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*	AbilityOne Commission is the operational name of the Committee for Purchase From People Who Are Blind or Severely Disabled
Source of document:	FOIA Request Executive Director Committee for Purchase From People Who Are Blind or Severely Disabled 1421 Jefferson Davis Highway Jefferson Plaza 2, Suite 10800 Arlington, VA 22202-4302 Fax: (703) 603-0655 Email: FOIA@abilityone.gov

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# **U.S. ABILITYONE COMMISSION**

July 29, 2019

PHONE: 703-603-7740 FAX: 703-603-0655 1401 S. Clark Street, Suite 715 Arlington, Virginia 22202-4149

Reference: FOIA 2019-1014

This is in response to your FOIA request dated June 1, 2019 requesting copies of Commission Meeting minutes for meetings during CY 2012 and CY 2013.

We have provided copies of all Commission Meeting minutes during the specific calendar years. However, due to a furlough during the year of 2013, there wasn't an October meeting.

You have the right to appeal this response if you consider it to be a denial of your FOIA request 41 C.F.R. § 51-8.10). An appeal to the Committee Chairperson may be made by submission of a written request for reconsideration. Such requests shall state the specific reasons for reconsideration that addresses directly the group upon which the denial was based and must be received at the Commission office within 30 calendar days of your receipt of this letter.

If you have any questions regarding this response, you may contact Timi Kenealy at (703) 603-7740 or <u>tkenealy@abilityone.gov</u>. Inasmuch as this letter constitutes a final response regarding your request for records from the U.S. AbilityOne Commission, this request is now closed.

Sincerely,

aren J. Guile

Karen T. Guile FOIA Administrator U.S. AbilityOne Commission





### FINAL MINUTES

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

Thursday, January 12, 2012

Arlington, VA

9:00 am

### I. Opening Remarks

Mr. J. Anthony Poleo, Committee Chairperson, called the meeting to order at 9:05 am. He wished everyone a Happy New Year. In accordance with Committee practice, the attendees introduced themselves.

### **II.** Consideration of Minutes

Mr. Poleo asked if there were any changes to both sets of minutes from the October 2011 meeting or Executive Session minutes. There were no changes according to Ms. Angela Phifer, Commission Executive Assistant. Ms. Karen McCulloh, Private Citizen made a motion that the minutes be accepted. Her motion received a second from Mr. James Omvig, Private Citizen, and the minutes were adopted by unanimous vote.

III. Ceremonial Swearing-In/Presentations

Mr. Poleo administered the Oath of Office to the following new members: Dr. Carol Lowman, Department of the Army, Mr. Jan Frey, Department of Veterans Affairs, and Ms. Karen McCulloh, Private Citizen. Mr. Kermit C. Jones, Chief of Staff, read the citation on the Commissions.

Next, Mr. Jones said the Chairman also wanted to make a presentation to Ms. Katherine Timberlake from the Acquisition Exchange Program, Defense Procurement and Acquisition Policy office within the Office of the Secretary of the Defense. Mr. Jones said Ms. Timberlake was being recognized for her outstanding efforts in facilitating the award of the DoD-AbilityOne Contract Management Services task orders. Ms. Timberlake's hard work and diligence ensured that nearly \$12 million worth of contract closeout work was awarded properly, to create and sustain jobs for people who are blind or significantly disabled under the AbilityOne Program. Mr. Jones said the task orders from the award supports 43 jobs including 15 wounded warriors or service-disabled veterans.

Mr. Poleo presented Ms. Timberlake with an AbilityOne coin and a DoD AbilityOne "Commitment in Action" certificate. Ms. Timberlake's supervisor, Mr. Kenneth Harsha, Defense Threat Reduction Agency's Chief, and Ms. Susan Pollack, Senior Procurement Analyst were also in attendance to support Ms. Timberlake.

Mr. Poleo offered his sincere thanks and appreciation to Ms. Timberlake. He said the contract closeout work is providing exciting opportunities for competitive salaries and career advancement to the AbilityOne workforce.

Mr. Harsha and Ms. Pollack thanked Ms. Timberlake for her passion and commitment to the AbilityOne Program.

### **IV.** Executive Director's Report

Ms. Ballard reported on recent activities. During the Executive Session in November 2011, the members discussed the release of several special vote letters (SVL). Ms. Ballard said on January 9<sup>th</sup>, the Committee approved a SVL to adopt the synonymous usage of "severe" vs. "significant". The Rehabilitation Act language shows a progression to use the term "significantly" disabled.

As recommended, program use of term "significantly" disabled does not expand or alter the population that meets the definition of "severely disabled individual" in the statute.

Next, Ms. Ballard discussed the topic of election of Commission officers. In January 2010, the Commission unanimously voted to combine two policies which one was identifying the Chairperson and Vice Chairperson's responsibilities; the other one identified the nomination and election of officers. Those were combined into a new policy that prescribes the policies and procedures for both of those acts. What are the responsibilities of the Chairperson and Vice Chairperson and how are they nominated and elected. The Commission in this new policy supported the position that the offices of Chair and Vice Chair should be held by a federal and a private citizen to provide balance in leadership on the Commission. The details of the policy are located on the website.

Mr. Poleo asked if there were any concerns from the members since this is such an important topic. Mr. Poleo stated that the Commission is turning away from history by establishing new policies and discarding the use of memorandums.

Ms. Ballard reported that the master licensing agreements were drafted for CNA use and sublicensing. A notification was sent to NISH regarding the improper usage of the trademark. In addition, letters were sent to the CNAs in December requesting input of how to balance cohesive program identity with role clarity.

The last item Ms. Ballard reported on was her January 5<sup>th</sup> meeting with Mr. Andre Gudger, Presidential Appointee to the Department of Defense for Small Business. During an offsite senior leaders meeting in December 2011, Mr. Gudger announced that he would sign a joint memo with the AbilityOne program with the intent being to convey to the procurement community that AbilityOne and small business can work together to accomplish their respective goals. During the meeting in January, Mr. Gudger and Ms. Ballard discussed opportunities to advance our missions for small business and the AbilityOne Program, opportunities to network, partnerships, education and outreach. They also discussed having a joint celebration for the 60<sup>th</sup> Anniversary of the Small Business Act and the 75<sup>th</sup> Anniversary of the AbilityOne Act to be held at the Pentagon in 2013. Ms. Ballard also gave Mr. Gudger a draft memo for review. Mr. Poleo was very encouraged from Ms. Ballard's meeting with Mr. Gudger.

Mr. Omvig commented that in the past, the small business community has felt that AbilityOne has intruded into the small business arena. He said if Ms. Ballard can partner with small business, it would bring a tremendous change in the culture. He commended Ms. Ballard on her efforts.

### **IV.** CNA Reports

### NIB

Mr. Kevin Lynch, President and CEO of National Industries for the Blind, presented data from FY 2011. Mr. Lynch said New Employment Opportunities developed for 2011 resulted in a total of 537 blind work years. The number of new employment projects that were developed had a 4.5 percent increase to 140 compared to 134 in 2010.

According to Mr. Lynch there was almost a four percent increase in the number of employees who are blind employed by NIB associated agencies. The total number of employees was 6,118 and the number of AbilityOne employees was 4,793. Mr. Lynch was very pleased with that number. Also placements and promotions increased to over 10 percent with a total of 787 and 170 AbilityOne employees were considered as upwardly mobile.

Mr. Lynch reported that the average hourly wage for employees who are blind increased by six percent. The average hourly wage was \$10.59 compared to \$9.99 in 2010 and the total with benefits increased to \$15.55 compared to \$14.61. The wage for AbilityOne employees was \$9.72, a 3.4 percent increase from FY 2010. In response to a question from Mr. Omvig, Mr. Lynch said the numbers he quoted included direct employees only.

Mr. Lynch said there was a loss of 1.3 percent for the number of AbilityOne blind work years. In FY 2010 there were 3,050 employees compared to 3,010 in FY 2011. Sales increased 7.7 percent to \$711.4 million in FY 2011 compared to \$660.8 million in FY 2010.

