



FINAL MINUTES

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Thursday, March 13, 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.

Mr. Houghton introduced Ms. Tina Ballard as the new Executive Director and said she fit the selection board's criteria well and that her qualifications would take the AbilityOne Program to the next level. He said she is a known leader and her ability to communicate with Federal customers will benefit the program. Mr. Houghton thanked the selection committee and he also thanked the staff for their hard work and commitment during the recruitment process.

Next, Mr. Houghton introduced Mr. Kevin Lynch as the Interim President and CEO of the National Industries for the Blind (NIB).

I. Award Presentations

Mr. Houghton recognized Mr. Jim Gibbons for his 10 years of service and dedication to National Industries for the Blind as President and Chief Executive Officer. Mr. Gibbons efforts helped AbilityOne remain the single largest employer of Americans who are blind or have other severe disabilities. Mr. Gibbons will continue to be a key AbilityOne stakeholder in his new position at Goodwill International.

Mr. Houghton presented Mr. Gibbons with a coin and told him he would also receive a set of coasters.

Next, Mr. Chamberlin presented Mr. Gibbons with NISH's President Award. He commended Mr. Gibbons for his outstanding contributions to the AbilityOne Program and he said he looks forward to working with him in another capacity at Goodwill International. Mr. Chamberlin also welcomed Mr. Lynch and said he looks forward to working closely with him.

Mr. Stephen Patterson presented James House, U.S. Department of Agriculture (USDA), with an award for USDA's voluntary goals on behalf of NAEPB President Lauren White. Mr. House thanked the NAEPB and challenged other agencies to get involved in establishing voluntary goals for the AbilityOne Program.

II. Consideration of Minutes – January 10, 2008

Mr. Houghton asked Ms. Angela Phifer, Committee Executive Assistant, if there were any changes to the January 10, 2008 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 Tony Poleo, Department of Defense (DLA). The minutes were adopted by unanimous vote.

III. Presentations

Mr. Houghton said that five nonprofit agencies with overall direct labor ratios below 75 percent for multiple years would make presentations to the Committee. He said a Special Vote Letter would be circulated so that the members could make their final decisions.

Goodworks – Metairie, LA

Mr. William Jessee, President and Ms. Bobbie White, Vice President, presented on behalf of Goodworks, Inc. First, Mr. Jessee explained how the population in the area has declined post-Hurricane Katrina. Sixty percent of Goodworks' employees lived in the lower ninth ward and to date 30,000 residents have not returned. Another twenty-five percent of Goodworks employees lived in the Gentilly area and 22,000 of those residents still have not returned. Mr. Jessee said Goodworks is competing with businesses such as McDonald's where \$5,000 signing bonuses are offered and the hourly wage is \$10. He said most of the hospitals are still not open and public transportation has gone down considerably. Construction costs in Metairie continue to rise and many businesses have been affected as well as the personal lives of Goodworks employees.

Ms. White discussed Goodworks recruiting efforts in 2007 including local advertising and job fairs. She said Goodworks submitted a letter to NISH requesting release from their commissary contract. There were typically 20 workers on-site, though only four with disabilities, and there was no public transportation for these individuals. She also said many of the psychologists and psychiatrists did not return to the area post-Katrina. Another problem they have faced is trying to get background checks on employees which can cost up to \$60 per person. Ms. White said there were 603 employees pre-Katrina and currently there are 475; unfortunately, one employee was lost due to the storm.

Dr. Ed Anthony, Education, asked where the facilities are located. Ms. White said some are located in Metairie and they are also sharing space with the Boy Scouts of America. Mr. Omgig asked if there was difficulty finding enough people who are disabled. Ms. White said it is quite a challenge. Mr. Jessee feels that when services and the infrastructure are restored, the residents will return.

