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[Proposed Rules]  
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COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

41 CFR Parts 51-2, 51-3, and 51-4

[Docket No. 2004-01-01]  
RIN 3037-AA00

Governance Standards for Central Nonprofit Agencies and Nonprofit  
Agencies Participating in the Javits-Wagner-O'Day Program

AGENCY: Committee for Purchase From People Who Are Blind or Severely  
Disabled.

ACTION: Withdrawal of notice of proposed rulemaking.

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SUMMARY: The Committee for Purchase From People Who Are Blind or  
Severely Disabled (The Committee), which is responsible for  
administering and overseeing the implementation of the Javits-Wagner-  
O'Day (JWOD) Act, published a notice of proposed rulemaking on November  
12, 2004 (69 FR 65395) proposing to amend its regulations by requiring  
nonprofit agencies awarded Government contracts under the authority of  
the JWOD Act, as well as central nonprofit agencies designated by the  
Committee and nonprofit agencies that would like to qualify for  
participation in the JWOD Program, to comply with new governance  
standards. The Committee is now withdrawing this proposed rule for  
further study and will propose a new rule in the near future.

DATES: Effective Date: July 1, 2005.

FOR FURTHER INFORMATION CONTACT: G. John Heyer, General Counsel, by  
telephone at (703) 603-2121, by fax at (703) 603-0655, by e-mail at  
[jheyer@jwod.gov](mailto:jheyer@jwod.gov), or by postal mail at Committee for Purchase From

People Who Are Blind or Severely Disabled, 1421 Jefferson Davis  
Highway, Jefferson Plaza 2, Suite 10800, Arlington, VA 22202-3259.

SUPPLEMENTARY INFORMATION: The Committee proposed by notice of November  
12, 2004 (69 FR 65395) to amend its regulations to require nonprofit  
agencies awarded Government contracts under the authority of the JWOD  
Act, as well as central nonprofit agencies designated by the Committee  
and nonprofit agencies that would like to qualify for participation in  
the JWOD Program, to comply with new governance standards, including  
limits on executive compensation. The Committee, by notice of December  
3, 2004 (69 FR 70214), extended the comment period on the proposal to  
February 10, 2005. By the close of the comment period, the Committee

had received 167 written comments, from Members of Congress, representatives of designated central nonprofit agencies, representatives of nonprofit agencies, and other interested persons. Six commenters supported the proposed rule in its entirety, and eight other commenters supported the proposed rule in part but requested changes to other parts of the rule. Commenters who objected to the proposed rule frequently offered more than one reason for their objections, including 90 who questioned the Committee's authority to propose the rule; 106 who claimed that the proposed rule is duplicative of efforts of other Governmental entities, such as the Internal Revenue Service, which also regulate nonprofit agencies participating in the Committee's JWOD Program; and 84 who claimed that the rule is a waste of limited resources for most JWOD Program participants, as the Committee admitted that the proposed rule is a response to actions by a small number of program participants. The Committee's analysis of the comments revealed 106 different objections, most made by a small number of commenters, in addition to requests for extension of the original comment period, which the Committee granted, and requests for public hearings on the proposed rule.

As a first step in analyzing the comments received on the proposed rule, the Committee re-examined its legal authority in light of the arguments made in the comments and concluded that the JWOD Act's general rulemaking authority provision (41 U.S.C 47(d)(1)(C)) does permit the Committee to propose a rule concerning governance standards and executive compensation for JWOD Program participants. There was nothing provided or referenced in the written comments which would explicitly and specifically prohibit the Committee from using its rulemaking authority to propose a rule of this nature.

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However, the Committee believes that the number and nature of the other issues raised in the comments justify extensive study and revision of the rule. By withdrawing the proposed rule, the Committee will have the flexibility to make use of valuable insights it has received from reviewing the comments to craft a new rule or rules which will address its concerns without unintended consequences and excessive burdens on program participants. The Committee intends to propose a new rule or rules in this area by the end of the year.

Accordingly, the proposed rule of November 12, 2004 (69 FR 65395) is hereby withdrawn.

Dated: June 28, 2005.

Sheryl D. Kennerly,  
Director, Information Management, Committee for Purchase From People  
Who Are Blind or Severely Disabled.

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