Next, Mr. Lynch described an analysis performed by NIB to determine why net employment decreased while sales increased, noting a correlation between sales and net employment – a 1.0 percent increase in employment hours requires a 2.8 percent increase in sales. However, order volumes and excess capacity are the primary drivers of employment hours, not sales, and three notable agency-related events occurred in 2011 that negatively impacted net employment hours.

Mr. Lynch outlined the significant accomplishments NIB had in FY 2011. NIB received the ASAE Summit Award and was also named one of the Best Places to Work by a Virginia magazine. He said NIB implemented a sales forecasting process which resulted in an accuracy

rate of 96.43 percent. NIB and GSA Federal Acquisition Services signed the Strategic Supplier Alliance Charter. Mr. Lynch was very excited that NIB was awarded twelve new Department of Defense (DoD) task orders for Contract Management Support, adding 25 new blind work years and \$6.2 million of potential sales were captured from essentially the same (ETS) found within solicitations and bids.

Mr. Poleo commented that the intensity level for DoD clean audits has been hyped up in the last 60 days because of the Secretary of Defense's distribution of a priority memo. Mr. Poleo said this is a win/win situation for AbilityOne and DoD.

Mr. Lynch answered Mr. Omvig's question about the survey done to name NIB as one of the Best Places to Work. He said the Virginia Business Magazine conducted a survey and NIB was named one out of seventy businesses.

Mr. Kelly commented that NIB had a very positive year and he inquired about the forecast for FY 2012. Mr. Lynch responded that NIB hopes to mirror what was done in FY 11 and that October numbers were very strong, but November and December were average. He said the first quarter has proven to be what was forecasted and is in line with FY 11 numbers. Mr. Lynch did express concern about FY 2013.

### NISH

Mr. E. Robert Chamberlin, President & CEO, presented FY 2011 from NISH. First, Mr. Chamberlin gave a few highlights which all had a positive change from FY 2010. Direct Labor hours increased 3.2 percent to 43.3 million. The number of people employed rose 7.5 percent to 45,787 and sales increased 4.8 percent to 2,263.9 million.

Mr. Chamberlin reported on the Federal Acquisition Environment and said there have been major, widespread contract reductions which have resulted in a total of 3,392 versus 2,442 in FY 2010. New Business Development and new business lines...

Mr. Chamberlin said the Total Facilities Management (TFM) line of business is performing at 48 sites nationwide with 1,500 people who are disabled employed. He said the market potential for this line of business could create tens of thousands of jobs. NISH has established a separate business unit for TFM.

Mr. Chamberlin highlighted two stories. He said Fort Knox will be the next Army location. NISH is in discussions with the Army to establish a NISH Center of Excellence (COE) at Fort Knox. The COE Concept is best practices, contract management system, NPA training and standardization to improve efficiencies for TFM projects.

Mr. Chamberlin said a Full Risk Management Assessment was done and an operational review onsite. NISH will be the prime contractor on the Fort Knox contract. The contract performance started September 15, 2011. The next story Mr. Chamberlin discussed was the Mark Center. He said DoD cancelled a solicitation and went with AbilityOne. The contract performance began on August 1, 2011. Some of the key features of the project included 200 people with significant

disabilities, three NPAs working on-site, 14 small business subcontracts, and 65 veterans (9 wounded warriors and 36 with service-related disabilities).

In response to a question from Mr. Omvig, Mr. Chamberlin said TFM includes custodial, grounds maintenance, preventive maintenance, heating and ventilation, air conditioning. He said it varies by who the customer is and what their their desire is for services. Mailroom operations and administrative functions could also be included according to Mr. Chamberlin.

Mr. Chamberlin told the story of Ms. Alvina Woodson, a Procurement Champion from DoD Washington Headquarters Service. Ms. Woodson said she would be "willing to go anywhere to promote an AbilityOne Solution."

Mr. Poleo said he would like to recognize both contracting officials, Ms. Woodson and Mr. Dan Wetstall, at a future Committee meeting. Reinforce good behavior.

Mr. Chamberlin said the Employee Reporting System (ERS) is a NISH database system that tracks employment of people with significant disabilities over time. He noted that forty percent of AbilityOne employees are now represented in the ERS from 83 participating NISH NPAs.

Mr. Omvig offered his congratulations on the Mark Center project.

# V. NIB Rehabilitation Engineers

Mr. Lynch gave some background on the Rehabilitation Engineering (RE) department, which was brought back to NIB after 15 years.

Ms. Georgina Dottin and Mr. Casmir (Cas) Usiatynski, NIB, gave a presentation on Rehabilitation Engineering (RE) describing what it is and how it works.

RE is defined as the application of engineering principles to assess, design and implement solutions to problems encountered by individuals who are blind and or have multiple disabilities. We recommend and implement simple practical tools and solutions to enhance their employment opportunities.

Ms. Dottin and Mr. Usiatynski described the scope of services offered by NIB's RE, which impacts varying from specific individuals to production lines to the agency as a whole.

Mr. Usiatynski gave an overview of the program since its inception in January 2010. He said they have visited and implemented recommendations in over 30 agencies. He reported that RE services increased wages for over 70 employees, 23 jobs were converted from sighted to blind jobs and 14 special minimum wage employees were brought up to minimum wage. Also, several new positions for employees who are blind were added due to job simplification. He said numerous improvements have led to significant productivity gains.

Ms. Usiatynski presented examples of employee successes and described how performances are measured. Next, Mr. Usiatynski showed examples of staff and employee trainings which include

teaching disability simulation, workstation set-up, job accommodation and ergonomics. He said it is important to set up a structured, consistent training program that addresses the individual needs of the employee.

Also shared were results of NIB RE efforts since January 2010, including wage increases and job conversions. Lastly, Mr. Usiatynski and Ms. Dottin discussed how RE impacts sustainability of agencies, employees and the mission.

Mr. Poleo commented that the RE projects require minimal investments for positive returns.

# V. 2011 Performance Results

Mr. Louis Bartalot, Committee staff, gave a report on the AbilityOne Program's FY 2011 results. Mr. Bartalot stated that the direct labor hours worked by people who are blind or severely disabled increased 6.65 percent to over 50,580 total employees. He said this is the first time the 50,000 employee goal was exceeded. Direct labor hours increased to 2.58 percent to 49.3 million hours or 24,644 work years. Wages increased 5.83 percent to \$559,147,300 in total wages.

In FY 2011, 1,144 people were promoted and 370 individuals were promoted into supervisory positions. He said AbilityOne sales increased five percent and 603 nonprofit agencies were authorized.

# **Employees**

Mr. Bartalot discussed a chart showing the number of blind or severely disabled employees that work at NIB and NISH for every year since 1980. NIB has employed about 10 percent of the people for the last few years. The chart showed a continuous upward growth from 1980 until 2006 at a fairly consistent rate. He said the total was 7,531 in 1980 and rose to 47,635 in 2006. Mr. Bartalot said there was an eleven percent decrease in the number employed in 2007 and since 2007 the number has been increased at a rate about the same as before the decrease. FY 2011 is a new record high in employment with the Program employing a total of 50,580 with NIB employing 4,793 and NISH employing 45,787.

Mr. Bartalot then gave a breakdown of products and services. There were a total of 15,478 employees who worked in products, an increase of a growth of 2.09 percent. In services, 35,102 people were employed, an increase of 8.79 percent. He said NIB had 81.16 percent of their employees working on products, a decrease for the second consecutive year. NISH, had almost 75 percent of their employees working in services, its highest percentage since 2007.

# **Smallest Agencies for Employment**

When discussing small agencies, Mr. Bartalot said eleven NISH agencies had no employees, 75 agencies had five or fewer AbilityOne employees and four of those were NIB agencies. He said thirteen NISH agencies had just one AbilityOne employee.

### **Direct Labor Hours**

Mr. Bartalot discussed the direct labor hours for the Program and how the 49.3 million hours were split between NIB and NISH agencies. NIB was up 1.33 percent and NISH was up 2.15 percent and 11 nonprofit agencies had no work.

