EO makes great strides in addressing earnings inequalities, it does not extend to federal products contracts and therefore will not impact workers who manufacture essential products for the U.S. government. A wage floor for workers who manufacture materials, supplies, articles, and equipment would extend the \$17.20/hour minimum wage to federal contractors who work on production contracts. This could be accomplished in part through language in the FY25 NDAA, or more thoroughly through an amendment to the Walsh-Healey Public Contracts Act. This wage floor would level the playing field for states like Arizona, who have significant production capabilities but are traditionally a higher minimum wage state, to effectively compete for new federal products contracts, bringing more manufacturing jobs to Arizona residents.

## **Modernize the AbilityOne Program through the normal Congressional process to enhance employment opportunities for people who are blind or have significant disabilities.**

The AbilityOne Program uses the purchasing power of the federal government to increase employment of people who are blind or have significant disabilities. While the Javits-Wagner-O’Day Act (JWOD Act) has not been updated in over 50 years, the AbilityOne Program and its participating NPAs have evolved along with modern disability employment policies and continue to provide meaningful, relevant, and competitive employment opportunities for people who are blind or have significant disabilities. Stakeholders agree, it’s time for the JWOD Act and AbilityOne Program regulations to modernize. Our focus is for the AbilityOne Program to modernize in ways that continue the mission of increasing meaningful competitive employment for people who are blind or have significant disabilities. Peckham’s modernization priorities include:

- › Reducing the direct labor ratio (DLR) from 75% to 51%, and include a goal for NPAs to diversify across all categories of disability
- › Revise the definition of “significant disability” to both eliminate the reliance on employment history and to eliminate any presumption that the individual is not capable of competitive integrated employment
- › Include a requirement that AbilityOne employees have access to and receive training on available career pathways both within and outside of the AbilityOne Program
- › Recognize that AbilityOne jobs can meet the WIOA established definition of competitive integrated employment
- › Include competition/re-competition processes only in services contracts and only in ways that do not displace or terminate current AbilityOne direct labor employees

## **Support the Rehabilitation Services Administration and state VR to recognize AbilityOne and CRP jobs as competitive, integrated employment.**

In January 2017 and again in October 2021, the federal Rehabilitation Services Administration (RSA) issued misleading and confusing sub-regulatory guidance that implied that jobs available through the AbilityOne program and jobs at community rehabilitation organizations are not competitive, integrated employment – essentially, that they are not valid employment outcomes. In Arizona, the state Vocational Rehabilitation (VR) agency, Arizona Rehabilitation Services Agency (Arizona RSA), has evaluated Peckham jobs, found them to be consistent with the statutory definition of competitive integrated employment, referred VR customers for placement in our jobs, and counted them as employment outcomes. This is consistent with the federal WIOA regulations. However, based on federal RSA's misleading guidance, the Michigan VR agencies are no longer recognizing that employment at community rehabilitation programs and/or on AbilityOne contracts in Michigan are not only valuable opportunities, but in many cases, can be competitive integrated employment options for people with disabilities. This means that a person with a disability in Arizona can access the publicly funded VR services for a Peckham contact center job, but a person with a disability in Michigan, applying for the exact same job, cannot access those same publicly funded VR services. Michigan is one of several states who are taking this interpretation of the federal guidance. We are requesting that the federal RSA amend its sub-regulatory guidance to acknowledge that AbilityOne and/or CRP jobs can meet the criteria for competitive, integrated employment.

## **Support a Department of Defense contracting goal of 1% for the AbilityOne Program.**

In FY2022, federal agencies awarded \$3.58 billion in AbilityOne Program contracts. While noteworthy, AbilityOne contracting only equated to 0.555 percent of total federal procurement in FY2022 and there has been minimal growth in the program over the last decade. The Department of Defense (DoD) is the largest customer of the AbilityOne Program, purchasing over \$2.5 billion in products and services annually and creating employment for approximately 24,000 people who are blind or have significant disabilities. The Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity, established under Section 898 of the National Defense Authorization Act for FY2017, delivered its Fourth and Final Annual Report to Congress in December 2021. One of the panel's recommendations was the establishment of a 1% contracting goal to increase employment for people with significant disabilities and veterans with disabilities through the AbilityOne Program. This is consistent with the Office of Federal Procurement Policy's (OFPP's) guidance on increasing participation of individuals with disabilities in Federal contracting. Nonprofit agencies participating in the AbilityOne Program have the expertise and capability to fulfill additional requirements for DoD – from manufacturing combat uniforms and equipment for the warfighter to performing a variety of mission-essential services that support military readiness. A 1% goal would create tens of thousands of new employment opportunities for people with disabilities. Additionally, third party analysis has concluded that the AbilityOne Program saves the Federal government substantial amounts of money where for every \$1 spent on a contract operated through the AbilityOne Program, the government receives a \$2.31 return on investment.