Mr. Houghton asked about the wages being paid. Mr. Jessee said they currently pay \$12.13 per hour. Mr. Houghton also asked, based on the data, if Goodworks had five million dollars in government contracts in FY 2007 but only paid \$863,000 in wages, where did the rest of the money go. Mr. Vic Dennis, NISH, responded by saying the

\$863,000 was only the wages paid to people with severe disabilities on the contracts. He said it did not include wages paid to non-disabled workers, supervisors, or project managers. The total wages would be much higher if all the other people were included for the annual certification, but only the wages for people with severe disabilities are reported.

Mr. Houghton asked Mr. Jessee to explain the structure of Goodwill and Goodworks. Mr. Jessee said there are three divisions and they have separate boards. He explained what each division does and the retail program at Goodwill. He said four of the thirteen stores were lost due to the storm, and three have been reopened.

Ms. Ballard asked how long it would take for Goodworks to get back to 75 percent. Mr. Jessee said it would take about 18 months. FEMA extended rent subsidies until 2009 and this money has replaced the welfare system, he said. Ms. Ballard asked if Goodworks had considered providing transportation to its employees. Mr. Jessee said they tried a carpooling system.

Mr. Houghton told Goodworks they would have to provide transportation by leasing cars or some other options to get back in business. He said his level of confidence is not high if Goodworks is waiting for the infrastructure to make a difference. Mr. Jessee said Goodworks is committed to get back in ratio and will take proactive measures to do so. He also thanked NISH for providing housing for some of their employees.

Mr. Chamberlin said he has been to the area twice and has seen the devastation first-hand. He commended Goodworks for giving up the commissary project. Ms. Ballard asked what corrective action plan Goodworks has in place. Mr. Jessee said 13 employees will be certified as having severe disabilities in 30 days and the ratio will go up. He said he believes that Goodworks will be back in compliance in less than 18 months.

Mr. Houghton asked what the Committee will do if an agency is out of compliance for 3½ years. Mr. Lockard said in the past, the Committee has not extended the probationary period past two years. When the statute was drafted, natural disasters were not taken into consideration, he said.

Mr. Houghton asked if Goodworks could provide a more detailed corrective action plan and additional information for the staff. Mr. Jessee said he would be happy to provide information to the Committee.

Mr. Mendoza asked if the Committee could request a waiver to the statute. He said it was unfair to penalize Goodworks for circumstances beyond their control. Mr. Lockard said a waiver would have to come from Congress. Mr. Mendoza said the Committee should look at those options and Mr. Omvig said the Committee should show a bit of leniency under such circumstances.

Mississippi Goodworks – Gulfport, MS

Mr. Jim Collins, Interim CEO, presented on behalf of Mississippi Goodworks. First he gave some background information on the history of the company and his association there. He said before Hurricane Katrina hit, Mississippi Goodworks had never been out of compliance. He said he has become the fourth Acting Executive Director since Hurricane Katrina. For the first year following Katrina, Goodworks was at 60.05 percent, direct labor, a remarkable percentage given the circumstances. All but one of nine AbilityOne contracts was shut down due to Katrina.

In FY 2006, Goodworks hired 86 workers with disabilities, 47 of whom left the same year and 86 workers without disabilities, 71 of whom left the same year. In FY 2007, Goodworks hired 68 workers with disabilities, 31 of whom left the same year and 15 workers with no disabilities, 12 of whom left the same year. Mr. Collins said Goodworks is using 16 sources of employment to hire new employees. Mr. Mendoza asked if they were doing work in federal building and Mr. Collins responded in the affirmative.

Because of Hurricane Katrina, Mr. Collins made two requests:

1. That FY 2006 not be considered a reportable year.
2. That the Committee gives Goodworks until the end of the fiscal year to get in ratio, or if the Committee agrees to considering FY 2006 a non-reportable year, until the end of FY 2009.

Finally, Mr. Collins ended his presentation with a quote from Maggie Hansen, Committee staff Compliance Specialist, "...I see an organization that's fulfilling its mission to serve people with disabilities, and such an effort is commendable."