### Average Hours Worked per Person

Mr. Bartalot outlined a chart to show the average hours worked per person for people employed by NIB and NISH agencies and whether they worked on products or services from 2003 through 2010. The lines for NIB products, NIB services and NISH services show a slow increase each year in average hours worked. NIB services average the highest each year ranging from 1350 to 1450 hours, NIB products is next highest ranging from 1189 to 1264 hours. NISH services are third ranging from 902 to 1069 hours. NISH products is the lowest each year and decreased between 2003 and 2006 before increasing back to close to the 2003 level. In 2003, it was 749 hours decreasing to 609 hours in 2006 and it was 737 hours in 2010.

Mr. Bartalot reviewed the product and service hours for FY 2011. For products, NIB had 4.7 million hours, down 2.65 percent and NISH had 8.5 million hours, up 2.32 percent. For services, NIB has 1.25 million hours up 3.98 percent and NISH had 34.7 million hours, up 3.35 percent. NIB had a decrease for the second consecutive year to 79.10 percent for products and NISH 80.30 percent. Mr. Bartalot explained that his chart shows the percentage distribution of direct labor hours worked on products from 1999 through 2011 between NIB and NISH agencies. He said NISH has always had more than fifty percent of the product hours. In 1999, NISH had 55.6 percent of the hours, rising to 66.2 percent in 2004. Since then, the split has varied each year, but the fluctuations have not been drastic and the split has remained fairly consistent.

### **Top 10 Agencies**

Mr. Bartalot presented the top ten NISH and NIB agencies and their direct labor hours. Number one for NISH is Peckham Vocational Industries located in Lansing, Michigan and for NIB the number one agency is LC Industries in Durham, North Carolina. Mr. Bartalot read the remaining list of agencies.

### **Smallest Agencies for Hours**

Mr. Bartalot reported that eleven NISH agencies had zero AbilityOne hours and eleven agencies had less than 100 hours. He said a total of 96 NISH agencies had less than 2,000 hours of work, a decrease from 102 agencies in 2010.

### Wages

The wages of people who are blind or severely disabled increased to \$559,147,300 or an average hourly wage of \$11.34. Mr. Bartalot gave an analysis of products versus services in regards to the average hourly wage. NIB's average was \$9.72 an hour compared to NISH's \$11.57.

NISH product wages has increased each year since 2000, but prior to 2002, the NISH average hourly wage was below the Federal minimum and it is believed that it has been below the minimum for many years. In 2002, the NISH average hourly wage increased above the minimum. The average remained above the Federal minimum through 2007 when the Federal minimum began increasing. However, it has been below the minimum since. Last year, Mr. Bartalot said that at the rate that the average wage has been growing over the last five years it will not be until FY 2012 that the average hourly wage on NISH products is again above the Federal minimum wage. He says that prediction will almost certainly come true.

Mr. Bartalot said the Service Contract Act (SCA) sets the minimum wage for a service based on the work being done and the location. Thus there is no one rate to compare the hourly rates to as there is for products. NIB wages have increased from \$11.27 to \$13.48 between 2005 and 2010. NISH wages have increased from \$10.67 to \$12.64 in the same time period.

# Top 10 - Average Hourly Wage

Mr. Bartalot presented the top 10 NISH and NIB agencies in terms of average hourly wage. All of the wages he presented were for services. Location and the type of work being done are key to why the wages are high. Most of these agencies are not large AbilityOne agencies. The top NISH agency is Able Forces in Front Royal, VA at \$33.73 and the top NIB agency is Blind and Low Vision Services of North Georgia located in Smyrna, Georgia at \$21.59.

### **Placements and Promotions**

Mr. Bartalot explained that the economy has impacted placements for a third year, at a decrease of 4.84 percent. There were 2,083 AbilityOne employees placed. He said total placements by agencies were up by almost five percent, which is the first increase in five years. During FY 2011, 1,144 people were promoted, a 7.02 percent increase and there were 370 individual promoted into supervisory positions, a decrease of only four people from last year.

# **AbilityOne Sales**

Mr. Bartalot said sales increased to \$2,981,611,860, an increase of five percent. Services increased by six percent and products increased by 3.4 percent. He said base supply sales decreased 4.53 percent, the first decrease in six years. According to Mr. Bartalot, the primary reduction was caused by the reduction in individual equipment element (IEE) sales for the Air Force and less people being deployed.

# Federal Agency Sales

Mr. Bartalot reported that the Army has surpassed DLA as AbilityOne's number one customer. DoD increased to 61.98 percent. Mr. Bartalot also talked about other government agencies with significant increases such as Department of Transportation (87%), Department of Justice (77%), and the Department of Energy (50%). Eight agencies had a decrease in sales. Mr. Bartalot said DLA was down almost 13 percent and the Department of Commerce was down 35.6 percent.

# **Overall Direct Labor Ratio**

Mr. Bartalot said the overall direct labor ratio for the Program was down seven tenths of a percent to 83.85 percent. He said there were 29 agencies with overall ratios below 75 percent, the highest number since 2002. Two agencies left the program and only one agency was below ratio for two consecutive years.

Some of the reasons for being under 75 percent included non-AbilityOne work, temporary employee impact, lack of work, and lack of referrals. Mr. Bartalot highlighted the agencies that were under ratio.

Mr. Bartalot also highlighted those agencies that were below the AbilityOne ratio of 60 percent.

Mr. Poleo requested that Mr. Bartalot and Mr. Ballard give the Commission a recommendation determining if any of the 26 agencies should come before the Commission.

# Non-AbilityOne

Mr. Bartalot gave a summary of non AbilityOne results of the reporting nonprofit agencies for hours, people, promotions, placements, direct placements and sales.

# Summary

In summary, Mr. Bartalot gave the numbers for the Program, hours, people, promotions, placements, wages and sales. Mr. Poleo commended Mr. Bartalot for his work. Dr. Carol Lowman, Army representative, asked if the members could have access to some of the slides to use for presentations. Mr. Bartalot said he could provide the entire presentation to all the members.

# VI. Subcommittee Reports

# **Employee and Customer Satisfaction**

Mr. James Omvig, Chair, gave an update on the subcommittee's recent activities. The last inperson meeting was held on November 11, 2011 and a teleconference was held on December 8, 2011. Mr. Omvig welcomed two new members, Ms. Lisa Wilusz, Department of Agriculture and Mr. Jan Frye, Department of Veterans Affairs.

In response to a question from Mr. Omvig, Mr. Lynch said he believes that QWE is driving interest in regards to promotions and he also said the Business Leaders Program also has a tie-in, but he does not have specific numbers for QWE. Mr. Chamberlin said QWE is a foundational concept, but NISH does not have the data Mr. Omvig is looking for.

Mr. Robert Hartt, Commission staff, reviewed the short-term action items. NIB and NISH were tasked to promote, monitor and report on QWE initiative participation. The CNAs reported that 40 percent of NPAs have become early adopters of QWE (244 out of 535). Of these, 124 NPAs have completed the first phase – self-assessments. While slightly below the 25 percent target for self-assessments being completed, over 60 percent of all AbilityOne employees are now being touched in some way by the QWE initiative.

The Commission was tasked to draft a memo of support for the Chairperson and CEOs to sign. Also, the Commission informed everyone that QWE status will be listed on Vote Letters. The memo of support was fully vetted and is ready for review and signatures by the Chairperson and CEOs. By September 2012, the Commission, NIB and NISH will implement a plan to collect QWE participation status in Procurement List Addition packages.

Mr. Hartt also gave an update on the subcommittee's efforts to obtain and review Federal customer satisfaction data so they can identify areas and strategies for improvement. Mr. Hartt said in 2011, the CNAs provided results of Federal contracting personnel surveys. Over 1,200 surveyed, response rate ranged from 21 - 25 percent. Eighty-four percent of the respondents rated their satisfaction with AbilityOne as either satisfied or very satisfied. Areas where satisfaction can be improved included wait time for Procurement List additions and pricing issues.

