



Highlights of [GAO-08-3](#), a report to congressional committees

Why GAO Did This Study

Randolph-Sheppard and Javits-Wagner-O'Day (JWOD) are two federal programs that provide employment for persons with disabilities through federal contracts. In 2006, participants in the two programs had contracts with the Department of Defense (DOD) worth \$465 million annually to provide dining services at military dining facilities. The 2007 National Defense Authorization Act directed GAO to study the two programs. This report examines (1) differences in how the Randolph-Sheppard and JWOD programs provide food services for DOD and (2) differences in how contracts are awarded, prices are set, and program beneficiaries (i.e. persons with disabilities) are compensated. GAO interviewed program officials, conducted a survey of states with Randolph-Sheppard programs, and reviewed eight Randolph-Sheppard and six JWOD contracts.

What GAO Recommends

GAO is not making recommendations in this report. In commenting on a draft of this report, DOD and the Department of Education provided technical clarifications, which were incorporated as appropriate.

To view the full product, including the scope and methodology, click on [GAO-08-3](#). For more information, contact William Woods, (202) 512-8214, woodsw@gao.gov.

DEFENSE CONTRACTS

Contracting for Military Food Services Under the Randolph-Sheppard and Javits-Wagner-O'Day Programs

What GAO Found

The Randolph-Sheppard and JWOD programs use different procedures to provide food services to DOD. In Randolph-Sheppard, states act as prime contractors, and train and license blind individuals to act as managers of dining facilities. In most cases, the blind vendor relies on a food service company—known as a teaming partner—to assist in operations, provide expertise, and help with start-up costs. About half of the blind vendors are required to employ other persons with disabilities. JWOD is administered by an independent federal agency called the Committee for Purchase from People Who are Blind or Severely Disabled (Committee for Purchase). The Committee for Purchase engages a central nonprofit agency to match DOD's needs with services provided by local nonprofit agencies. Most of the individuals working for these local nonprofit agencies are employed in less skilled jobs such as serving food or washing dishes.

The Randolph-Sheppard and JWOD programs differ significantly in the way DOD dining contracts are awarded, how prices are set, and how participants are compensated. For Randolph-Sheppard, DOD awards contracts to the states either through direct negotiations or competition with other food service companies. In either case, DOD and the states negotiate the prices based on factors such as historical prices and independent government estimates. Under JWOD, competition is not a factor because DOD is required to purchase services it needs from a list maintained by the Committee for Purchase, which establishes fair market prices for these contracts. In terms of compensation, Randolph-Sheppard blind vendors generally received a percentage of contract profits, averaging about \$276,500 per vendor annually. JWOD beneficiaries are generally paid hourly wages according to rules set by the federal government. For the three sites we visited, we estimate that beneficiaries received an average wage of \$13.15 per hour, including fringe benefits. Given the differences in the roles of the beneficiaries of these two programs, comparisons of their compensation have limited value.

Comparison of Randolph-Sheppard and JWOD Program Procedures		
	Randolph-Sheppard	JWOD
Administration	Department of Education is responsible for oversight, but program is operated at the state level by a state licensing agency under the auspices of the state vocational rehabilitation agency.	Administered by the Committee for Purchase through NISH, its central nonprofit agency.
Who provides service	Blind vendor, usually with the assistance of a teaming partner.	Local nonprofit agency using blind or severely disabled workers.
Dining contracts (as of 10/06)	39 contracts worth about \$253 million per year.	53 contracts worth about \$212 million per year.
Requirements to employ persons with disabilities	Our survey indicated that 20 of 39 vendors have such hiring requirements. On average, about 18 percent of workers are disabled.	The Committee for Purchase requires that participating nonprofit agencies perform at least 75 percent of direct labor hours with persons with disabilities.

Source: GAO analysis.