



GSA Public Buildings Service

MEMORANDUM FOR COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE
BLIND OR SEVERELY DISABLED

FROM:

ERIC DUNHAM  1/31/06
OFFICE OF VENDOR ALLIANCE & ACQUISITION - PGC

SUBJECT:

PBS Position on November 12, 2004 Federal Register Notice

Thank you for the opportunity to comment on the notice of proposed rulemaking from the November 12, 2004, Federal Register and the specific questions outlined in the December 16, 2005, Federal Register. Attached for your records, are the comments presented on January 12, 2006. If GSA/PBS can be of further assistance, please feel free to contact me on 202 501-1240.

Attachment

**General Services Administration
Public Buildings Service, National Office
Comments on the
Federal Register Notices dated
November 12, 2004 and December 16, 2005**

Thank you for the opportunity to comment on the notice of proposed rulemaking from the November 12th, 2004, Federal Register and the specific questions outlined in the December 16, 2005, Federal Register, including the notice of public hearing. As you are aware, about half of GSA's cleaning program, almost \$150 million, is performed through contracts with NISH-associated nonprofit agencies. We are always concerned about our ability to reach a market price for cleaning services from nonprofit agencies and executive compensation and governance issue may significantly affect that and the speed with which we reach a market price with those agencies.

We enjoy a healthy and improving relationship with NISH at the national level due in great part to the strategic alliance document signed by NISH and GSA's key executives in 1997. The number of jobs we are able to create for workers with disabilities through the JWOD program is important to us. Relationships are also improving with NISH regional representatives. The strategic alliance has also improved pricing, and we have processes in place to guide our negotiations with nonprofit agencies. We are seeing progress on improving cleaning quality and applaud NISH for their efforts to certify agencies that meet established quality standards. All of this has been positive for GSA and has led to a slow by steady expansion of our use of such nonprofit agencies to perform cleaning services in Federal buildings.

We do not have specific data, nor are we privy to the financial or compensation information about any of the nonprofit agencies we employ in Federal buildings. Therefore, we have nothing specific to base answers to the questions posed in the December 16, 2005 Federal Register Notice. We do know of some agencies where negotiations are particularly difficult but have no way of knowing whether executive compensation or governance issues drive these negotiations. We would offer that we negotiate with these agencies on a noncompetitive basis, and their nonprofit status, as well as the noncompetitive nature of these contracts calls for some scrutiny of governance and compensation. GSA supports rules that ensure that the protected status of these nonprofit agencies is balanced by rules that ensure reasonable, effective and cost-conscious management and compensation.