



FINAL MINUTES

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Thursday, January 10, 2008
9:00 am – 1:00 pm

Mr. Andrew Houghton, Committee Chairperson, called the meeting to order at 9:00 am. In accordance with Committee practice, he asked attendees to introduce themselves.

I. Length of Service Awards

Three members of the Committee staff were recognized for reaching milestones in their Federal government careers. Mr. Houghton presented Sandra Scafone (30 years), Kimberly Zeich (15 years) and Emily Covey (10 years) with certificates.

Mr. Houghton also commended Patrick Rowe for his leadership and the staff for their dedication and hard work during the transition period to fill the Executive Director position.

II. Consideration of Minutes – November 15, 2007

Mr. Houghton asked Ms. Angela Phifer, Committee Executive Assistant, if there were any changes to the November 15, 2007 minutes. She said there were no changes. Mr. James Omgig, Committee Vice Chairperson, made a motion that the minutes be accepted. His motion received a second from RADM Alan Thompson, Department of the Navy. The minutes were adopted by unanimous vote.

III. FY 2007 Results

Mr. Lou Bartalot, Committee staff, presented the AbilityOne Program Results for FY 2007. Mr. Bartalot presented the direct labor hours worked. NIB had an increase in direct labor hours worked by people who are blind of 4.2 percent and exceeded their strategic plan target. However, NISH had a decrease in direct labor hours worked which has not happened since at least 1984. He said both NIB and NISH's average work hours worked per individual increased. Mr. Robert Kelly, Private Citizen, asked if there is a way of reporting an employee who works a minimal amount of time. Mr. Bartalot said given the level of data currently reported to the Committee it can't be further refined. Mr. Robert Chamberlin, President & CEO, NISH, said that the significance of not reporting that statistic could be dramatic to that person. He said it may be an annoying statistic, but it represents a job that the person had that they didn't have before.

Next, Mr. Bartalot reviewed employment, promotions, placements and wages. Regarding employment, NIB had a 0.8 percent increase in the number of jobs from FY 2006 and NISH had a 12.6 percent decrease from FY 2006; the total employed in the AbilityOne Program in FY 2007 was 42,208. There were 935 people who received promotions and 297 were promoted into supervisory positions. The total number of placements of AbilityOne workers was 2,310 and the total of all placements made by all nonprofits was 33,709. NIB had an average wage of \$10.11 per hour and NISH had an average wage of \$10.36 per hour.

Mr. Bartalot next reported on AbilityOne sales. NIB had an 18.1 percent increase from FY 2006, while NISH had a 10.8 percent decrease from FY 2006. Overall, services grew three percent while products decreased by 15.7 percent. The total sales for AbilityOne products and services in FY 2007 were \$2.14 billion, a 5.2 percent decrease over FY 2006.

Mr. Houghton asked what contributed to NIB's increase from FY 2006. Mr. Jim Gibbons, President, responded that NIB's increase resulted from a combination of things. The biggest niche is textile businesses. There were large projects that materialized and the biggest component was uniforms.

NISH experienced its first decrease since 1973. Their product sales dropped off and because many Federal agencies experienced severe budget cuts, there were a lot of reductions in services, also, Mr. Chamberlin said. He said the major factor that helped in minimizing the loss was new business lines and development work that compensated for the dramatic loss. He said there were significant reductions in military unique products due to cutbacks in Iraq. Mr. Gibbons commented that NISH did experience some highs in wages and that increased competition made for a challenging year.

Mr. Omvig asked if it would make a difference in NISH's numbers if ReadyOne was left out of the equation. Mr. Chamberlin said the numbers would still be down overall; though the loss of the postal tray business for post offices as well as the significant reduction of orders for chemical suits contributed to the decrease.

Mr. Houghton asked Mr. Chamberlin how the NISH Board has responded to their numbers. Mr. Chamberlin said these kinds of numbers were projected in the beginning of the year based on the information they had. He said the Board understands and NISH is working on a business plan with new projections and initiatives, and they are going to take an in-depth look at project development.

