

FINAL MINUTES

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Thursday, January 8, 2009
9:00 am – 1:00 pm

Mr. Andrew Houghton, Committee Chairperson, called the meeting to order at 9:05 am. In accordance with Committee practice, he asked attendees to introduce themselves.

I. Staff Awards

Mr. Houghton recognized four members of the Committee staff for their length of service to the Federal government. Ms. Connie Mehr, Director of Resource Management (30 years), Mr. Eric Beale, Program Liaison (25 years), and Mr. Robert Hartt (15 years), were presented with certificates. Ms. Josephine Neish, Business Management Analyst, was absent from the meeting, but she was recognized as the longest tenured employee with 35 years of service.

A special presentation was made by Ms. Susan Pollack, Senior Procurement Analyst, Department of Defense Procurement and Acquisition Policy. Ms. Pollack presented Ms. Stephanie Lesko, Public Affairs Specialist, with a plaque of appreciation for her outstanding service to increase job opportunities for people who are blind or severely disabled. Ms. Lesko and Ms. Pollack have worked closely on the National Disability Employment Awareness Month (NDEAM) events and other special projects.

Next, Mr. Houghton conducted a farewell ceremony for five departing Committee members. Mr. Kevin Lynch, President & CEO, NIB and Mr. Robert Chamberlin, President & CEO, NISH joined Mr. Houghton for presentations to Mr. Robert Henke, Department of Veterans Affairs, Mr. Neil Romano, Department of Labor, Mr. Patrick Leahy, Department of Commerce, Mr. Felipe Mendoza, General Services Administration and Mr. James House, U.S. Department of Agriculture.

Mr. Houghton thanked the members for their leadership and faithful service to the Committee during the Bush Administration. Mr. Chamberlin and Mr. Lynch made comments and presented tokens of appreciation. Mr. Houghton invited the members to make individual comments towards the end of the meeting.

II. Consideration of the Minutes – November 13, 2008

Mr. Houghton asked Ms. Angela Phifer, Committee Executive Assistant, if there were any changes to the November 13, 2008 minutes. She said there were no changes. Mr. James Omvig, Committee Vice Chairperson, made a motion that the minutes be accepted. His motion received a second from Mr. Robert Henke, Department of Veterans Affairs, and the minutes were adopted by unanimous vote.

III. Executive Director's Report

Ms. Tina Ballard, Executive Director, reported on recent activities. Ms. Ballard said the Committee staff along with the assistance of NIB and NISH, within 24-hours of request for a meeting, prepared an extensive package on the AbilityOne Program for President-Elect Obama's Transition Team. Ms. Ballard and members of the staff briefed Ms. Karen McCulloh, Executive Director of Disabilityworks, and the point of contact for disability matters for President-Elect Obama. Ms. McCulloh was very impressed with the timeliness and depth of the information presented. The staff plans to close out the action items from the meeting including making a legislative change to the template definition of disability, updating the AbilityOne website to ensure that the Americans with Disabilities Act (ADA) is applicable to our workforce, and clarification of statutory language concerning competitive employment.

Next, Ms. Ballard discussed the AbilityOne/Industry Initiative meeting that was held on December 11th. She said the attendees included Mr. Shay Assad, Director of Defense Procurement and Acquisition Policy, Department of Defense, and vice presidents of contracting from some of the top companies in private industry. All of the attendees are very interested in increasing jobs for people who are blind or severely disabled and briefed the group on how to accomplish strategic goals and initiatives. The meeting was very successful and it was agreed that the group would continue to meet throughout the year.

Ms. Ballard briefed the Senior Procurement Executives (SPEs) at their offsite retreat in Warrenton, Virginia. An NIB-associated severely disabled veteran who is blind was asked to address the group.

Ms. Ballard said she plans to give a "State of the Agency" report during the Executive Session following the meeting.

IV. FY 2008 AbilityOne Performance Results

Mr. Lou Bartalot, Committee staff, presented the AbilityOne Program Results for FY 2008. Mr. Bartalot said it has been a good year for the program. There has been an increase of over three million hours and the Program has not seen this level of growth since 2003. The direct labor hours of people who are blind or severely disabled increased 7.71% to a total of 44,191,031 hours, or 22,096 work years.

Next, Mr. Bartalot reviewed employment and wages. Regarding employment, NIB had a 6.52 percent increase in the number of jobs from FY 2007 and NISH had a 2.35 percent increase from FY 2007. The total number employed in the AbilityOne Program in FY 2008 was 43,381.

Mr. Houghton asked to what the increase of hours is attributed. Mr. Chamberlin said that a major factor is the steady increase in new additions. He said there have been tremendous budget cuts on the services side. A lot of the people who work only a few hours have been let go, which is why the number of people employed has not increased at the same rate.