Goodwill Industries of the Valleys – Roanoke, VA

Mr. Bruce Phipps, Chief Executive Officer, presented on behalf of Goodwill Industries. Mr. Phipps said that Ms. Hansen also had a compliance visit to Goodwill where she witnessed some of the actions taken to achieve a 75 percent direct labor ratio for 2008. Goodwill analyzed retail operations and positions, matched positions to AbilityOne definitions of direct labor for retail operations, developed time tracking sheets for retail workers, and provided continuous training of retail management for appropriate tracking.

The total agency direct labor ratio is currently 79.69 percent, well above the required 75 percent. Mr. Houghton asked Mr. Phipps if he foresees falling out of compliance again; Mr. Phipps said no. Mr. Phipps said there is more emphasis on business services and hiring the talent to do that.

Davis Memorial Goodwill – Washington, DC

Ms. Katherine Meloy and Ms. Judy Adams presented on behalf of Davis Memorial Goodwill. Ms. Meloy apologized for the absence of Mr. John Kemp, Chairman, who was on travel. Ms. Meloy gave an overview of this Goodwill affiliate, which has been in the AbilityOne Program since 1975.

Mr. Omvig asked why Goodwill has been out of ratio for the last couple of years. Ms. Meloy said Goodwill has been unable to staff the large commissary project at Andrews Air Force Base (AFB). In January, Goodwill decided to resign that program and beginning next week, another agency will be taking over that contract.

Ms. Meloy hopes that Goodwill's ratio will reach 72 percent by removing the Andrews AFB project. Among the problems with the Andrews AFB service, there was no public transportation for shift work (9:00 pm – 3:00 am). The volume of work was greater than anticipated and nondisabled people were hired to offset the volume of work. In particular, a lot of the work included shelf stocking, which needs to be completed by the next day of business.

Ms. Meloy said that Goodwill is better at the custodial and pest control business and they will have an opportunity to raise their ratio on a contract with the Bureau of Printing and Engraving (BPE). There is a problem with obtaining necessary security clearances in a timely manner, and Ms. Adams has been attending meetings twice a month to enhance Goodwill's relationship with BPE.

Ms. Adams said Goodwill has focused on partnerships with other agencies and hired additional staff including case workers. Ms. Meloy expressed confidence that Goodwill will be back in compliance by September 2008, and that they will continue to be strong stewards of the AbilityOne program.

Mr. Poleo, DLA, asked what the predominate reason was for people being disqualified for some of the AbilityOne contracts. Ms. Meloy said the length of time it takes for security clearances has a negative affect on staffing. Mr. Poleo said depending on the sensitivity of the job, waivers can be obtained in some cases.

Mr. House, USDA, said his agency is looking at the level of clearances and he asked Mr. Chamberlin what is NISH doing to try to alleviate this problem. Mr. Chamberlin said this is an extraordinary problem across the country that NISH is also trying to deal with.

Mr. Houghton asked Ms. Meloy if Goodwill's business is entirely dependent on AbilityOne projects. She responded no, and described the structure of the two entities – Goodwill of Greater Washington and Davis Memorial Goodwill. Mr. House asked about the value of the Andrews AFB contract and Ms. Meloy said it was worth \$1.6 million. Ms. Meloy feels that without the Andrews contract, Goodwill will be totally compliant in six months.

Training, Rehabilitation and Development Institute (TRDI) – San Antonio, TX

Mr. Juan Rangel, Executive Director, presented on behalf of Training, Rehabilitation and Development Institute (TRDI).

Mr. Houghton asked Mr. Rangel to explain what his nonprofit agency has done about their documentation problem. Mr. Rangel said TRDI has developed a comprehensive compliance program to ensure that the disability documentation as well as the ratio requirements are met and will be maintained in the future. Qualified professionals have been hired to staff the agency's Compliance Department.

Since TRDI was able to reach a ratio of 75 percent during the fourth quarter of 2007, Mr. Houghton said there was no need to further discuss their compliance efforts.

IV. Litigation Update

Mr. Dennis Lockard, Committee Counsel, reported on the Committee's current litigation. The Committee is currently involved in three active lawsuits.

First, Mr. Lockard reported on ARC Diversified regarding a price impasse determination by the Committee on one of its products, export vegetable oil. The case is in bankruptcy court and no action has been taken, but a hearing is scheduled for the end of April 2008.