At the subcommittee meeting in December, NISH reported results of AbilityOne brand awareness telephone survey conducted by Harris Interactive. It covered 500 contracting personnel and revealed that the AbilityOne brand name has been very successful in raising the visibility of the program. Now, the Subcommittee is considering methodologies to survey Federal end-users; pursuing ways to gain access via email for online surveys or focus groups.

Mr. Hartt outlined the next steps for the subcommittee. He said it is recommended that the subcommittee leverage the contacts that the Commission members and senior staff have to gain access to the Federal end-users. Ms. Wilusz and Mr. Frye have both offered to help explore how their agencies gather feedback and Ms. Ballard also hopes to establish contact points at the Chief Acquisitions Officers Council.

Also, Mr. Hartt discussed setting up a work group to take Federal contracting survey results and identify one to three strategies to increases areas with lower satisfaction.

Mr. Hartt said the next meeting is scheduled for Thursday, February 9, 2012 from 1:00 – 3:00 pm via teleconference.

#### Stewardship

Mr. Lou Bartalot, Commission staff, presented an update on behalf of Mr. Paul Laird, Subcommittee Chair. First, Mr. Bartalot welcomed Ms. Karen McCulloh, Private Citizen, to the subcommittee. In 2011 the Compliance staff conducted 111 compliance visits. Their goal was 120, so they fell short of nine visits. He said this was driven by budgetary constraints through March. If travel was allowed during that time period, Mr. Bartalot said he believes his staff could have completed 130 visits.

The percent of agencies in full compliance increased to 63.6 percent, up from 48 percent in 2010. The percent of agencies noncompliant for the competitive employability evaluation dropped from 26 percent to just under 12 percent.

Mr. Bartalot said the subcommittee is working on developing a policy and procedures for handling agencies that are out of compliance for any reason, not just for ratio problems.

The next subcommittee meeting is scheduled for Thursday, February 9th at 9:00 - 10:30 am.

Ms. McCulloh stated that in the corporate world in the United States, corporations are working to create more diversity in their executive leadership because they want to have their leadership to represent the customers they serve. Do you keep this information at NIB and NISH on your executive leadership teams? African-American, Hispanic, women, disability, etc.

Mr. Poleo asked Ms. Ballard if she would get together with Mr. Chamberlin and Mr. Lynch to discuss Ms. McCulloh's request to see if they can come up with an agreement and see what the CNAs would be willing to provide. Ms. Ballard said the Commission could also provide information on the staff. Ms. McCulloh remarked that the staff is definitely represented with people with disabilities and a variety of diversity. She said it would be great if that was carried through the whole AbilityOne Program.

Mr. Chamberlin commented that NISH tracks that information very closely and he will work with Ms. Ballard, but said track information closely but one of the problems in the corporate world, disability is not included in diversity goals. He said that is a big issue. Ms. McCulloh added than many are not aware that disability is part of diversity.

Mr. Omvig inquired whether diversity data is collected from the nonprofits. Mr. Bartalot said agencies have to respond to EEO forms and they have to have an Affirmative Action plan, but that data is not collected by AbilityOne.

Ms. McCulloh stated that Office of Financial Contracts and Compliance Program (OFCCP) with DOL is pushing Section 503 and with EEOC is going to require Federal contractors to employ people with disabilities in their workforce up to seven percent. She said the rulemaking is still in the process of people making comments. Ms. McCulloh inquired if there would be any overlap into the AbilityOne Program regarding this program. Mr. Bartalot responded and said all nonprofits are subject to OFCCP rules and regulations. Ms. McCulloh said it is likely that the new requirements will be approved and that the AbilityOne Program should be prepared.

### **Employment Growth**

Mr. James Kesteloot, Chair, reported on the Employment Growth subcommittee's recent activities. One of the subcommittee's goals is to grow direct labor hours for products by two percent, and to increase the number of employees by two percent each year annually through 2014. Also to increase the direct labor service hours by seven percent and employees by seven percent through 2014. During the last two meetings, the subcommittee discussed the need to reevaluate the established goals to see if they are too high in light of some of the things that have been reported such as contract reductions, soft sales, and awareness of the austerity by the Federal government.

Mr. Kesteloot said the subcommittee decided not to reduce the goals but to help with Employment Growth during this period of austerity. He said one of the things the subcommittee decided to do was have the Immediate Pay-Off (IPO) task force draft a letter from the Vice Chair of the Commission to the Commission members asking them to continue to promote and grow the program. The letter along with a Toolkit (a Program independent study and reference guide) will serve to aid Commission members and agency procurement officials at increasing program awareness. The Toolkit will also include a draft letter that Commission Members can use for their internal Agency communications.

According to Barry Lineback, Commission staff, the IPO Toolkit is complete and he provided each member with a white binder that included a CD rom with all the information needed to promote the AbilityOne Program. The binder also included white papers, memos of support, presentations, and training materials. Mr. Lineback said the IPO Toolkit is ready for use for each member's personal outreach and advocacy.

Mr. Kesteloot said he would continue to promote the Speaker's Bureau. He noted that several Commission members were concerned about time restraints. Mr. Kesteloot asked several members to take the lead and commit to some speaking events. Several members have agreed to become immediate advocates.

Dr. Carol Lowman, U.S. Department of the Army, generated a positive article concerning AbilityOne and also had it posted to her Army Acquisition Support Center Website. The members gave Dr. Lowman a round of applause for her quick response to in placing this article. Mr. Kesteloot said Mr. George Selby, Commission staff, can assist any member sin generating articles or preparing presentations for events.

Mr. Poleo commended Mr. Kesteloot and his subcommittee for taking on this challenge. The next meeting is scheduled for February 9, 2012.

# **Business Excellence**

Ms. Pamela Schwenke, Chair of the Business Excellence Subcommittee, reported on recent activities. Ms. Schwenke reviewed the priorities for 2011, which included: sponsoring two lean events, recommending a multi-year CNA fee ceiling, identifying ways to monitor the CNA fee utilization, and recommending a policy for the CNAs assignment and allocation of their

AbilityOne work. She said the priorities that were completed under the leadership of the previous Chair were streamlining request for impact determination process and reducing documentation of standard policies.

Mr. Poleo said Mr. Hartt's presentation of survey results shows that there is still work to be done to shrink the timeline association with additions to the PL process.

The subcommittee also completed the tasking of developing a multi-year CNA ceiling. The current fee ceiling will last from 2012-2014. In addition, the subcommittee developed a quarterly template reporting system where information is provided concerning the use of the fee and ensuring it meets the strategic goals of the Commission.

Ms. Schwenke said the subcommittee will make revisions to the draft policy on assignment and allocation, and prepare an abstract or executive summary to frame the issue and highlight key points. The policy was sent to the members for comments and will go through the voting process. She said the subcommittee would also be developing program guidance for the CNAs for FY 2013, related to use of CNA Fee resources to fulfill CNA duties. She also said the lean team would "reboot" to work on pricing and costing processes.

The next subcommittee meeting is also scheduled on February 9, 2012.

### VII. Closing Remarks

Dr. Carol Lowman announced that Mr. Henry Molnar from her Army Leadership Program, would be joining the Commission staff for a 120-day developmental assignment.

Mr. Poleo publicly acknowledged Mr. Dennis Lockard, Commission Counsel, with a Chairperson's Coin. He commended Mr. Lockard on his outstanding performance regarding resolution of recent legal issues.

After determining there was no further business, Mr. Poleo adjourned the meeting at 12:00 noon. The meeting was followed by a brief Executive Session for informational purposes.