Mr. Robert Kelly, Private Citizen member, asked which is more important, the number of work hours or the number of jobs. Mr. Houghton asked Mr. Chamberlin and Mr. Lynch to give their opinion. Mr. Chamberlin said direct labor hours is the more important metric compared to the number of jobs. Mr. Lynch agreed with Mr. Chamberlin and said the net employment hours are more important than the growth of the net employment. Mr. Houghton said it is important to understand the parallel between the two and how resources are allocated.

FY 2008 paid \$456,779,169 in wages or an average of \$10.34 an hour. NIB paid \$50,288,867, an 11.38 percent increase in wages. NIB services had an average wage of \$12.42 while products had an average wage of \$7.92. NISH paid \$406,490,302 or \$10.57 an hour. Wages grew 10.02 percent and NISH services had an average wage of \$11.53, while products had an average wage of \$6.18.

Next, Mr. Bartalot reported that it was a very good year for AbilityOne sales and the number for FY 2008 was \$2,343,614,972. NIB had a 9.31 percent increase from FY 07 and NISH had a 9.33 percent increase. Services increased by 11.84 percent and products increased by 6.23 percent. He noted that product sales are still not back to 2003 and 2004 numbers. He said this is a result of the loss of the chemical suits. Mr. Bartalot also noted that base supply center sales grew 17.02 percent to \$384,364,031.

For the first time in many years a NIB agency was in the top 10 nonprofit agencies for sales. Mr. Houghton asked if the Base Supply Centers (BSCs) stores are included. Mr. Bartalot responded by saying that would be double counting sales, but that when the BSC sales are included, four of the top 10 agencies are NIB agencies.

Mr. Bartalot said the overall direct labor ratio for the Program was down 0.3 percent to 84.5 percent. There were 12 agencies with overall ratios below 75 percent (10 affiliated with NISH and two with NIB). Mr. Bartalot said this is the lowest number the Program has had since 1989.

The nonprofit agencies that have been below 75 percent for two years are Goodworks, Inc., Metairie, LA; Davis Memorial Goodwill Industries, Washington, DC; and Concho Resource Center, San Angelo, TX.

The AbilityOne direct labor ratio was 80.1 percent, an increase of 0.1 percent. There were four agencies that were below 60 percent. Mr. Bartalot also said there were a total of 29 nonprofits with AbilityOne ratios between 60 and 75 percent, down from 44 in FY 2007, a good performance overall.

Mr. Houghton asked about Goodworks being out of compliance again. Mr. Bartalot said Goodworks provided a detailed plan that asked the Committee to give the company two years to get back in compliance. Mr. Houghton said the Committee has a responsibility to enforce the rules of compliance and it may mean moving or transferring a project to another agency.

Mr. Bartalot said despite the bad economy, the AbilityOne Program had a good year.

Mr. House asked if the nine agencies that were out of compliance in FY 07 asked for any help. Mr. Houghton said getting things off of the Procurement List is an ongoing effort. He said there are items on the list that haven't been used for years.

Mr. Houghton welcomed Rear Admiral Michael J. Lyden to the meeting and asked him to introduce himself. RADM Lyden thanked Mr. Houghton and expressed his appreciation for being able to observe the meeting. RADM Lyden became commander of Naval Supply Systems Command in October and may become the Committee designee for the Department of the Navy. RADM Lyden has had a long career providing logistics support for the Department of Defense and describes himself as a business man in a Navy uniform. He has served tours in the United States as well as overseas in Europe and Africa.

V. Special Vote Letter

During the November 8, 2008 Committee meeting, the Communications and Customer Satisfaction subcommittee proposed that a special vote letter be prepared on the guiding principles and best practices for a quality work environment (QWE) and be presented at the January 8, 2009 meeting. This vote letter stems from subcommittee meetings on Objective 2(d) of the AbilityOne Strategic Plan for 2007-2009. The objective is to "promote employment quality through NPA adoption of activities that address and/or improve quality of work environment." The measure for this objective states, "By 2010, self-certification of all NPAs demonstrating best practices for increasing the quality of work environment, to be reviewed in compliance visits."

Mr. Kelly recommended that the Committee continue the practice of signing issue-oriented vote letters in public. Mr. Houghton concurred with Mr. Kelly's recommendation. Ms. Ballard said there would be a voice vote and then the members would sign individual vote letters.

Ms. Ballard thanked subcommittee Chair, Mr. Neil Romano, for his exceptional leadership. She said that Mr. Romano values dissent and the discussions were quite lively and colorful, but the end result will have a significant impact on our target population.

Mr. Romano agreed that there were many colorful discussions, but said they were always respectful. Mr. Romano thanked the Committee staff, and especially Mr. Hartt, Mr. Lockard, and Ms. Ballard. He also thanked Dr. Button and Ms. Picerno from his staff. Dr. Button read a summary of the vote letter.

