



# U.S. ABILITYONE COMMISSION

**Policy 51.600**  
**Effective Date: 09/03/2015**

## **TITLE: FAIR MARKET PRICING**

### **1. PURPOSE.**

This document prescribes the policy for developing the Fair Market Prices (FMP) for products and services on the AbilityOne® Program Procurement List (PL). This includes the development and submission of the Recommended-FMP for a proposed addition and revisions to the FMP for existing products and services on the PL.

### **2. APPLICABILITY.**

This policy applies to the U.S. AbilityOne Commission (Commission), Central Nonprofit Agencies (CNAs), and Nonprofit Agencies (NPAs) participating in the AbilityOne Program. In addition, all 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 must also comply.

### **3. AUTHORITY.**

- (a) 41 U.S.C. §§ 8501-8506, Javits-Wagner-O'Day Act (JWOD)
- (b) 41 CFR Chapter 51, Committee for Purchase From People Who Are Blind or Severely Disabled
- (c) Federal Acquisition Regulation (FAR) 8.002, Priorities for Use of Government Supply Sources
- (d) FAR 8.707, Prices
- (e) FAR Subpart 15.4, Contract Pricing

### **4. DEFINITIONS AND ACRONYMS.**

Definitions, abbreviations, and acronyms frequently used throughout the Commission's policy system are provided in Policy 51.102, Definitions. Terms unique to this policy are defined below.

<b>Term</b>	<b>Definition</b>
<b>AbilityOne Distributors</b>	Commercial distributors authorized by the Commission to sell AbilityOne products in the retail market. The AbilityOne authorized commercial distributor has flexibility in establishing the retail price within the parameters of that distributor's Federal multiple award schedule (MAS) contract and/or authorization agreement with the Commission.
<b>AbilityOne MAS FOB</b>	FMP plus an administrative fee percentage.

The Committee for Purchase From People Who Are Blind or Severely Disabled operates as the U.S. AbilityOne Commission



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Term	Definition
<b>Origin Price</b>	
<b>AbilityOne MAS FOB Destination Price</b>	FMP plus an administrative fee percentage and freight costs by unit.
<b>Base Price</b>	The initial Fair Market Price for the product or service in the base year of a contract with multiple follow-on or option years.
<b>Base Date</b>	The month and year the NPA and the Contracting Activity reach agreement on the initial or subsequent base price, as approved by the Commission.
<b>Fair Market Price (FMP)</b>	The price the Commission determines for products and services on the Procurement List.
<b>Free on Board (FOB) Destination</b>	FMP price plus freight costs.
<b>Free on Board (FOB) Origin</b>	FMP with no freight added. Contracting Activity pays for shipping the product from the NPA to its destination.
<b>Impasse</b>	When a pricing issue, controversy, or disagreement occurs and the Contracting Activity, Contractor, or the NPA is unable to proceed with negotiation of a contract price.
<b>Price Change Mechanism</b>	A method for adjusting the base price in future periods.
<b>Procurement List Information Maintenance System (PLIMS)</b>	The information management system used by the Commission to collect electronic submissions from the CNAs for proposed additions, deletions, and changes to the Procurement List, including prices.
<b>Retail price</b>	Price at which authorized AbilityOne wholesalers and distributors sell AbilityOne products to end customers.

### 5. RESPONSIBILITIES.

- (a) The Commission has sole authority and responsibility for determining the FMP for products and services on the PL and in revising the FMP in accordance with changing market conditions. In addition to performing review and evaluation to determine the FMP, the Commission's responsibilities include:
- i. Obtaining information it deems appropriate from the Contracting Activity, the CNA(s), and the NPAs for review and determination of a FMP.
  - ii. Establishing and disseminating the FMP for products and services on the PL.
  - iii. Requesting audits as appropriate to determine FMP.
- (b) Contracting Activities may be expected to participate in developing appropriate pricing information and negotiate a price with the NPA and or CNA, using methods described in FAR Subpart 15.4. Contracting Activities shall provide appropriate pricing information and documentation to the CNAs for inclusion with addition and revision package submissions to the Commission. The negotiated and Recommended FMP has significant bearing on the FMP determination of the Commission.
- (c) Contracting Activities shall utilize the agreed price change mechanism when negotiating with the NPA and/or CNA in recommending revisions to the FMP.
- (d) CNAs shall recommend prices to the Commission after ensuring that all parties are knowledgeable of the AbilityOne Program requirements for developing and negotiating a price for AbilityOne products and services.