The second 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 Court has not taken any new action, but a hearing is scheduled for March 24, 2008.

The third lawsuit involves Positive Access, Inc. (PAI), also a bankruptcy case in Las Vegas, Nevada related to an AbilityOne project that was moved from PAI to another nonprofit agency. The Court was considering a Motion to Dismiss and a ruling was expected by the end of March. Mr. Lockard said if the dismissal is not granted, the case will proceed.

Mr. Lockard explained that he had become aware of attempted personal communications between a nonprofit agency and Committee members. Mr. Lockard reminded the Committee members that ex parte communications between Committee members and any entity seeking action by the Committee was inappropriate while the matter was pending. Mr. Lockard encouraged the Committee members not to have communications in these instances. Instead, Mr. Lockard recommended that members notify him if they are contacted.

V. Subcommittee Reports

Finance

Mr. Tony Poleo, Chair of the Finance subcommittee, said the subcommittee plans to meet immediately following the Committee Meeting to discuss the feedback received from the CNAs regarding pricing memoranda PR-2 and PR-3.

Planning and Evaluation (P&E)

Mr. James Omgig, Chair of the P&E subcommittee, reported that the subcommittee met in February. He said Ms. Larissa Timmerberg, NISH, gave a briefing on the productive meeting held at Social Security. She also reported on the re-launch of the Ticket-to-Work Program and also discussed the March 18th interview for NISH Workplace Magazine with Social Security leaders.

Mr. Paul Laird, Department of Justice, discussed options to positively recognize agencies that stay in compliance and surpass their goals. He also discussed incentives to encourage some agencies to try harder.

Business Development

The Business Development subcommittee met on February 14th at the Target Center in the U.S. Department of Agriculture (USDA). Ms. Emily Covey, Committee staff, gave an update on the meeting.

The Committee staff provided an update regarding BRAC activities. The Committee, NIB and NISH staff met with the liaisons from the Army, Navy and Air Force and all agreed the group would meet on an as needed basis to discuss BRAC related activities.

Ms. Stephanie Lesko, Committee staff, reported that the AbilityOne Brand book is complete and has been sent to the nonprofit agencies and a copy has been provided to each of the members.

Ms. Lisa Brown, USDA, discussed the equipment found in the Target Center and said the Director gave a demonstration to the group.

The subcommittee's goal for the fiscal year is to have two to three cooperative agreements signed with large Federal agencies and AbilityOne Program representatives. The subcommittee plans to meet in April at the NISH Conference.

Finally, Mr. Patrick Rowe, Deputy Executive Director, thanked Mr. Laird's group for the printing of the Brand book.

Governance

Mr. Dennis Lockard, Committee Counsel, reported on behalf of Dr. Ed Anthony, Chair of the Governance subcommittee. Mr. Lockard said the group did not meet in February but continued to work on related corporations and the accountability standards topic that was referred back to subcommittee.

Mr. Houghton discussed the proposed legislative recommendations being developed by the Committee to improve the statute. Mr. Houghton said that comments previously provided by various stakeholders were taken into consideration as the current review process began. He said two meetings were held with the staff and CNA representation; during these meetings, the legislation was reviewed and changes to the initial draft were made. The Committee received written comments from NISH staff with constructive recommendations. NIB shared the comments with their Board and the NAEPB; letters were subsequently received from NIB and the NAEPB objecting to the Committee's process. Mr. Houghton reminded everyone that the Committee is not obligated to share such sensitive matters with the CNAs.

Mr. Houghton said the comments received during the process would be reflected in the draft changes included in the Vote Letter to the Committee. If the Committee members approve the recommended changes, the legislative recommendations will be submitted to the Office of Management and Budget (OMB). If approved by OMB, it will be distributed to Federal agencies for comments. Mr. Houghton anticipates that the Special Vote Letter will close in a couple of days, and he thanked NIB and NISH for their recent comments and input.

Mr. Houghton encouraged everyone to improve communications, and to stop hanging on to the past and move into the future. He said Ms. Ballard has the opportunity to take the AbilityOne Program to the next level, and he said with a new team (Ms. Ballard, Mr. Lynch, and Mr. Chamberlin), program goals can be achieved such as accountability standards and governance.

VI. CNA Reports

NIB

Mr. Houghton welcomed Mr. Lynch and asked him to report on NIB's activities. Mr. Kevin Lynch recognized Mr. Gibbons for his significant accomplishments and wished him the best in his new endeavors. Mr. Lynch said he is excited about his new role as Interim Chief Executive Officer and he looks forward to working closely with Ms. Ballard.

Mr. Lynch reported on the search for a new President & CEO. He said the NIB Board has appointed a search committee and that they met via teleconference to develop a plan of action. A request for proposal has been completed to hire a search firm. He said the Board has an aggressive schedule and timeframe to hire a new President and CEO by August 2008.

Mr. Lynch said he is excited after meeting with the Committee's new Executive Director, Ms. Tina Ballard and will be visiting a nonprofit agency for the blind with her.

The NIB Sales Conference will be held June 21-24 in Scottsdale, Arizona. The keynote speakers include U.S. Army Lieutenant General Robert T. Dail, Director of Defense Logistics Agency (DLA) and GSA Commissioner Jim Williams.

Mr. Lynch said he is pleased with mid-year results. In the first quarter, employment hours were up nine percent from this time last year. He said a number of new projects are in the works including Digital Data Scan. He also said he has some concerns about traditional markets such as textiles. In FY 2009, NIB will enter new markets to offset the softening in traditional markets such as textiles, DoD, etc.

Mr. Lynch discussed some of the difficulties NIB agencies have been experiencing with delivery and performance. Mr. Lynch discussed some problems experienced by Outlook Nebraska in providing toilet tissue for GSA. Outlook Nebraska has recently ended an enclave business model and has obtained both their own facility and their own operational equipment. While multiple shifts are gearing up, NIB received a request from GSA for a purchase exception for a significant volume so that quantities of toilet tissue can be distributed to inventory points in the Middle East. Mr. Lynch will report back to GSA about meeting updated delivery schedules. Mr. Lynch also discussed a problem with providing fire hoses to GSA for use by the U.S. Forestry Service. The orders were two to three times higher than originally forecasted, which caused some supply chain issues and has Oklahoma League for the Blind behind in shipping some orders. NIB has a plan to get all shipments back on schedule and complete in June 2008.

Mr. Omvig asked who was on the NIB Board search committee. Mr. Lynch said he would provide that information to Mr. Omvig.

Mr. House asked if NIB was able to offer a purchase exception. Mr. Rowe said the CNAs can issue a purchase exception under the threshold of \$100,000. If it is above \$100,000, it is referred to the Committee.

NISH

Mr. Robert Chamberlin, President/CEO, reported on NISH's activities. There was a Board meeting, and the CRP Executive Fly-In held during the same week; this was planned so that all events were in sync. Mr. Ed Guthrie, NISH Board Chairperson, did not attend the Committee meeting because he was on Capitol Hill in a meeting with his representatives. A Congressional reception was held Wednesday night to recognize

AbilityOne Congressional Champions. Mr. Houghton, Ms. Ballard and Ms. Kimberly Zeich, Committee staff, were in attendance. One of the Congressional representatives from Denver happened to see the AbilityOne sign and came in to find out more about the program.

Next, Mr. Chamberlin discussed the Office of Management and Budget (OMB) Circular A-76 policy change that once again authorizes AbilityOne direct conversion and streamlined competition opportunities. Mr. Omvig asked Mr. Chamberlin to explain what he meant by conversion. Mr. Chamberlin said it is when a function is being performed in-house by government employees and a cost comparison is performed between the government and the AbilityOne Program. If the Nonprofit Agency (NPA) is successful, the work is converted to the AbilityOne Program and may be proposed for Procurement List addition.

Mr. Chamberlin said just this week the West Point Military Academy decided to perform an A-76 comparison in conjunction with AbilityOne. If successful, this will double the amount of business for NISH-associated nonprofit agencies at the Academy. The Department of Defense Procurement Conference is May 12-14 in Orlando, Florida and AbilityOne will have mandatory sessions.

Mr. Chamberlin also discussed delivery issues a NISH-associated nonprofit agency has been experiencing with the Forest Service regarding firefighting equipment in Montana. Due to increased demand and aging manufacturing equipment, Helena Industries did not believe it could fulfill its contractual obligations and asked NISH to identify another nonprofit agency. As the product requires a first article approval, NISH is working with the nonprofit to see if this year's requirement can be fulfilled using multiple shifts or other methods to meet the Government's needs.

Mr. Chamberlin reminded everyone that the 2008 NISH Conference will be held April 14-16, 2008 in Los Angeles, California and there will be a full Committee meeting on Tuesday afternoon.

Mr. Houghton said Mr. Paul Denett, Administrator of the Office of Federal Procurement Policy, signed a memorandum providing guidance on government-wide provisions related to competitive sourcing. During the NBC-4 Viewpoint interview with Ms. Ballard and Mr. Houghton his comments were mentioned.

On February 11, 2008, President George W. Bush signed a memo of support that went out to all Federal agency heads. Mr. Houghton said the memo will be used as an incredible tool to reach out to customers. The Committee also had a photo opportunity with First Lady Laura Bush and some of the NIB and NISH Employees of the Year. Mr. Jim Nussle, Director of OMB, also made comments during the event. Mr. Houghton said the event provided the program with incredible visibility. Mr. Chamberlin described the excitement generated by the White House tour and what it meant to the employees.

Mr. Edward Walters, Department of the Army, commended the Committee staff for the great job they have done on the branding initiative and recent media events.

VII. Executive Director's Comments/New Business

Ms. Tina Ballard, Executive Director, reported on her invitation to the Army Procuring Contracting Officers and Interns Training Symposium. Ms. Ballard plans to work with Frank Anderson, President of Defense Acquisitions University to implement AbilityOne training.

Ms. Ballard said she has also been invited to the DoD Procurement Conference as a speaker and to the GSA Expo where AbilityOne training will be conducted. Ms. Ballard thanked the Committee members for their warm welcome and expressing their confidence in her abilities to lead the AbilityOne Program.

After determining there was no further business, Mr. Houghton adjourned the meeting at 12:10 pm.

List of Attendees – March 13, 2008

Committee Members

Ed Anthony	Department of Education
Osborne Day	Private Citizen
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
Edward Walters	Department of the Army

Committee Staff

Tina Ballard
Lou Bartalot
Eric Beale
Emily Covey
Robert Hartt
Stephanie Hillmon
Amy Jensen
Michael Jurkowski
Stephanie Lesko
Barry Lineback
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
Sally Henderson
Larry Jones
Robert Sullivan

List of Attendees – March 13, 2008 (Continued)

Barbara Van Allen

NISH Board

James Barone

Gregg Bender

Elmer Cerano

William Coleman

Susan Fonfa

Mary Ann Greenawalt

NIB

Dan Abatemarco

Steve Brice

Kevin Lynch

Arun Shimpi

Government Representatives/Staffers

Lisa Brown

Department of Agriculture

Aaron Collmann

General Services Administration

Patricia Cleveland

Department of Defense/DLA

Cynthia Maltby

Office of Management and Budget

Mark Opilla

Department of the Navy

Maurice Stewart

Department of Veterans Affairs

Martin Tillman

Department of the Army

Derek Underwood

Department of Veterans Affairs

Steve Weidner

Department of the Army

Others

Ellen Brown

Goodwill

Adele Gasparro

ORC Industries

James Gibbons

Goodwill

Mark Hall

ServiceSource

Sherry Hungate

Goodwill of South Florida

Lisa Kinard

Goodwill Industries International

Sharon Omvig

Private Citizen

Stephen Patterson

SABVI

Steve Purdue

Chuck Richmond