Mr. Romano said it is not the Committee's objective to do something easy, but to do something that is right. He said desire moves these types of issues forward.

Mr. Chamberlin and Mr. Lynch were asked to make comments about the implementation of the special vote letter. Mr. Chamberlin said the concept of quality work improvement is part of the Strategic Plan on paper. He said it takes another step to go beyond the vision and it is extremely challenging. He said the planning and execution must be done smartly.

Mr. Lynch said it all goes hand in hand. The Board and NAEPB are facing challenges. He agreed with Mr. Romano that the Committee should strive to do something hard and continue to press forward.

Mr. Romano thanked his fellow subcommittee members, Mr. Omvig and Ms. James and asked them to make comments. Ms. James agreed that there were some very colorful discussions and the ultimate result is the CNAs will be able to feel comfortable with the product that has been achieved.

Mr. Omvig said he is very pleased with the product and is very happy to be a part of the committee that addressed this challenging issue. He encouraged the members to vote yes.

Mr. Claude said he is a great believer in stretching goals, but he is also realistic about what can be accomplished within the scope. He asked the Committee to be careful not to leave behind those people who are severely disabled and have nowhere else to turn but the AbilityOne Program. Mr. Claude made some suggestions regarding the Federal minimum wage being included in the language of the special vote letter.

Mr. Edward Walters, Department of the Army, said he appreciated Mr. Claude's comments, but agreed that a vision must be a stretched goal. Mr. Romano said he appreciated the integrity of Mr. Claude's comments, but felt that the vision of the subcommittee was to move forward.

Mr. Claude asked that the term "best value" be defined. Ms. Ballard clarified that it is a term used in the federal acquisition system, and publications like the Federal Register use the term to allow flexibility so that procurement decisions are based on several factors other than just the lowest price. Mr. Chamberlin said that some AbilityOne prices may be higher, but there are major best value attributes to the Government for the reliability and dedication of AbilityOne workers.

The Committee members unanimously voted to approve the special vote letter.

VI. Legislation Update

Mr. Dennis Lockard, Committee General Counsel, gave an update on the Committee's legislative efforts. Mr. Lockard said there have been no official meetings since November, but the Committee staff and CNAs continue to work collaboratively on the proposed legislation.

Since the new Congress has been seated there is a possibility that the Committee will have to resubmit the package that was done last May.

VII. Subcommittee Reports

Planning and Evaluation (P&E)

Mr. James Omvig, Chair of the Planning and Evaluation (P&E) subcommittee, said there was a meeting in October during which Compliance and a policy on AbilityOne direct labor ratios and staffing were discussed. During the December meeting the subcommittee will review changes to Compliance Memo #5, which deals with AbilityOne direct labor ratios before coming to the full Committee in January with its recommendation.

Governance

Dr. Ed Anthony, Chair of the Governance subcommittee, reported that there was a meeting on October 9th to begin discussing the suitability criteria for additions to the Procurement List. Dr. Anthony stated that the subcommittee discussed the background and history of the suitability criteria. Dr. Anthony indicated that the discussions will continue during the December meeting. The subcommittee was tasked with reviewing the criteria and determining if any changes are recommended for action by the full Committee.

Finance & Information Management

Mr. Tony Poleo, Chair, said following the Executive Session, he plans to have a working lunch with the Executive Director to discuss some of the issues of the subcommittee and become reengaged.

VIII. CNA Reports

NIB

Mr. Kevin Lynch, President and CEO of National Industries for the Blind (NIB), reported on NIB's Year-End numbers. Mr. Lynch said net employment (Blind Direct Labor Hours) grew to almost seven percent with sales reaching a record \$568.7 million in FY 2008.

Mr. Lynch reported that sales are up for the first two months of FY 2009 (\$96.M). Mr. Lynch is concerned with the impact the recent financial and economic crisis is having on NIB agencies. He said Ferguson Industries for the Blind has closed and 25 jobs were lost. NIB is trying to get other employment for the people who were affected. Also, he reported that Delaware County Association for the Blind may merge or close down, which would put 14 jobs in jeopardy.

Mr. Lynch announced that JWOD.COM is now officially www.AbilityOne.com.

The E-Commerce industry is growing. Mr. Lynch reported that sales this year have reached \$7.6 million compared to \$5.7 million last year.

Mr. Lynch reported that NIB came in under budget and that they will fill two vacancies.

NISH

Mr. Robert Chamberlin, President & CEO, reported on NISH's Year-End numbers. Mr. Chamberlin said it was a very good year in spite of the challenging business environment. He said NISH had a record year with an eight percent growth in labor hours. He said state sales were up as well as commercial. According to Mr. Chamberlin, NISH experienced its first drop in sales in 2007.