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- (e) CNAs shall provide technical assistance to Contracting Activities and NPAs to facilitate clarity and understanding of requirements relied upon to develop the Recommended-FMP. CNAs shall certify their concurrence with the Recommended FMP.
- (f) NPAs shall participate in the development and negotiation of the Recommended-FMP, with the assistance of the CNAs and in accordance with all AbilityOne pricing policies and procedures.
- (g) NPAs shall utilize the agreed upon price change mechanism when negotiating with Contracting Activities in recommending revisions to the FMP.
- (h) NPAs shall maintain accounting records that capture, allocate, and report costs, sales, and direct labor hours of individuals employed on AbilityOne contracts. The NPA will present this information when requested by the Commission.

### **6. POLICY.**

- (a) Prior to the Commission's FMP determination, the Contracting Activity, the NPA, and the responsible CNA will negotiate a Recommended-FMP.
- (b) The Commission has developed procedures (See the 51.600 series policy and procedures) intended to result in Recommended-FMPs that are fair and reasonable in relationship to the marketplace and founded in negotiations between the Government contracting activity (or its designated prime contractor) and the designated NPA(s), with support from the responsible CNA.
  - i. The process shall be evaluated using standard Federal proposal analysis techniques.
  - ii. The Commission is not bound to approve the Recommended-FMP, and may establish an FMP other than the negotiated price based on market research analysis and on the process described in Commission Procedure 51.600-01, Fair Market Price as determined by the Commission.
- (c) Recommended-FMPs shall consider the Government's socioeconomic interests and the purpose of the AbilityOne Program, which is to provide employment for people who are blind or have other significant disabilities.
  - i. The participating NPAs, CNAs, and Contracting Activities are responsible for presenting the Commission with a fair and reasonable price recommendation that considers the unique mission and workforce of the AbilityOne Program.
- (d) The Commission may initiate discussions and fact finding with the parties and subject matter experts, when there are questions regarding the Recommended-FMP.
- (e) If the participating NPA, CNA, or Contracting Activity discovers a mistake, the Commission will consider a revised Recommended-FMP.
  - i. All parties should work to reach concurrence on a corrected Recommended-FMP.

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- ii. If the mistake is discovered after the FMP determination is made by the Commission, then the NPA, CNA, and CA shall negotiate a revised Recommended-FMP that corrects the error. The revised Recommended-FMP must be submitted to the Commission for final approval within 10 business days.
  - iii. Errors that are clearly administrative or technical in nature may be corrected by the Commission.
  - iv. If the parties cannot reach an agreement, then the impasse procedures as outlined in U.S. AbilityOne Commission Policy 51.640 shall be followed.
- (f) There can be only one FMP per specific AbilityOne product (normally identified by National Stock Number [NSN]), except where differences exist in packaging, delivery terms, or purchase volumes.
- i. When multiple Contracting Activities and/or AbilityOne-participating nonprofit agencies establish contracts for the same AbilityOne product, the FMP for FOB origin delivery shall be the same for each Contracting Activity.
- (g) There can be only one FMP per specific AbilityOne service which is identified by service location and Contracting Activity.

**7. EXCEPTION TO POLICY.**

None

**8. PROCEDURES.**

Procedure 51.610-01, Pricing AbilityOne Products

**9. SUPERSESSION.**

This policy supersedes Pricing Memorandum No. 1, Fair Market Pricing, dated April 1, 2007 in its entirety.



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

E. Ballard

Executive Director

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

9/3/15