### List of Attendees – January 12, 2012

### **Committee Members**

Perry E. Anthony Jan Frye Andrew Houghton Robert Kelly James Kesteloot Carol Lowman Karen McCulloh James Omvig Tony Poleo Pamela Schwenke William Sisk (virtual) Department of Education Department of Veterans Affairs Private Citizen Private Citizen Department of the Army Private Citizen Private Citizen Private Citizen Defense Logistics Agency Department of the Air Force General Services Administration

### **Commission Staff**

Tina Ballard Lou Bartalot Robert Hartt Kermit Jones Barry Lineback Dennis Lockard Numan Malik Nancy Myrick Angela Phifer George Selby Edward Yang Kimberly Zeich (virtual)

#### NISH

E. Robert Chamberlin Vic Dennis Dennis Fields Nancyellen Gentile Martin Gerry Elizabeth Goodman Paul Plattner Jean Robinson Martin Williams

# NIB

Dan Abatemarco Steve Brice Georgiana Dottin Angela Hartley Steve Heinecke Scottie Knott Matt Klovas Kevin Lynch Heather Lyons Thomas Panek Casmir Usiatynski Matt Wieseler Karen Walls/NAEPB Rick Webster

# **Government Representatives/Staffers**

Mike Allen Kenneth Harsha Shaun McGill Susan Pollack William Sproule Katherine Timberlake U.S. Department of Justice/UNICOR U.S. Department of Defense U.S. Department of Labor/ODEP U.S. Department of Defense U.S. Department of the Air Force U.S. Department of Defense

### **Other Attendees**

David Gonzales John Hess Sharon Omvig Barbara Kesteloot Sandra Sieber Portco U.S. Army Contracting Command Private Citizen Private Citizen The Spectrum Group

# **FINAL MINUTES**

# U.S. ABILITYONE COMMISSION

### NISH National Training Conference

Indianapolis, IN

Thursday, May 22, 2012

2:00 pm

### I. Opening Remarks

Mr. J. Anthony Poleo, Commission Chairperson, called the meeting to order at 2:09 pm. He welcomed everyone and thanked Mr. E. Robert Chamberlin, for hosting the Commission Meeting at the 2012 NISH National Training Conference. He said it was a very impressive training event and the opening ceremonies were very uplifting.

Mr. Poleo asked the attendees around the table to introduce themselves as well as those participating by teleconference. He asked the audience to refrain from introductions, due to the time.

Mr. Poleo thanked the audience for their support and said it was a good opportunity for them to attend a Commission meeting in case they didn't get a chance to visit the Washington metro area. Mr. Poleo said there would be several presentations including one from Mr. Jerry Bettenhausen and two other NPA presentations. Mr. Poleo commented that there was a tight agenda and asked everyone to be respectful of the time.

# II. Consideration of Minutes

Mr. Poleo asked for a motion to accept the January minutes. Mr. James Omvig, Private Citizen, made a motion that the minutes be accepted. His motion received a second from Ms. Karen McCulloh, Private Citizen, and the minutes were adopted by unanimous vote.

### III. Awards and Recognition

Mr. Poleo and Ms. Kimberly Zeich, Deputy Executive Director, presented Ms. Vicki Taft with the 2011 Outstanding Contributions Award. Ms. Taft was unable to attend the NISH Conference last year, so she was recognized this year. Ms. Taft, is the Chief, Base Support Flight, 72 CONS/PKA, and she has dedicated her entire career to supporting AbilityOne and the mission of Tinker Air Force Base, Oklahoma City, Oklahoma.

Ms. Zeich said through participation on conference panels and collaboration with contracting officers from other commands, Ms. Taft educates Air Force personnel about AbilityOne capabilities. According to Ms. Zeich, Ms. Taft has created more than 180 jobs for people with significant disabilities in the areas of basewide grounds maintenance, food service,

janitorial/custodial for 150 buildings, depot maintenance buildings and fleet vehicle operations/maintenance. Mr. Poleo thanked Ms. Taft for her ongoing support of the AbilityOne Program.

Next, Mr. Poleo presented the 2011 Osborne A. "Oz" Day AbilityOne Awareness Award to Rear Admiral Mark F. Heinrich, Commander, Naval Supply Systems Command and Chief of Supply Corps, U.S. Department of the Navy. Originally, RADM Heinrich received the award during the NIB Conference last fall, but it was presented again since it is a Program-wide Award.

Ms. Zeich said RADM Heinrich has been the driving force behind the Fleet and Industrial Supply Centers' outreach to people who are blind or have other significant disabilities. Through his leadership, he has encouraged his staff to give people who are blind or have other disabilities an opportunity to showcase their capabilities. Ms. Zeich stated that RADM Heinrich has significantly raised awareness of AbilityOne, and has facilitated increased contract opportunities for the Program. Mr. Poleo congratulated RADM Heinrich for his outstanding leadership and support.

# IV. Executive Director's Report

Ms. Tina Ballard, Executive Director, said Mr. Lou Bartalot, Commission staff, would give a report regarding direct labor and the employment of temporary workers. Ms. Ballard said letters were sent to the nonprofit agencies asking them to review their processes and practices. Mr. Bartalot gave a status report of those findings.

Mr. Bartalot stated that the regulations require that all direct labor done by a nonprofit agency must be counted and the Annual certification makes it clear that the hours worked by temporary workers must be included. He said the staff became aware last spring that all nonprofit agencies were not counting temporary hours. He said the Commission staff notified all agencies of the requirement and asked them to review the last three years for compliance. If any agency found instances of excluding temporary labor hours, they were asked for expand their review to six years and report their results to the Commission through NIB or NISH. If the Commission found that the agency had not been compliant, they were required to submit a corrective action plan.

Mr. Bartalot discussed the results of the agency reviews. He said twelve percent or 74 agencies were noncompliant over the six year period. Noncompliance only resulted in 2.5% or 15 agencies being under 75% ratio in any of the previous years. Mr. Bartalot said eight agencies were found to be noncompliant in FY 2011. He said there were three basic causes that were found: 1) they were not aware of the requirement 2) they used payroll data only and 3) payroll workers inputting the data were not aware that the agencies were using temporary labor.

Mr. Bartalot said 55 nonprofit agencies sent corrective action plans that were approved and completed by November 30, 2011. Compliance visits now include a review of the use of temporary workers. Mr. Bartalot and his staff have increased compliance training emphasizing the importance of including temporary agency workers hours in payroll documentation and impact.

Mr. Bartalot reviewed the results that concluded 525 agencies had no changes, 74 agencies changes to ratios due to temp workers, 3 agencies had changes to ratios due to other errors; 15 changes cause prior years to be below 75 percent; 8 agencies will be under ratio for FY 2011.

In response to a question from Mr. Poleo, Mr. Bartalot said he was little surprised about the outcome of the review, specifically that some of the agencies said they weren't aware of the requirement. He said that going forward the staff will focus more on temporary worker hours as well as payroll information.

### V. CNA Reports

#### NIB

Mr. Kevin Lynch, President and CEO of National Industries for the Blind, presented data for the first half of FY 2012 that has been tracked by their sales forecast. He said the forecast is meeting NIB's expectations according to their budget plan they submitted last year. Mr. Lynch said NIB increased textile sales to the Department of Defense. He also stated that NIB is making aggressive marketing efforts to agencies they have not focused on in the past, such as DeCA, the U.S. Postal Service and the Department of Veterans Affairs. These efforts have resulted in increased purchases from FY 2011.

He said NIB introduced a new line of business, Section 508 Compliance that currently services three commercial contracts. NIB continues to expand Contract Management Support (CMS) services into other government agencies as well as civilian agencies.

Next, Mr. Lynch highlighted NIB's efforts regarding employee and customer satisfaction. He said continued improvements to forecasting and reporting capabilities were launched in December. NIB has experienced 90 percent accuracy in their forecasting capabilities.

In regards to Business Excellence, Mr. Lynch reported that aggressive ETS monitoring is ongoing and has prevented more than five million dollars in purchases of ETS items. The success of this program led to the hiring of additional staff and has had positive results. Also, NIB is conducting AbilityOne awareness training emphasizing ETS for multiple customers including USDA, Camp Pendleton Contracting Office and BO Procurement Conference.

NIB's Business Leaders Program was recognized by Chief Learning Officer magazine as a 2012 LearningElite organization. Mr. Lynch said he is extremely proud of recent graduate and fellow, Mr. Al Alvina, who has been appointed Blinded Veterans Association Executive Director. The last item mentioned by Mr. Lynch was open registration for the 2012 NIB/NAEPB National Conference and Expo. The conference will be held in Baltimore, Maryland on October 24-28, 2012.