Mr. Chamberlin said there has been a budget deficit the last couple of years. Operationally, 2008 had a balanced budget. Mr. Chamberlin said 2008 was a major year for NISH and they were able to execute and expand their business strategy. Facility maintenance is a large line of business at Ft. Bliss.

In FY 2009, NISH hopes to employ 250 FTE positions at the State Department in the passport inquiry section, Mr. Chamberlin said. Mr. Chamberlin forecasts growth in 2009. Mr. Omvig asked if there has been more increase in hours and people. Mr. Chamberlin responded that there has been a two percent increase in jobs and a seven percent increase in hours.

Mr. Kelly congratulated Mr. Chamberlin and Mr. Lynch on their year-end accomplishments.

IX. Departing Members Remarks

Mr. Houghton asked the departing members if they would like to make some remarks. First, Mr. Leahy, Department of Commerce, said it has been a pleasure to work as an advocate for the AbilityOne Program. He said the members are focused on results and there has always been a successful outcome from the meetings.

Secondly, Mr. Romano, Department of Labor, said he has enjoyed the short period of time he has worked with the Committee. He said he has a lot of respect for Chairperson Houghton and hopes that their friendship will continue. He also commented that he admires the professionalism of the Executive Director, Ms. Ballard.

Next, Mr. Robert Henke, Department of Veterans Affairs, said he appreciates all the improvements that have been made to the Committee as well as Suite 10800. He said it has been a privilege to serve and he respects the leadership of Mr. Houghton and Ms. Ballard. He also referred to Mr. Houghton as a "cool dude".

Mr. Felipe Mendoza, General Services Administration, thanked the Committee and said he has learned a lot. He said he will continue to be an advocate for the mission of the program, especially at the Texas Chamber of Commerce. Mr. Mendoza's official retirement date will be January 20th.

Lastly, Mr. James House, U.S. Department of Agriculture, said it has been a pleasure serving under President Bush and expressed his admiration for Mr. Houghton and Ms. Ballard's management styles and their sense of teamwork. Mr. House said he has always focused on "what you can do, not what you can't do".

X. New Business

Mr. Houghton said the Committee will move forward to establish a framework to work through some issues identified in the new QWE policy, and the Governance subcommittee will address these as the implementation process proceeds.

On December 19th, Mr. Houghton, Ms. Ballard, Mr. Chamberlin, Mr. Lynch and the CNA Board Chairs all sat down for a discussion on how to better align the AbilityOne Program and produce a unified strategic plan. As part of the strategic planning process, all parties plan to address the "elephants in the room" such as the low productivity of workers, where the program is going in the 21st Century, and a business model for employment opportunities. Mr. Houghton said plans are underway to schedule a strategic planning session in March or April. Mr. Houghton said a lot of things have changed over the past 70 years. Mr. Houghton wished everyone a happy and productive new year.

After determining there was no further business, Mr. Houghton adjourned the meeting at 11:35 am and then went into an executive session.

List of Attendees – January 8, 2009

Committee Members

Ed Anthony	Department of Education
Abram Claude	Private Citizen
Robert Henke	Department of Veterans Affairs
Andrew Houghton	Private Citizen
James House	U.S. Department of Agriculture
Robert Kelly	Private Citizen
Paul Laird	Department of Justice/UNICOR
Patrick Leahy	Department of Commerce
Felipe Mendoza	General Services Administration
James Omvig	Private Citizen
Anthony Poleo	Department of Defense/DLA
Neil Romano	Department of Labor/ODEP
Edward Walters	Department of the Army

Committee Staff

Tina Ballard
Lou Bartalot
Patricia Briscoe
Emily Covey
Robert Hartt
Cheryl Hopper
Amy Jensen
Stephanie Lesko
Barry Lineback
Dennis Lockard
Connie Mehr
Angela Phifer
Patrick Rowe
Sandra Scafone
Edward Yang
Kimberly Zeich

NISH

Robert Chamberlin
Vic Dennis
Dennis Fields
Elizabeth Goodman
Paul Plattner
Barbara Van Allen
Martin Williams

List of Attendees – January 8, 2009 (Continued)

NIB

Angela Hartley
Kevin Lynch
Arun Shimpi

Government Representatives/Staffers

Chris Button	Department of Labor/ODEP
Jennifer Croft	Department of Commerce
John Davey	Department of Labor/ODEP
Lisa Faleskie	U.S. Department of Agriculture
J. Vincent Gonzales	U.S. Department of the Army
Byron Lecates	U.S. Department of the Navy
Sue Picerno	Department of Labor/ODEP
Glen Savory	Department of the Air Force
Joe Ware	U.S. Department of Agriculture

Others

Ellen Brown	Goodwill
John Heyer	Private Citizen
Sharon Omvig	Private Citizen
Woody Van Valkenburgh	Rappahannock Goodwill Industries