

# Socioeconomic Impact Analysis Evaluation Report

## EXECUTIVE SUMMARY

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### Executive Summary

SourceAmerica® and the National Industries for the Blind (NIB) engaged Mathematica to investigate the economic impact of the AbilityOne® Program and its network of nonprofit service providers. In particular, they sought to understand the following:

- The impacts of the AbilityOne Program on the employment and wages of people with disabilities and the resulting savings for the federal government from this employment
- The extent to which increases in employment from the AbilityOne Program have multiplier effects on surrounding economies through more jobs, income, and tax revenue
- The return on investment for every dollar spent on the AbilityOne Program

Developing a better understanding of these impacts helps SourceAmerica and NIB to inform federal government procurement practices and customers, affiliated agencies, policymakers, and regulatory bodies about the value of the AbilityOne Program.

This report summarizes Mathematica's findings. The AbilityOne Program generates savings to the federal government through reduced reliance on public programs and increased tax revenue that results from the employment of individuals with significant disabilities who likely would not have been employed if the AbilityOne Program did not exist. Empirical evidence indicates that people with disabilities have low employment rates.<sup>1</sup> Estimated direct benefits to the federal government ranged from \$104.9 million (lower bound) to \$538.3 million (upper bound) from AbilityOne contracts facilitated by both SourceAmerica and NIB. In addition, the income generated via multiplier effects in the local economy resulted in \$24.8 million (lower bound) to \$73.5 million (upper bound) in additional tax revenues.

Using the midpoint of our direct effect estimates, \$321.6 million, and accounting for the costs of administering the program, the AbilityOne generates a positive return on investment of \$2.31 dollars to the federal government for every dollar spent on the program. At the lower bound of impacts, where we assume most AbilityOne workers would be employed in the absence of the program, we estimate the AbilityOne Program generates \$0.75 to the federal government for every dollar spent on the program. At the upper bound of impacts, where we assume employment rates of current AbilityOne workers mirror rates of employment for people with disabilities in aggregate, we estimate the program generates \$3.87 to the federal government for every dollar spent on the program. If we incorporate multiplier effects in the surrounding economy (the indirect impacts), the return-on-investment ranges from \$0.93 per federal dollar spent (lower bound) to \$4.40 per federal dollar spent (upper bound). Neither the lower bound or upper bound is a realistic estimate of actual impact or return on investment but given the large disparity in actual employment rates of people with and without disabilities, and the high threshold for eligibility for the AbilityOne program, we feel confident that the actual return on investment is positive and likely closer to the upper bound estimate than the lower bound estimate. We briefly describe our methodology below.

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<sup>1</sup> According to the 2021 Annual Disability Statistics Compendium, 37% of civilians with disabilities ages 18-64 were employed. Available at: [https://disabilitycompendium.org/sites/default/files/user-uploads/Events/2022ReleaseYear/2021\\_Annual\\_Disability\\_Statistics\\_Compendium\\_WEB.pdf](https://disabilitycompendium.org/sites/default/files/user-uploads/Events/2022ReleaseYear/2021_Annual_Disability_Statistics_Compendium_WEB.pdf). Among clients who exited Vocational Rehabilitation (VR) services in fiscal year 2017, 31% were employed at exit. Yin, Michelle, et al. "Identifying Racial Differences in Vocational Rehabilitation Services." *Rehabilitation Counseling Bulletin* 66.1 (2022): 13-24.

To estimate the true impacts of the program requires knowing what outcomes would be if the program did not exist. Because that information is not available, we calculated two sets of estimates at extreme hypothetical scenarios to set boundaries on the range of the likely impact. These scenarios are (1) a world of total inclusion, where employment rates of people with significant disabilities are equal to those of people without disabilities, and (2) a world in which AbilityOne employees would be employed at the same rate of people with significant disabilities in their state. Using employment and earning rates in these scenarios for comparison, we generated lower and upper bound estimates of the economic impacts of the AbilityOne Program. The lower and upper bound compare the employment outcomes and the estimated federal benefit program participation and federal income tax contributions of current AbilityOne workers with an estimate of what their outcomes would have been if the AbilityOne Program did not exist.

In addition to these estimated aggregate direct impacts of the program, we also estimated direct impacts among subgroups of workers on SourceAmerica contracts, including by race, primary disability, and state. Next, we investigated the potential multiplier effects of the increased employment due to the AbilityOne Program, such as other jobs created, and federal tax revenue generated. These estimates represent the indirect impacts of the program. Finally, we calculated an estimated return on investment of the program, taking into account both the estimated impacts and program costs. We aggregated SourceAmerica and NIB's program fee revenues (\$128.6 million) and the operating costs of the AbilityOne Commission® in 2021 (\$10.5 million) and considered this an estimate of the additional annual cost of contracting under the AbilityOne Program. Using this estimate of costs and the estimated direct benefits to the federal government under the two scenarios described, we calculated program-wide return on investment.

The full evaluation report containing detailed analyses of the economic impact of the AbilityOne Program and a comprehensive description of the methodology will be available in June 2023.

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