



COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Thursday, July 10, 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.

I. Remembrance of Osborne A. Day

Mr. Houghton and the Committee staff began the meeting with a remembrance of Mr. Osborne Day. Mr. Day passed away a few weeks after the May Committee meeting. Mr. Houghton spoke about the years of public service Mr. Day had given and his many accomplishments. Mr. Day was a huge advocate for the blind and he had many influential contacts. Mr. Houghton said he was honored to speak at Mr. Day's services.

Mr. Houghton said the Committee staff will establish the Osborne Day AbilityOne Awareness Award in Mr. Day's memory. This award will be given to a member of the Federal sector who exemplifies excellence and promotes the AbilityOne Program.

Mr. Houghton asked that the Committee have a moment of silence in honor of Mr. Day.

II. Swearing-In Ceremony for Robert Kelly

Mr. Houghton announced that President George W. Bush has reappointed Mr. Robert T. Kelly, Jr. as a member of the Committee representing the disability community. Mr. Houghton administered the Oath of Office and presented Mr. Kelly with his Commission.

III. Consideration of Minutes – May 8, 2008

Mr. Houghton asked Ms. Angela Phifer, Committee Executive Assistant, if there were any changes to the May 8, 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 and the minutes were adopted by unanimous vote by nine members who were present.

IV. Presentation by Lakeview Center

Mr. Rich Gilmartin, Vice President and Ms. Allison Hill, Chief Financial Officer, gave a presentation on Lakeview Center. On Wednesday, Mr. Houghton visited the Retirement Home where he heard great stories from people who were able to purchase their own homes as a result of the wages earned on the AbilityOne contract there.

Lakeview focuses on five pillars of operational excellence which are: people, service, quality, financial and growth. Lakeview has 902 employees with severe disabilities, 86 employees with disabilities and 223 employees without disabilities.

Mr. Gilmartin gave a breakdown of his workforce data by disability type which included mental illness, blindness, and other physical and learning disabilities. Gulf Coast Enterprises (GCE), a division of Lakeview Center, Pensacola, Florida, was recognized as one of Florida's top 10 employers of people with disabilities. They had the highest employee engagement and satisfaction for a company with fewer than 1,500 employees. Some of GCE business lines include: administrative support, custodial services, food services, secure mail handling and laundry services.

Mr. Gilmartin named some of GCE's biggest customers and noted the awards and recognition GCE has received. GCE's processes and systems are standardized at each site to ensure quality.

Ms. Hill discussed GCE's projected revenue, growth revenue and targeted growth. GCE hopes to add a number of new business lines, create 50 jobs for people with severe disabilities each year, grow their commercial presence and evaluate international linkages. The average wage for AbilityOne work is \$9.59 per hour and \$6.27 per hour for non-AbilityOne work. GCE is the largest non-government employer in Pensacola.

Mr. Houghton asked how GCE will address the issues they are facing. Mr. Gilmartin said to manage their growing business successfully, Lakeview will enter into collective bargaining agreements, work with ERISA, manage competition and use new technology.

New advances in custodial services have helped GCE increase efficiency and productivity on their service contract work. Some of the new custodial equipment does not require any stripping and does not use harmful chemicals. They also have a pilot program for the use of an electronic wheelchair that can be operated by a joystick and the scrubbing is done electronically.

Some of the Committee members asked Mr. Gilmartin to clarify the organizational chart he provided. He explained that Lakeview is behavioral health services and GCE is a separate line of business.

Mr. Poleo asked Mr. Gilmartin to comment on the 12 percent growth of jobs. Mr. Gilmartin said by adding new naval contracts, some of the reductions have been offset. Mr. Chamberlin noted that Lakeview has had phenomenal challenges with the closing of their retirement home in Gulfport, MS, due to Hurricane Katrina. Mr. Gilmartin hopes that they will be able to reopen the retirement home in 2010.

Mr. Rowe asked questions about the quality processes and concerns about standardization. Mr. Gilmartin said Baptist Hospital won the Baldrige Quality Award in 2003. Mr. Laird said the strategy to incorporate the belt system with energizes workers and helps to stimulate great ideas.

Mr. Kelly inquired about the structure of the Board of Directors. Ms. Hill said the Board consists of about 13 members who are community volunteers. They meet every month and are very active and committed members. Mr. Houghton asked if each corporate entity has their own Board of Directors. Ms. Hill responded in the affirmative.