#### NISH

Mr. E. Robert Chamberlin, President & CEO, reported on data from the first six months of FY 2012. He said NISH has experienced record setting data in almost every area, but Mr. Chamberlin believes the numbers could have been higher.

He explained the impact some nonprofit agencies are experiencing due to government cutbacks and "belt tightening" across the country. NISH has had some losses which have resulted in 5,194 lost jobs.

Minus 1.8% change in direct labor hours Minus 1.5% change in people employed Minus 3.6% change in sales

Mr. Chamberlin said there have been some good increases with new business and contract expansions of projects. He said NISH has had some job opportunities to expand capability and capacity through non-AbilityOne projects including several different initiatives involving grants. He said they have generated good number of jobs.

Next, Mr. Chamberlin reported on the Employee Reporting System (ERS). In the past, NISH has not had data with details on people (information on individual employees) that work in the program. He said it was macro-level data in the recording system. With the revamped ERS system, Mr. Chamberlin said the nonprofit agencies call pull data that they were unable to do before. He said 102 CRPs are participating and 47 percent of employees are represented in the system. Right now the information is requested through NISH, but the vision for the system is for the agency to pull down any data they want. Mr. Chamberlin said on average, 300 reports are requested from NISH every month. One interesting request is to try and assess productivity achievements through QWE.

Mr. Chamberlin thanked everyone for attending the conference and said he appreciated the large number of attendees from the NISH Board and Commission members. Mr. Chamberlin highlighted the upcoming sessions including a focus group on customer satisfaction, a pricing panel, and a Contract Pricing Plenary session featuring Mr. Shay Assad.

### V. NCWC Presentation

Mr. Jerry Bettenhausen, President, gave a presentation on the National Council of Work Centers (NCWC). First, he gave some background information. He said the NCWC was founded in 1983 as a national organization comprised of NISH/AbilityOne producing CRPs.

Mr. Bettenhausen said some of the agencies also had representation on the Board. For those agencies that did not have any representation, the NCWC was formed to fill that void.

Next, Mr. Bettenhausen showed a map of the membership across the country which includes 540 CRPs producing under AbilityOne. Mr. Bettenhausen named all of his key leaders in each region.

Mr. Bettenhausen said the NCWC held its annual meeting in conjunction with the NISH Conference and their five-year Strategic Plan was recently completed. The mission of the NCWC is to represent the collective interests of AbilityOne Community Rehabilitation Programs to create a better life for people with significant disabilities through employment of choice. The NCWC vision a society where is that people with disabilities having equal opportunity to work.

Mr. Bettenhausen said the NCWC is currently addressing a list of hot issues. He reviewed some of the issues during his presentation. The first issue he addressed was a product of the CEO Forums – the Competitive Employment Evaluation Form. He said this is a required form that will develop consistency on how data is reported and have greater compliance with the statute.

The second issue Mr. Bettenhausen raised, involved the NCWC Naming/Branding initiative. He said the term work centers conjure an image of a sheltered workshop and the NCWC wants people to know that their employees work in an integrated environment. Another issue was the use of commensurate wages, which the NCWC believes should be the choice of the employee.

Other issues discussed by Mr. Bettenhausen in more detail included: outreach to Wounded Warriors, shift in pricing philosophy, Council of State Administrators of Vocational Rehab (CSARV), rapid gate/installation access, employing people with the most significant disabilities and the NISH Institute economic empowerment pilot program.

Mr. Bettenhausen stated that 50 percent of employees in the NCWC are working in agencies that report data in ERS and 50 percent have been working with the Quality Work Environment (QWE). They have been early adopters of the QWE Program and feel that ERS is critically important. Mr. Bettenhausen believes that it is vital to show hard numbers in the current fiscal environment when so many programs are under scrutiny.

Mr. Bettenhausen mentioned the Air Force Food Transformation Initiative as a contracting vehicle and the comingling of a single contract. He said other branches of the armed services are watching this initiative and if it is successful, they could also be interested.

Mr. Bettenhausen invited the Commission members to join him and other members of his Executive Committee at 5:00 pm in Room 106 to continue the NCWC discussion.

RADM Heinrich, U.S. Department of the Navy, commented on conversations he has had with RADM David Baucom, Commander, Defense Logistics Agency Troop Support, regarding the Air Force Food Transformation Initiative. He said this could be a one-stop shop and the Navy is interested.

# V. NPA Presentations

Mr. Lou Bartalot, Commission staff, introduced two nonprofit agencies that have experienced ratio problems over the past two years.

According to him, for the past two fiscal years, FY 2010 and FY 2011, MHMR of Nueces County has failed to achieve the AbilityOne Program's statutory overall agency direct labor ratio requirement of 75 percent or higher. Specifically, they ended those fiscal years with the following direct labor ratios:

FY 2010 - 45.35% FY 2011 - 64.31%

He said Nueces County has 107 employees and \$2.1M in sales and that AbilityOne is critical to their existence.

Mr. Poleo reminded everyone that the reason behind allowing the agencies to make their presentations is not for a "public flogging", but for everyone to stayed informed. He said Compliance is taken seriously and the Commission should seek information to make sure the members are informed so that the AbilityOne agencies continue in the program.

# MHMR of Nueces County Behavioral and Developmental Health Services

Ms. Diane Lowrance, Executive Director of MHMR of Nueces County, Corpus Christi, Texas, gave a presentation to explain why Nueces County should not be removed from the AbilityOne Program. Ms. Lowrance introduced John Johnson of her Board. Ms. Lowrance thanked the Commission membership for the opportunity to present and for their leadership in making a difference in people's lives.

Ms. Lowrance stated that MHMR has participated in the JWOD/AbilityOne Program for over 20 years. She said the Board of Trustees, administration and program staff is committed to continued participation and to complying with policies and procedures to offer training and employment opportunities to persons with disabilities. Ms. Lowrance reviewed a timeline of significant events that contributed to them being out of compliance.

She said in 2008, the center performed AbilityOne services on two federal contracts in Corpus Christi at the Army Depot and the U.S. Army Reserve Center. There were problems between the Center program and the CCAD Contracting Office Representative (COR). The COR was micromanaging and making allegations against the staff. The Center asked NISH for assistance and they helped them with a plan of improvement.

In 2009, NISH activated a 4-step Performance Improvement Process due to concerns from the COR. The Center began making drastic changes. They implemented organizational and managerial changes, a new Project Manager was assigned, Executive Manager reassigned to provide daily oversight to the program and added Quality control.

According to Ms. Lowrance, in 2010, the Center was removed from the 4-step process, purchased new equipment and new staff was hired. A regulatory review was held in August, a new contract was negotiated, weekend services stopped and two new buildings were added. A plan of correction was implemented and their goal was to have a 10 percent increase in ratio per quarter.

In 2011, the Center had a hiring freeze for non-disabled positions and a reduction in force of seven non-disabled workers. Ms. Lowrance discussed the steps that were taken throughout 2010 and 2011 to get back in compliance. At the time of the meeting, the Center was operating above the 75 percent threshold for fiscal year 2012.

Ms. Lowrance said Nueces County requests daily reports from the Project Manager and is getting involved in the QWE process. She said Nueces County is committed to delivering quality services and requests continued participation in the AbilityOne Program. Ms. Lowrance thanked Sally Henderson, NISH and her team for all of their assistance. She said she wanted to acknowledge their role and how phenomenal they were in helping them get back on track.

Mr. Poleo commented that it was a very good presentation because he feels that it is important for the Commission to be informed. He especially appreciated the fact that Ms. Lowrance focused on explaining where they were before and where they are now. He thanked Ms. Lowrance for her time and presentation.

### Chautauqua County Chapter, NYSARC

Mr. Bartalot introduced NYSARC which joined the program in 1977 and was never had any compliance issues until a surge problem in 2003. In 2011, NYSARC fell below 54 percent. They have 409 employees (153 AbilityOne employees) and \$64 million in sales (\$60M AbilityOne).

Mr. Paul Cesana, Executive Director gave a presentation on NYSARC, Inc., Chautauqua Co. Chapter, Jamestown, NY. Mr. Cesana, who has been the Executive Director for 25 years, expressed his appreciation for the opportunity to present. He introduced his Board Treasurer, Ms. Marie Carrubba.

NYSARC is also known as The Resource Center (TRC) and provides employment services, day services, clinical services and residential services. Products are the core of TRC's business. They provide products such as first aid kits, mass casualty kits, and lap/seat belts to the military including the U.S. Marines, U.S. Air Force, Defense Logistics Agency, and the U.S. Army.

Mr. Cesana told the Commission about TRC's labor reporting issues. He said they self-reported the incorrect accounting of temporary labor. Temporary labor was not included in data sent to payroll for reporting the Quarterly Employment Report (QER). It was a failure of their internal systems. According to Mr. Cesana, once identified as a problem, systems were initiated to correct immediately including review by our internal audit department.

Upon review it was discovered that the reporting of direct and indirect labor through the current payroll system was inaccurate and inconsistent. TRC immediately conducted an on-site NISH training regarding labor ratio requirements. The job reporting system is now accurate and compliant.

In October 2011, TRC submitted a plan of correction to the Commission. They developed the plan in response to the Commission's directive on reviewing the use of temporary labor. It included established quality targets, an updated internal payroll system, alignment of product mix, mission and capability and subcontracting of non-AbilityOne projects to maintain ratios, rehabilitation re-engineering work group, renewed emphasis on vocational development outreach and partnerships.

A monthly review of the action plan will ensure that TRC meets its goal of being fully compliant by 2014. Mr. Cesana said non-AbilityOne work could be contracted out. He said the action plan that has been implemented has led to dramatically improved ratios.

Mr. Cesana requested that the Commission abstain from putting TRC on probation. He said TRC has demonstrated an ongoing commitment to the people we serve and the action plan has already produced very positive results. TRC will continue its long-term commitment to the AbilityOne Program while remaining in full compliance.

Mr. Poleo thanked Mr. Cesana for an informative presentation. He said the staff would convene and provide the Commission members with recommendations on both NPAs. He said he hopes this is done reasonably quickly.

He said there were two very good presentations and thanked both Ms. Lowrance and Mr. Cesana for taking the time to come in and present.

# VI. Closing Remarks

Mr. Poleo again thanked Mr. Chamberlin for allowing the Commission to meet at the conference. He then asked all members for any closing remarks.

RADM Heinrich said there has been some discussion at NAVSUP concerning a potential new law, the Trade Secret Law and its impact on contract closeout. He said in the future, the Navy may include clauses that indicate the contracts may be closed out by a partner of AbilityOne.

Mr. Dennis Lockard, General Counsel, reminded the members that a brief Executive Session would be held directly following the Commission Meeting in Room 107.

Mr. Robert Kelly, Private Citizen, commented on Mr. Omvig's departure from the Commission. He made some glowing remarks about his dear friend and colleague. He extolled Mr. Omvig for his leadership and commitment to the AbilityOne Program. Mr. Omvig thanked Mr. Kelly, Mr. Poleo and Mr. Kesteloot for all of their accolades. Mr. Poleo said there would be another opportunity to honor Mr. Omvig at a future date. Mr. Omvig said it has been an honor to work with the AbilityOne Program and having had a part in creating better employment opportunities for people who are blind or severely disabled.

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Mr. Kesteloot thanked Mr. Chamberlin for hosting a tremendous conference. Ms. Zeich thanked Mr. Chamberlin and the NISH staff for their support and assistance in making this a great conference. Mr. Poleo mentioned that Ms. Ballard's absence from the conference was due to a health issue and that she is doing fine.

After determining there was no further business, Mr. Poleo adjourned the meeting at 3:37 pm. The meeting was followed by a brief Executive Session.

### List of Attendees - May 22, 2012

### **Committee Members**

Perry E. Anthony (virtual) Jan Frye Robert Kelly James Kesteloot Paul Laird Carol Lowman Kathy Martinez Karen McCulloh James Omvig Tony Poleo William Sisk Lisa Wilusz

#### Nominees

**RADM Mark Heinrich** 

### **Commission Staff**

Tina Ballard (virtual) Lou Bartalot Patricia Briscoe Robert Hartt (virtual) Amy Jensen Barry Lineback Dennis Lockard Nancy Myrick (virtual) Angela Phifer George Selby Kimberly Zeich

### NISH

E. Robert Chamberlin Betty Clark William Coleman Janet Ferraro Nancyellen Gentile Elizabeth Goodman Sally Henderson Steven King Amy Luttrell Sean Messner Steve Perdue Paul Plattner Department of Education

Department of Veterans Affairs Private Citizen Private Citizen Department of Justice Department of the Army Department of Labor Private Citizen Private Citizen Defense Logistics Agency General Services Administration Department of Agriculture

### Department of the Navy

Susan Retter Paula Scanlon Jay Thomas Goli Trump Brenda Yarnell

### NIB

Ron Ashby Kevin Lynch Matt Wieseler

### **Government Representatives/Staffers**

Shaun McGill

U.S. Department of Labor/ODEP

Eggleston Services, Inc.

#### **Other Attendees**

Paul Atkinson Skip Ayers Gregg Bender Jerry Bettenhausen Ellen Brown Ron Buccicli Amanda Bush Alix Capsalors Carol Carr Jim Cassetta Paul Cesana Lori D'Angelo Vic Daniels Paul Fardink Susan Fonfa **Rich Gilmartin** Mark Hay Mary Heyse Sherri Scyphers Hungate John Jackson Kathleen James Connie Kirk Don Larima Pam Lillibridge Dianne Loranz Lisa Manning **Belinda** Moore Sharon Omvig John Ruesnener Robert Schifano Vicki Taft

Chautauqua NYSARC Work Services Corporation Goodwill Industries International CW Resources, Inc. First Chance Industries CW Resources, Inc. ACHIEVE Human Services, Inc. Work, Incorporated Chautauqua County Chapter, NYSARC The Resource Center

Chautauqua NYSARC NISH Board Emeritus Lakeview Center

Runnemede Industries Goodwill Industries of South Florida, Inc.

Alternative Services, Inc. Tommy Nobis Center, Inc. TRI Industries NFP Tresco, Inc.

Naval Supply Systems Command Runnemede Industries Private Citizen

TRC Tinker AFB Mitch Tomlinson Thomas Vreeman Laura Walling Jerry Weddington Michael Winckler

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Pekham Inc. Kandu, Inc. Goodwill Industries International DRTC Goodwill Services, Inc.

# FINAL MINUTES

### U.S. ABILITYONE COMMISSION

### Thursday, July 12, 2012

### 9:00 am

#### I. Opening Remarks

Mr. J. Anthony Poleo, Commission Chairperson, called the meeting to order at 9:08 am. He welcomed everyone and said Mr. George Selby, Commission staff, would narrate an inspirational tribute to Mr. James Omvig, Private Citizen. There was a slide show presentation featuring Mr. Omvig's personal and professional achievements.

Mr. Poleo presented Mr. Omvig with an AbilityOne coin for his commitment and outstanding support of the Program. Mr. Poleo said other tributes and honors would take place during Mr. Omvig's farewell luncheon.

Mr. Poleo asked for introductions from all attendees and asked Ms. Angela Phifer, Commission staff, to make administrative remarks. Mr. Poleo said Ms. Ballard would give further instructions regarding the luncheon at the close of the meeting.

### II. Swearing-In Ceremony

Mr. Poleo officiated the swearing in ceremony for Admiral Mark Heinrich, U.S. Department of the Navy, and Mr. Anil Lewis, Private Citizen. Mr. Kermit C. Jones, Commission staff, read the Commissions from President Obama. Mr. Poleo welcomed the new members to the Commission.

#### III. Consideration of Minutes

Mr. Poleo asked for a motion to approve the July minutes. Ms. Karen McCulloh, Private Citizen made a motion and received a second from Mr. James Omvig, Private Citizen, and the minutes were adopted by unanimous vote.

### **IV.** Executive Director's Report

Ms. Tina Ballard, Executive Director, gave a report on recent activities. She encouraged the members to urgently vote on the Yakima Special Vote Letter.

Ms. Ballard recognized Ms. Nancy Myrick, Commission staff, for her work with Northrop Grumman on a lunch and learn training event. AbilityOne has a Memo of Agreement with Northrop Grumman. In Chicago, Ms. Ballard attended a panel with senior leadership from Northrop Grumman, General Dynamics and Lockheed Martin. She said the Lunch and Learn Events give nonprofit agencies tips on how to work with the commercial industry.

She said the Chicago event was well attended with 75 participants, and with that growth, a few more sessions are planned for the end of the year.

Ms. Ballard asked Mr. George Selby, Commission staff, to highlight a few areas from the 2011 Annual Report. Mr. Selby said this is the first annual report to use the official name and seal, U.S. AbilityOne Commission. This year's theme is "National Treasures" featuring people as our most valued "national treasures". Mr. Selby said there is a fully accessible version of the annual report available online.

Ms. Ballard expressed her excitement, saying this is the second year that the publication has moved into a new direction of excellence. She congratulated Ms. Myrick and Mr. Selby on a job well done. Ms. Ballard said October marks the beginning of the 75<sup>th</sup> Anniversary celebration which will include a 75<sup>th</sup> Anniversary Annual Report and an AbilityOne Magazine for NDEAM.

Ms. Ballard introduced Dr. Karen Pica, from the Executive Office of the President. She said Dr. Pica's presence is a great show of support. Dr. Pica has invited the staff to meetings to discuss AbilityOne's mission and ways to continue to advance employment opportunities for people who are blind or severely disabled.

# V. Melwood

Ms. Dana Stebbins, former Chair of the Board now serving as Melwood's Team Leader and members of her Senior Team gave a safety program presentation. First, Ms. Stebbins introduced her colleagues and talked about Melwood's history. Melwood was founded in 1963 and their mission is to create jobs and opportunities for people with disabilities so they can have a gratifying way of life. Melwood was started by a small group of parents and supporters who decided to teach plant care to young adults who were considered by most to be untrainable and unemployable.

Melwood's values include commitment to people, quality, teamwork, initiative, innovation, stewardship and integrity. Melwood has been recognized as the "Vendor of Choice" for a wide range of customers for providing quality services that meet multiple needs.

Mr. Matthew Gasireau, Chief Contract Officer, gave a breakdown of the contracts. He said Melwood has a total of 43 contacts that started with 38 landscaping and custodial service contracts. Mr. Gasireau said that the newer contracts are for total facilities management and they also have some mailroom and recycling services contracts. Melwood employs 948 people and 674 of those employees are people with disabilities.

Mr. Gasireau highlighted one of Melwood's growth areas which is the USDA Green Roof. He said the green roof is environmentally friendly and cost effective over the long term. Mr. Gastineau said Melwood's Board of Directors is committed to a culture of safety. They created health and safety committee charter and instituted a safety committee.

At the start of every contract, a risk management analysis is conducted. Initial and ongoing safety training is provided for all Melwood employees. All of their training is based on national and federal safety standards and through OSHA. The safety committee provides a quarterly report to the Board of Directors.

Mr. Gastineau said a risk analysis is performed during every new contract to determine the severity and likelihood of risk in hopes of mitigating or eliminating the risk. Melwood's experience rating is up to standards.

Mr. Jonathon Rondeau, Chief Program Officer, said Melwood cultivates a culture of safety for its 43 federal contracts and also provides services for 1,800 people of all abilities through supportive employment, supported living, and recreation to maximize their independence in the community. Initially, every employee is provided with 40 hours of training so they understand how to support people with disabilities in a safe environment.

Dr. Lorenzo Hester, Senior Director of Human Resources, discussed safety training. Melwood's safety credentials include CARF accreditation (Commission on Accreditation of Rehabilitation Facilities) and all staff trainers and safety personnel have been certified by the Occupational Safety and Health Administration (OSHA), the National Safety Council and the American Red Cross.

Mr. Gasireau explained the color coded system that prevents cross contamination. He said quality control and safety is also expected from all of Melwood's subcontractors. They also use anonymous staff safety surveys and have safety investigations.

Melwood meets LEED certification standards and those safety standards are applied to their subcontractors. LEED stands for Leadership in Energy and Environmental Design and it means that buildings built under those standards aim at achieving high performance in key areas of human and environmental health.

Mr. Omvig inquired about employee compensation and benefits. Mr. Gasireau responded that Melwood's average rate of pay for custodial and landscaping contracts is \$14.17 per hour. They also pay Service Contract Act and health and welfare except on contracts where they are under union rules. Mr. Gasireau said there are a small number of people under Department of Labor license who earn below federal minimum wage. Melwood offers both insurance and retirement benefits and a 403B plan that matches five percent on the first 50 percent of contributions from employees.

Mr. Kesteloot stated that Melwood's comprehensive presentation confirms his recommendation that something should be sent to the agencies that reiterates the Commission's commitment to safety. Mr. Kesteloot said NIB and NISH should enforce to the agencies OSHA standards, CARF standards, risk analysis, surveys, and other tools they can use to improve safety. He said safety should be a priority taken into account when getting new projects.

Mr. Chamberlin agreed that Mr. Kesteloot's recommendation is a good idea, but he suggests that the guidance come from the Commission and then the CNAs could further endorse it.

Mr. Chamberlin said NISH uses safety as a part of training with the NISH Institute.

Ms. Karen McCulloh, Private Citizen, inquired about the difficulty to be LEED fully compliant and what the issues are. A representative from Melwood said the technology is not there yet. The disinfectants required for killing bacteria are not LEED compliant. Mr. Lynch said safety is emphasized in QWE and it is another way of reinforcing it at the agency level.

Melwood's breakdown of disabilities includes 50 percent of people with mental disabilities, 30 percent of people with developmental disabilities and 20 percent with other disabilities. These figures were given in response to a question asked by Mr. Omvig.

Mr. Poleo said Melwood has been successful for a long period of time and wanted to know what they attribute their success to in regards to safety being a part of their culture. Ms. Stebbins said the culture they have established is ingrained and safety is a part of everyone's job. Every leader is infused with the safety culture and it is implemented in their training. A safety committee makes recommendations and advises senior staff. The managers that are closest to the safety issue have the power to make decisions and implement changes. The employees recognize that safety is a major component of their job.

Mr. Poleo also inquired if accidents flow into future training opportunities. Mr. Lorezo said information is included in their quality control newsletter and when accidents occur there is a review of Standard Operating Procedures (SOPs) so that lessons can be learned. If a change is necessary, it is made to the SOP.

Mr. Kesteloot recommended that a safety plan be included for all proposed projects that come to the Commission for vote. Ms. McCulloh agreed that she would also like to see safety plans added to the vote letters.

Two of Melwood's newest contracts are for Total Facilities Management services at Fort Mead and for the U.S. Coast Guard at Curtis Bay. Twenty five percent of the employees working on the Fort Mead project are wounded warriors. The Coast Guard cutter cleaning is almost done entirely by people with developmental disabilities and Melwood employees will be responsible for cleaning nearly 200,000 square feet of the facilities.

Mr. Poleo told Ms. McCulloh he did not intend to table the discussion on safety plans. He advised that the Commission staff should have a discussion with NIB and NISH to see what is already being done so efforts will not be duplicated. Mr. Omvig suggested that the action be assigned to a subcommittee.

Mr. Poleo thanked Melwood for a very informative and timely presentation.

# V. CNA Reports

### NIB

Mr. Kevin Lynch, President and CEO of National Industries for the Blind, gave an update of the Strategic Plan Initiatives.

### **Effective Stewardship**

In regards to Effective Stewardship, Mr. Lynch said the average direct labor ratio was 78.9% for the first half of the fiscal year, down slightly from last year's 81.4% in FY 2011. Three nonprofit agencies have fallen below the 75% direct labor ratio, though no agencies were below ratio two consecutive years. One of the agencies is under a phase in and Mr. Lynch said he has their corrective action plan.

### