

FINAL MINUTES

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Thursday, September 13, 2007
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. Swearing-In Ceremony

Mr. James Omgig, Private Citizen, was reappointed for the remainder of a five-year term which ends in 2011. Mr. Houghton administered the Oath of Office and presented Mr. Omgig with a new Commission signed by President George W. Bush.

II. Consideration of Minutes – July 12, 2007

Mr. Houghton asked Ms. Angela Phifer, Committee Executive Assistant, if there were any changes to the July 12, 2007 minutes. She said that Mr. Jim Gibbons, President and CEO, offered additional comments on page eight on behalf of the National Industries for the Blind (NIB).

Mr. James Omgig, Committee Vice Chairperson, made a motion that the minutes be accepted with Mr. Gibbons' additions. His motion received a second from RADM Alan Thompson, Department of the Navy. The minutes were adopted by unanimous vote.

III. Strategic Plan Update

Mr. Barry Lineback, Committee staff, gave an update on the Strategic Plan. He said that the Committee members and all of the Strategic Planning Conference participants have had an opportunity to review the proposed revisions to the plan and make comments. Overall, there is a consensus that the plan, as revised, is responsive to the January 2007 GAO Report that offered recommendations for improvement.

Additionally, there is a consensus that the revised plan is simpler and should focus the Program's attention on those areas of performance deemed most crucial to the Program's success. He said both CNAs provided important, substantive and constructive comments on the revised plan. The Committee members received copies of those comments.

Finally, Mr. Lineback said a Special Vote Letter would be issued next week for the Committee's consideration to approve the Plan.

Mr. Robert Kelly, Private Citizen, made a motion that the strategic plan be accepted. His motion received a second from Mr. Omvig and the plan was adopted by unanimous vote.

IV. Update on Federal Strategic Sourcing Initiative – Office Products

Ms. Emily Covey, Committee staff, gave a presentation on the Federal Strategic Sourcing Initiative (FSSI). First, she gave some background on FSSI. It was created in 2005 by the Office of Management and Budget to increase government savings, increase socioeconomic participation and share best practices. Twenty Federal agencies participate in the FSSI and it is co-chaired by GSA and the Department of Treasury. Multi-agency teams have focused on five commodity areas, to include an office products group comprised of twelve participating agencies.

Ms. Covey said the FSSI office products team has awarded Blanket Purchase Agreements (BPAs) to 13 businesses who are all AbilityOne authorized distributors. Currently, the award is under protest. Once the protest is resolved, all Federal agencies can begin to utilize BPAs. She said the Committee staff has been active since the inception of this important multi-agency effort.

Mr. Gibbons said that the program has the opportunity to increase sales if we are diligent in distributor management. Mr. Rowe said that Eric Beale, Committee staff, was instrumental in helping contracting officers to leverage the government's buying power for these types of products. Mr. Omvig asked if the program was nationwide or dedicated to the DC area, and Ms. Covey said the program is nationwide. She added that the next steps would include monitoring agency participation, continuing education and communication efforts, reviewing feedback from users, and monitoring AbilityOne product offerings.

Mr. Gibbons encouraged Committee members to seek letters of support from their agency heads. Mr. Chamberlin asked about the FSSI commodity groupings and if the CNAs have any input. Ms. Covey said other commodities will probably be added in the future, but right now, the focus is on the first five. Mr. Paul Laird, Department of Justice, asked Ms. Covey to send the members a copy of the 20 participating agencies.

V. Litigation Update

Mr. Dennis Lockard, Committee Counsel, reported on the Committee's current litigation. The Committee is currently involved in three lawsuits. The first is with Nutech Laundry and Textiles, Inc., over laundry services at the Bethesda Naval Hospital. He said the case has been dismissed, but a motion remains for the collection of attorney fees. The motion was filed on September 7 and a hearing has been requested for September 28.

The second lawsuit involves ARC Diversified regarding its bankruptcy and a pricing determination by the Committee on one of its products, export vegetable oil. The pricing matter has been resolved through a pricing arrangement which the Committee will extend until the end of October. The impasse remains and the members will receive a special vote letter in the near future.

The third lawsuit involves Platte River Industries (PRI) suing the Committee over an Impasse appeal decision on the price for janitorial services at the Cesar Chavez Building in Denver, Colorado. There has been no court ruling on PRI's motion for a preliminary injunction against the price the Committee set. An extension will occur on a month to month basis and no further action has been taken.

VI. Subcommittee Reports

Business Development

Mr. Felipe Mendoza, Chair of the Business Development Subcommittee, said they met on August 9. The subcommittee had a presentation of the results of the Committee's Strategic Planning session for the 2007-2009 Strategic Plan, with particular emphasis placed on the areas of customer satisfaction and market development in relation to the development of Collaborative Business Plans and Partners.

The subcommittee also had an update on the AbilityOne Brand identity. He said the trademark application was submitted to the U.S. Patent and Trade Office on August 20.

Next, Mr. Mendoza discussed the Speaker's Bureau Intranet site which has been updated for National Disability Employment Awareness Month (NDEAM). This is where Committee members and liaisons can find talking points, slides, statistics, and an events calendar. Mr. Houghton invited the members to visit the site and also asked if it is possible to have an internal link from the electronic voting site to the intranet.

Mr. Mendoza encouraged all the members to put NDEAM posters in their Federal buildings and to attend the events scheduled for October.

Mr. Houghton asked about the status of the rollout and the criteria for the logo.

Ms. Kimberly Zeich, Committee staff, reported that the AbilityOne brand book was distributed as a draft. She said it should go out to the authorized users very soon.

Ms. Barbara Van Allen, NISH, said that the CRPs have asked to use the logo.

Mr. Houghton commented on how pleased he is with the way the AbilityOne name has caught on, and with the ads featuring AbilityOne in the *Federal Times*. Mr. Mendoza mentioned that there is a possibility that an ongoing AbilityOne ad may appear in *Roll Call* on a weekly or monthly basis.

Finally, Mr. Gibbons said the NDEAM events present an opportunity to promote the new name building up to the formal rollout at the NIB Fall Conference in Chicago.

Finance

Mr. Tony Poleo, Chair of the Finance subcommittee, said they met in August to finish the discussion on the 2008 CNA Fee. He said both CNAs were sent a formal letter communicating their 2008 fee ceilings. Mr. Poleo said he will work with Dennis Lockard, Committee Counsel, to discuss the entire fee issue strategically. He said Ms. Connie Mehr, Committee staff, will take the lead on streamlining budget schedules and building a strawman to put the CNA-Committee schedules in sync. Mr. Poleo said it will be a collaborative process with the CNAs, and that a transition plan for a new schedule will be implemented.

Governance

Dr. Ed Anthony, Chair of the Governance subcommittee, reported on the meeting held on August 9th. He said there was a lengthy discussion about compliance responsibilities. The subcommittee will review the current regulations to determine if any changes are necessary for the Committee to assume responsibility for compliance reviews.

There was also a discussion regarding the accountability standards and the comments sent to the Office of Management and Budget (OMB). Mr. Houghton asked Dr. Anthony to give the new Committee members some background on the GAO Report. Dr. Anthony said the GAO Report stated a need for the Committee to provide more oversight on the compliance process and the roles played by the CNAs and the Committee staff. The Governance subcommittee was tasked with reviewing the current process and procedures to see how improvements can be made. He said a fair and equitable system should be in place and the roles of integrity must be maintained. If the Committee assumes responsibility for compliance, it will have an impact on the Committee's resources, such as having to increase the number of employees working in the compliance area. This will have a major impact on the Committee's budget.

The subcommittee worked on a hybrid model to see how the two entities could work together. He said the subcommittee wants to do this right and will take its time to review the current process and work on ways to improve.

Mr. Houghton asked if the Committee is currently performing the compliance duties with technical assistance from the CNAs. He also asked if the Committee has put in a budget request for additional staff. Mr. Patrick Rowe, Acting Executive Director, said the transition is still in progress and the CNAs can anticipate a change in the current working relationship.

Mr. Chamberlin said this area is still fuzzy. He said the steps of the transition are not crystal clear and that the Committee and the CNAs should meet to see where we are. Mr. Rowe agreed to get together with Mr. Chamberlin and Mr. Gibbons at the next subcommittee meeting to discuss this further. Mr. Gibbons said that NIB has continued to do what they have always done regarding compliance.

Mr. Houghton asked that a letter be prepared under Mr. Rowe's signature, to clarify how compliance inspections are currently being done. The subcommittee has scheduled the next meeting for October 11.

Planning and Evaluation (P&E)

Mr. James Omgig, Chair of the P&E subcommittee, reported that the subcommittee met in August to wrap up the compliance guidance manual. He gave the new Committee members some background information on how the manual originated. He said the guide will be an ongoing, "living" document.

Ms. Barbara Van Allen, NISH, gave an update on the results of the three JWOD Forums with leaders of disability-focused organizations. She said the Strategic Communications Group is finalizing a report and some of the participants will be issued a new survey to follow up on their familiarity with the program.

Finally, Mr. Omgig said the next meeting will focus on issues surrounding suitability criteria.

VII. CNA Reports

In lieu of the CNA reports, both Mr. Chamberlin and Mr. Gibbons relinquished their reporting time to Stephen Patterson, President/CEO, Susquehanna Association for the Blind and Vision Impaired; Lauren White, President/CEO, Oklahoma League for the Blind and President of the National Association for the Employment of People Who are Blind (NAEPB); and Paul Atkinson, President/CEO, Eggleston Services and President, the National Council of Work Centers (NCWC) for a special presentation. The presentation focused on their concerns regarding the Committee's pricing policy as described in Pricing Memoranda 2 and 3 (PR-2 and PR-3).

As spokesman, Mr. Patterson began his briefing by reviewing what he described as the "link" between the parties to the JWOD Act. He stated that this link is formed by the NPA's dual obligation to provide employment opportunities and quality products and services to the Government at a Fair Market Price (FMP). The Committee and Government have the obligation to establish and pay the Fair Market Price. Together, the Committee, Government, and NPAs create a best value proposition that reflects a balance between creating employment opportunities, the FMP, and providing quality products and services.

Mr. Patterson went on to say that a balance must also be achieved between commercial and social values. He stated that a good price includes consideration of mission costs, which are similar to the premiums that support other socioeconomic programs in the

Government procurement world like the SBA and the Buy American Act. He asserted that the cost of doing business with NPAs in the AbilityOne Program is more than offset by the employees becoming taxpaying citizens who are no longer dependent on the social-welfare system. Mr. Patterson placed emphasis on the fact that the Committee has the sole authority to set the FMP and that the price should be “fair” to all parties.

In his presentation, Mr. Patterson made the point that, for many years, the FMP tended to favor the NPAs, as best value was not necessarily provided and mission costs were neither defined nor controlled. He cited procurement reform in the late 1980s to mid-1990s as the catalyst that forced AbilityOne NPAs to adopt best practices. These practices included efficiencies, better quality, and on-time delivery of products and services to the Government. Prices were forced down as a result of both formal and informal policies, and the balance to the system was restored.

However, the incremental changes to the AbilityOne Program over the years have caused the NPAs to realize additional costs associated with being better-run businesses, Mr. Patterson stated. As well, Committee-driven initiatives such as the implementation of a 75% AbilityOne project ratio and Governance proposals also add to the costs of doing business, he said. Among the forces at play in the AbilityOne Program “market” were the lower prices being paid for products and services, erosion of the Program’s mandate, commercial competition, and the requirement to negotiate prices, he said.

Mr. Patterson stated that the implementation of PR-2 and PR-3 has driven pricing to be less “fair” and more “market driven.” He told the Committee that emphasis has shifted from “best value” to “best price,” which has caused the AbilityOne Program “market” to be out of balance again. He said the results of this imbalance are manifested in stagnant employment growth, NPAs being placed in financial distress, and layoffs of AbilityOne Program employees.

At this point, Ms. White cited a specific example of an employee who lost his long-time employment with the Program, which she attributed to above-referenced challenges. The employee worked in the production of foam cups. This employee had to give up his apartment and move back in with his parents, she said, after years of independent living as a result of his AbilityOne Program employment at Oklahoma League for the Blind. Mr. Atkinson cited an example of a nonprofit agency that did not lose work, but had to staff its AbilityOne contract with higher-productive employees with disabilities, in order to fulfill the Government’s custodial requirements at the fair market price.

At the conclusion of his presentation, Mr. Patterson urged the Committee to form an Ad-hoc subcommittee to examine pricing in the context of NPA “mission costs.” He stated that the subcommittee should act to define and quantify these mission costs and clarify their role in the FMP. Overall, he requested the Committee to re-evaluate its pricing policies in order to re-establish the balance between “best” price and “best” value that he said must exist in the AbilityOne Program in order for NPAs to provide employment opportunities, cover their costs of doing so, while providing the Government products and services at FMPs.

He asked that the Committee require the Ad-hoc subcommittee to report back in 60 days.

VIII. Executive Director's Comments/New Business

Mr. Patrick Rowe, Acting Executive Director, reported on the end of the 2007 fiscal year data. FY 2007 ended with the addition of 740 FTEs and \$112 million in added annual value to the Procurement List. Mr. Rowe said several large, complex and time-sensitive additions were made this summer. These included the 10-location IRS Mailroom project update (NISH), the DHS Secure Mailroom (NISH), and the Navy Parka Liner (NIB).

Next, Mr. Rowe reported that NIB and the Seattle Lighthouse discovered an upcoming solicitation for plastic serving spoons that could be fulfilled under the AbilityOne Program, creating significant blind employment. The Committee Staff worked with NIB to find a way to meet the customer's expedited requirements. Realizing the spoon was already on the Procurement List for military resale under DeCA; DSCP was added as an authorized buyer. He said this item is expected to create over 26 new work years. Mr. Gibbons expressed his sincere appreciation for the Committee's help with this project.

Mr. Rowe also discussed NISH contacted the Committee staff for assistance with the Joint Program Office that manages the chemical protective suit for the military. The customer intended to solicit bids for a new combat crewmen suit, stating it was not a replacement item for the chem suits currently on the PL. In part, their reluctance stemmed from some quality issues – long resolved – that had diminished the customer's confidence. Committee staff discussed the matter with the appropriate government decision-makers and persuaded them to reconsider. The nonprofit agency is back on track to get the work. Mr. Chamberlin expressed his appreciation to the Committee for their help with this project.

Mr. Rowe said that Lou Bartalot, Committee staff, would be making phone calls to the key agencies in regards to their FY 2007 final reports. He stated that the Committee would be on a Continuing Resolution at the start of FY 2008.

Finally, Mr. Rowe said that Stephanie Lesko would provide the members with a calendar of NDEAM events and Angela Phifer would poll the members regarding their attendance for the 2007 NIB/NAEPB Training Conference in Chicago, Illinois.

After determining there was no further business, Mr. Houghton adjourned the meeting at 10:45 am and went into an Executive Session.

List of Attendees – September 13, 2007

Committee Members

Ed Anthony	Department of Education
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

Committee Staff

Lou Bartalot
Patricia Briscoe
Emily Covey
Stephanie Hillmon
Amy Jensen
Stephanie Lesko
Barry Lineback
Dennis Lockard
Connie Mehr
Angela Phifer
Patrick Rowe
Joan Smith
LaWanda York
Kimberly Zeich

NISH

Robert Chamberlin
Dennis Fields
Larry Jones
Barbara Van Allen

NIB

Steve Brice
James Gibbons
Angela Hartley
Kevin Lynch
Arun Shimpi

List of Attendees – September 13, 2007 (Continued)

Government Representatives/Staffers

Lisa Brown	Department of Agriculture
Patricia Cleveland	Defense Logistics Agency
Aaron Collmann	General Services Administration
Sandra Hallmark	Department of Veterans Affairs
Cynthia Maltby	Office of Management and Budget
Mark Opilla	Department of the Navy

Others

Paul Atkinson	NCWC
Adele Gasparro	ORC Industries
Lisa Kinard	Goodwill Industries International
Sherri Scyphers Hungate	Goodwill Industries of South Florida, Inc.
Sharon Omvig	Private Citizen
Stephen Patterson	SABVI/NAEPB
David Roberts	ACCSES/DSPA
Lauren White	Oklahoma League for the Blind/NAEPB