Mr. Houghton asked if the fair market price and fee has affected the negotiation of new contracts. Mr. Gilmartin said that none of the contracts up for renewal had been adversely impacted.

V. Election of Committee Officers

Mr. Houghton thanked everyone for their support and said it has been a pleasure serving as the Committee Chairperson. He then relinquished the gavel to Ms. Kathleen James, Chairperson of the Committee's Nominations subcommittee. Ms. James conducted the election for the officers of Committee Chairperson and Vice Chairperson. Ms. James introduced the subcommittee as Dr. Ed Anthony, Mr. Robert Kelly and the late Mr. Osborne Day. She said she worked with Mr. Lockard in accordance with Administrative Memorandum Number 8.

The subcommittee reached out to members to see if there was interest in the aforementioned positions. Two nominees were identified by the subcommittee.

Ms. James made a motion that Andrew Houghton as Chairperson and James Omgig as Vice Chairperson serve a second term. Her motion received a second from Dr. Anthony and was adopted by unanimous vote.

Mr. Houghton and Mr. Omgig both gave remarks about being honored to serve for a second term. Mr. Omgig thanked Mr. Houghton for his support over the past two years.

VI. Pricing Process

Ms. Patricia Briscoe, Committee staff, gave a presentation on the pricing process.

Ms. Briscoe began her presentation by reviewing the AbilityOne Pricing Policy and Pricing Memorandum Number 1. Next, she went over the steps involved in the staff pricing review process. She then went over the AbilityOne contract features which include firm-fixed price and price analysis.

Ms. Briscoe stated the requirements needed for a services contract and a products contract. Ms. Briscoe discussed some of the frequently asked questions by the pricing staff. Finally, Ms. Briscoe discussed the price change intervals and the pricing cycle.

Ms. Briscoe responded to questions by the members. Ms. James asked about price adjustments and the difference between price and cost analysis. Mr. Laird asked about the fair market price. Ms. Briscoe said each price is reviewed individually and questions are addressed in the vote letter. The price difference is provided in the vote letter.

Mr. House asked if the overhead rate is reasonable for the service and its associated risks. Ms. Briscoe responded that there is a range and there is no standard. Mr. Houghton asked if the Committee staff had seen any cases where the increase in fuel and freight costs had caused problems. Ms. Briscoe said she has not seen any specific cases as of the meeting date. She is aware that United Stationers, a wholesaler of AbilityOne and other products, reported price increases from about 25% of their commercial vendors.

Mr. Kelly commended Ms. Briscoe and her team on their efforts. He said the pricing issue is a difficult responsibility. Mr. Chamberlin commented that in the last couple of years the Air Force and Navy has had a 25 percent reduction in their operating budgets for requirements such as custodial and grounds maintenance, which resulted in some down scoping of the nonprofit agencies' contracts. The nonprofit agencies have worked with the government customers to deliver as much service for the dollar as possible.

VII. Status of Legislative Recommendations

Mr. Dennis Lockard, Committee Counsel, reported on the status of the Committee's legislative recommendations. The package was officially submitted to Congress on May 22, 2008 and followed up with presentation to our House and Senate oversight committees.

Mr. Lockard said Committee staff, NIB and NISH have had meetings with Senate and House staffers to begin addressing the issues.

Mr. Houghton mentioned Senator Enzi introduced a bill that included changes to the JWOD Act and The Randolph-Sheppard Act. Senator Enzi's bill was significantly more complex than the Committee recommendations.

Ms. James asked if Mr. Lockard would elaborate on the specific areas that he thought were potentially controversial. Mr. Lockard said the staffers identified some concerns including the definition of disability, the expedition of procurement list additions and the impact additions have on small business. The staff is drafting white papers to address the issues.

VIII. Subcommittee Reports

Mr. Barry Lineback, Committee staff, briefed the Committee on the topics approved by the Executive Subcommittee. As follow-up to Ms. Ballard's briefing to the Committee in May entitled, "Review of Priority Topics for Subcommittee Consideration," the Executive Subcommittee met in June to consider and approve the topics proposed by Mrs. Ballard.

Mr. Lineback briefed that the subcommittee had approved establishing an additional subcommittee to be called the Communications and Customer Satisfaction subcommittee, and approved its initial task to "identify those best practices that distinguish a nonprofit agency as providing a quality work environment." The subcommittee's work on this topic supports a key objective in the Program's strategic plan.

The following topics were approved for the associated subcommittees:

<u>Subcommittee</u>	<u>Focus Area</u>	<u>Tasks</u>
Governance	Committee Regulations	Review Suitability Criteria Oversee “mapping” of regulations and policy Examine the role of related corporations
	Program Integrity	Establish Accountability Standards
Finance and Info Mgt	Strategic Plan	Examine non-CNA revenue streams Evolve CNA fee process Monitor implementation of PLIMS
Business Development	Strategic Plan	Obtain business intelligence Explore additional collaborative agreements
Planning and Evaluation	Committee Regulations	Oversee implementation of revised Compliance and Review Program

Mr. Kelly asked about the membership of the new subcommittee. Mr. Houghton said Mr. Omvig and Ms. James will join in with Mr. Romano, but any other volunteers are welcomed to join.

Mr. Houghton asked about the status of the Mapping Project that has been talked about for over a year. Mr. Rowe responded that it is a staff priority and he will discuss it with Ms. Ballard.

Governance

Dr. Ed Anthony, Chair of the Governance subcommittee said the Mapping project and suitability are two items that will be discussed at the next meeting. He said the subcommittee will do some background work and schedule a meeting for next month.

Planning and Evaluation (P&E)

Mr. James Omvig, Chair of the P&E subcommittee, reported that the subcommittee will meet on the afternoon of July 14, 2008. Mr. Day was a member of the subcommittee. Mr. Omvig stated that a new member is needed.

Business Development

Mr. James House said the Business Development subcommittee will meet following the Committee meeting today. Mr. House will chair the meeting in Mr. Mendoza's absence.

Finance & Information Management

Mr. Tony Poleo, Chair of the Finance subcommittee, said the subcommittee discussed ways to streamline business plans for the CNA's budget processes. Mr. Poleo will provide feedback to the CNAs and in six to nine months educate the full Committee.

The fee determination will take place in March 2009.

IX. CNA Reports

NISH

Mr. Robert Chamberlin, President/CEO, reported on NISH's activities. First, he discussed the items from the NISH Board meeting as they relate to growing the program through providing exceptional performance and quality. He discussed three cases, where the federal customer is increasing their support of the AbilityOne Program:

1. A Memorandum of Understanding was established with GSA's Public Building Service (PBS) in 2004 in which NISH committed to continue NPA improvement in overall quality and in return, PBS would designate NISH as a "provider of choice." Independent customer satisfaction surveys were conducted on both commercial and AbilityOne building sites in 2004 and again in 2007 with key results showing significant NPA improvement. In all cases, the AbilityOne NPAs out performed, by significant margins, the commercial contractors.

2. IRS secure document destruction (SDD) is currently being performed by the AbilityOne Program. The IRS, after a review of all its SDD sites, determined that they were having problems at their non-AbilityOne site and thus, intends to give us 490 new sites in the coming year.

3. Due to exceptional shore-based and shipboard provisioning services provided to the Navy on the West coast, the AbilityOne Program has been offered its three East coast locations.

Mr. Chamberlin noted that Mr. Shay Assad, Director of Procurement, Policy, and Acquisition Strategy, Department of Defense (DoD), has promised to double DoD's business with the AbilityOne Program. NISH's Speaker's Bureau has produced good AbilityOne speakers (persons with severe disabilities being served by the program) that have generated positive media coverage. To date, over 3,500 federal employees have been reached by NISH's Speaker's Bureau.

Next, Mr. Chamberlin noted that the exposure the AbilityOne Program has received, as a result of the DoD Conference which highlighted the program, has translated into a number of potential projects to include:

Army Installation Command: In-processing and storage of privately owned vehicles for troops going overseas.

All Department of Public works (DPW) base-wide facility maintenance contracting opportunities.

Defense Threat Reduction Agency: Warehousing and mail services opportunities at Ft. Belvoir, VA.

Missile Defense Agency: Advisory, support services, and infrastructure support services at Redstone Arsenal, AL.

Defense Supply Center Philadelphia: Mentoring and subcontracting opportunities on its subsistence prime vendor program.

Special Operation Forces Support Activity, Lexington, KY: Established a five percent AbilityOne subcontracting goal in their solicitation.

Finally, Mr. Chamberlin discussed his recent meeting at Boeing where they subcontract thousands of wide-body aircraft parts to NPAs. The goal is to expand this program within Boeing and to other aerospace manufacturers.

Mr. House commented that the Committee had great foresight by hiring Ms. Ballard and now the AbilityOne Program is able to benefit from the connections she has with endorsements by senior people.

NIB

Mr. Kevin Lynch, Interim CEO, National Industries for the Blind (NIB), reported on their recent activities. Mr. Lynch mentioned that NIB is working on some extraordinary opportunities resulting from Shay Assad's initiative including a major subcontract for a Marine Corps Prime contractor and calls from Prime contractors for agencies to perform subcontract work based on contract language requiring them to work with the AbilityOne Program.

Agencies are experiencing rapid increases in raw materials and transportation costs, Mr. Lynch said. NIB and agency representatives met with Ms. Ballard and Mr. Houghton during the recent NIB sales conference. Some of the preliminary data collected by NIB shows increases of 10 percent on textiles, 15 to 20 percent on paper items, and over 30 percent on plastics. In addition, freight rates have gone up significantly. NIB will provide information to the Committee. In addition, Mr. Lynch mentioned that the Coalition for Government Procurement has asked GSA to provide price relief to schedule holders because some of them are either dropping out or removing items sold to the government.

Next, Mr. Lynch said NIB conducted a small business relationships survey. Preliminary results show that purchases account for 70 percent of sales and that 51 percent of the purchases are either from small businesses or other nonprofit agencies. The final results should be available by the end of July.

NIB is likely to obtain the AbilityOne.com URL from the current owners by the end of 2008. NIB is sponsoring a program with BVA next month for blinded war fighters. Four new fellows have started the Business Leaders Program this month. Mr. Lynch asked the fellows to introduce themselves to the Committee.

Finally, Mr. Lynch mentioned that the search committee is on track to announce their selection for the new NIB President and CEO on August 8, 2008.

X. Executive Director's Report

Mr. Patrick Rowe, Deputy Executive Director gave the Executive Director's Report in Ms. Tina Ballard's absence.

Mr. Rowe said the communications team is working closely with NIB and NISH on the NDEAM Events for October. There will be several events held in the Washington, DC metropolitan area and across the country, and Committee members are encouraged to attend.

Mr. Rowe congratulated NIB and NISH on their tremendous work to eliminate the backlog some of the agencies had experienced with the delivery of items used to support deployed war fighters and stocked for natural disaster response.

Mr. Rowe noted that the next Committee meeting will take place on September 11, 2008. Mr. Rowe also announced that he will officially retire on October 31, 2008.

After determining there was no further business, Mr. Houghton adjourned the meeting at 11:55 am.

List of Attendees – July 10, 2008

Committee Members

Ed Anthony	Department of Education
Andrew Houghton	Private Citizen
James House	Department of Agriculture
Kathleen James	Department of the Air Force
Robert Kelly	Private Citizen
Paul Laird	Department of Justice/UNICOR
Patrick Leahy	Department of Commerce
James Omvig	Private Citizen
J. Anthony Poleo	Defense Logistics Agency
Edward Walters	Department of the Army

Committee Staff

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

NISH

Robert Chamberlin
Dennis Fields
Elizabeth Goodman
Paul Plattner
Barbara Van Allen

List of Attendees – July 10, 2008 (Continued)

NIB

Steve Brice
Kevin Lynch
Arun Shimpi

NIB Fellows

Kevin Daniel
Edita Jablonskyte
Tanya Jones
Chris Ledding

Government Representatives/Staffers

Lisa Brown	Department of Agriculture
Patricia Cleveland	Department of Defense/DLA
John Davey	Department of Labor
Mark Opilla	Department of the Navy
Martin Tillman	Department of the Army
Derek Underwood	Department of Veterans Affairs

Others

Ellen Brown	Goodwill
Rich Gilmartin	Lakeview Center
Allison Hill	Lakeview Center
John Heyer	Private Citizen
Sharon Omgig	Private Citizen
Stephen Patterson	SABVI
Sherri Syphers-Hungate	Goodwill/South Florida
Woody Van Valkenburgh	Rappahannock Goodwill
Lauren White	NAEPB