Next, Mr. Bartalot discussed the overall direct labor ratio and the AbilityOne direct labor ratio. Overall, the Program ratio was up 3.4 percent to 84.6 percent. Mr. Bartalot named the 14 agencies with overall ratios below 75 percent. Twelve were NISH agencies and two were NIB agencies. Seven of the 14 agencies were below 75 percent for a second consecutive year and will make presentations at the March Committee meeting. Following Committee policy, the agencies will be notified by certified letters signed by

Mr. Houghton. Mr. Bartalot said there was a miscommunication with First Occupational of New Jersey because they did not submit their 404 form.

There are some agencies still experiencing ratio problems because of Hurricane Katrina. Mr. Tony Poleo, DLA, asked what the Committee would expect them to say about their situation. Mr. Chamberlin said he went to New Orleans and saw the continuing devastation first-hand. He said his guidance would be to have some target end point. Mr. Bartalot said the Committee should listen to what they have to say and make a decision.

IV. Accountability Rule Update

Mr. Dennis Lockard, Committee Counsel, gave an update on the accountability rule. He said the staff continues to update the rule and is hopeful that it will be finalized soon.

V. Litigation Update

Mr. Dennis Lockard, Committee Counsel, reported on the Committee's current litigation. The Committee is currently involved in three active lawsuits and one case has been finalized.

The first lawsuit involves Platte River Industries (PRI) suing the Committee over a pricing impasse appeal decision on the price for janitorial services at the Cesar Chavez Building in Denver, Colorado. The contract extension is still on a month to month basis and the Court has not taken any further action.

The second lawsuit involves ARC Diversified regarding an impasse pricing determination by the Committee on one of its products, export vegetable oil. The case is in bankruptcy court and no action has been taken since the November Committee meeting; however, a hearing has been scheduled in Nashville on January 29, 2008.

The third lawsuit involves Positive Access, Inc. (PAI), who filed a case in Bankruptcy Court in Las Vegas, Nevada related to an AbilityOne project that was moved from PAI to another nonprofit agency. Mr. Lockard said no further action has been taken.

Finally, the lawsuit concerning Nutech Laundry and Textiles, Inc., over laundry services at the Bethesda Naval Hospital has been finalized. The motion to collect attorney fees was dismissed by the Court.

VI. Subcommittee Reports

Business Development

Mr. Felipe Mendoza, Chair of the Business Development Subcommittee, said they met on December 13, 2007. Mr. Kevin Boshears the OSDBU was the invited guest speaker. Mr. Boshears discussed the AbilityOne Program in relation to DHS. Mr. Boshears

invited AbilityOne to participate at the DHS Vendor Outreach Program and to make a presentation at an upcoming DHS small business meeting.

Next, Mr. Mendoza discussed the matchmaking concept as a method of developing additional partnerships between small businesses and the AbilityOne Program. Mr. Mendoza announced that the GSA Expo will follow the NISH Conference in April and it would be beneficial to join forces.

The subcommittee also had an update on the AbilityOne Brand Book and communications. Eighty percent of packaging has the AbilityOne name on it. Mr. Houghton commented that people on the Hill are talking about the name change.

Finally, Mr. Mendoza said the next meeting will be held at the U.S. Department of Agriculture's (USDA) Target Center on February 14th. In Mr. Mendoza's absence, Mr. James House, USDA, will chair the next meeting.

Finance

Mr. Tony Poleo, Chair of the Finance subcommittee, said they met in December and discussed three items. The first topic of conversation was the budget and fee determination process. The subcommittee decided to implement a new schedule that would streamline budget schedules and put the CNA-Committee schedules in sync. Since this is a transition year, next year the budget process will begin earlier in the fiscal year. He said the CNAs are working on their business plan submissions.

Mr. Poleo proposed that the February 2008 meeting be cancelled and that the next meeting be schedule for March 13th. He said the staff is taking a hard look at the business model and making the lines of delegation to the CNAs clearer. The subcommittee will also look at what resources will be needed and they plan to develop a template or a blueprint to lay everything out.

Finally, he discussed the letter Mr. Rowe sent to the CNAs concerning PR-2 and PR-3. He said this is an ongoing discussion. Mr. Gibbons and Mr. Chamberlin said they are working on the January deadline that was contained in Mr. Rowe's letter.

Planning and Evaluation (P&E)

Mr. James Omgig, Chair of the P&E subcommittee, reported that the subcommittee met in December. First, he asked Robert Hartt, Committee staff, to give an update on the results of the JWOD Forums. Mr. Hartt said the Strategic Communications Group is in the process of implementing six of the recommendations which resulted from the forums. He said a meeting is planned with the U.S. Social Security Administration and great progress is being made.

Next, Mr. Omgig said the AbilityOne Ratio was discussed. The subcommittee is reviewing the policy concerning the ratio requirements. Mr. Houghton said the policy

that was drafted was not enforceable. He said although it was well intended, the Committee is not going to establish policies that they are not authorized to enforce.

Mr. Bartalot said the ratio is 75 percent except for five conditions which are listed in the guidelines.

Mr. Lockard indicated that the current policy memorandum that discusses the ratio states that the policy would be effective for a certain time period or until a final rule is issued using the notice and comment method. Mr. Lockard further indicated that the time period has passed and there has been no final rule issued on the matter. Mr. Omvig then made a motion to rescind the AbilityOne-only ratio policy. Mr. Lockard agreed with Mr. Omvig and recommended rescinding the policy. Mr. Omvig's motion received a second from Mr. Mendoza. The motion was adopted by unanimous vote.

Mr. Chamberlin asked how this decision would be publicized. Mr. Rowe recommended revising the memorandum. Mr. Omvig emphasized that high ratios are encouraged. Mr. Houghton said there would be an update given at the March meeting. Mr. Omvig asked if the CNAs would have an opportunity to weigh in. Mr. Houghton said they will have representation at the subcommittee meeting.

Governance

Dr. Ed Anthony, Chair of the Governance subcommittee, reported on the meeting held in December. He said there were three main issues discussed.

First, there was a discussion on the Accountability Rule. Secondly, there was an update on the compliance review process and the development of a concept paper. The draft will recraft the compliance review process and the final draft will outline the role of the Committee and the CNAs and the steps for implementation. Finally, Dr. Anthony said there was a discussion on related corporations.

VII. CNA Reports

NISH

Mr. Robert Chamberlin, President/CEO, said NISH has spent a considerable amount of time doing outreach to their customers. He said there is a public speaking initiative specific to AbilityOne employees who are disabled veterans from the Iraq war. These six workers are going around the country telling their own stories. Mr. Chamberlin said this program was implemented about a year ago. During National Disability Employment Awareness Month, one worker spoke at the Pentagon event and he had a huge impact on the audience. Mr. Shay Assad, Director of Defense Procurement and Acquisition Policy, challenged the audience to find AbilityOne work to expand the program. Mr. Houghton said he attended both events at the Pentagon and the Department of Veterans Affairs (VA) events. He commended Robert Henke, VA member, for challenging the VA audience also.

Mr. Chamberlin also spoke about the event held at the Office of Management and Budget (OMB). A Chicago Lighthouse clock was presented to Director of OMB, Jim Nussle. Director Nussle gave his senior executives pens from the AbilityOne program as Christmas gifts. Mr. Chamberlin said these types of events have a long lasting effect.

Mr. House asked if the Committee could get more letters of support. Ms. Stephanie Lesko, Committee staff, said there is a memo of support from Mr. Assad posted on www.abilityone.gov.

Finally, Mr. Chamberlin reminded everyone that the 2008 NISH Conference will be held April 15-16, 2008 in Los Angeles, California. He said the format has been changed and the conference will begin on Monday.

Mr. Kelly asked Mr. Chamberlin if he had received first quarter data results. Mr. Chamberlin said the data is not due until the end of the month and 2008 is expected to be another down year.

NIB

Mr. Jim Gibbons, President/CEO, National Industries for the Blind (NIB), said the name change has taken a positive hold in raising awareness. NIB continues its marketing efforts and customers are aware of the name change. Mr. Gibbons commended NISH for allowing its workforce to tell their own stories.

Next, Mr. Gibbons discussed planning for the fee ceiling. He said the numbers are significantly down from 2007 and a drop in business is expected for 2008.

Mr. Gibbons said the second class of the Business Leaders Program has graduated and one member has been promoted as the Executive Director of an agency in Mississippi.

Lastly, Mr. Gibbons recognized Angela Hartley for her work with the Business Leaders Program and thanked her for years of service to people who are blind. Ms. Hartley will be leaving NIB to pursue other career goals.

VIII. Executive Director's Comments/New Business

Mr. Patrick Rowe, Acting Executive Director, reported on the DoD Contracting Senior Leader Offsite meeting he attended with Mr. Gibbons and Mr. Chamberlin.

Next, Mr. Rowe reported on the NISH/NCWC Regional Conferences. He said that a number of staff members attended the session in Williamsburg, Virginia. The conferences give the staff an opportunity for face to face time with the nonprofit agencies.

Mr. Rowe also discussed the progression of PLIMS and said he hopes to have it ready by the end of the first quarter. Mr. Rowe thanked NIB for their exceptional efforts to interface with the new software.

A memo of support for the AbilityOne Program is being moved through the Office of Management and Budget/OFPP for eventual signature by the President. There are two concurrence signatures that are needed before the letter moves to the West Wing. Mr. Gibbons offered to have one of his contacts at the White House assist in moving the memo along.

Finally, Mr. Rowe said Angela Phifer would poll the members regarding their attendance for the 2008 NISH National Training Conference in Los Angeles, California.

After determining there was no further business, Mr. Houghton adjourned the meeting at 10:40 am and went into an Executive Session.

List of Attendees – January 10, 2008

Committee Members

Ed Anthony	Department of Education
Osborne Day	Private Citizen
Robert Henke	Department of Veterans Affairs
James House	Department of Agriculture
Andrew Houghton	Private Citizen
Kathleen James	Department of the Air Force
Robert Kelly	Private Citizen
Paul Laird	Department of Justice/UNICOR
Patrick Leahy	Department of Commerce
Felipe Mendoza	General Services Administration
James Omgig	Private Citizen
J. Anthony Poleo	Defense Logistics Agency
Alan Thompson	Department of the Navy
Edward Walters	Department of the Army

Committee Staff

Lou Bartalot
Eric Beale
Emily Covey
Robert Hartt
Stephanie Hillmon
Amy Jensen
Michael Jurkowski
Stephanie Lesko
Dennis Lockard
Connie Mehr
Angela Phifer
Dacia Rogers
Patrick Rowe
Sandra Scafone
Joan Smith
Janet Yandik
LaWanda York
Kimberly Zeich

NISH

Robert Chamberlin
Vic Dennis
Dennis Fields
Elizabeth Goodman
Larry Jones
Barbara Van Allen

List of Attendees – January 10, 2008 (Continued)

NIB

Steve Brice
James Gibbons
Angela Hartley
Kevin Lynch
Arun Shimpi

Government Representatives/Staffers

Lisa Brown	Department of Agriculture
Aaron Collmann	General Services Administration
Cynthia Maltby	Office of Management and Budget
Mark Opilla	Department of the Navy
Derek Underwood	Department of Veterans Affairs
Steve Weidner	Department of the Army

Others

Barbara Barnard	ORC Industries
Ellen Brown	Goodwill
Adele Gasparro	ORC Industries
Mark Hall	ServiceSource
Lisa Kinard	Goodwill Industries International
Sharon Omvig	Private Citizen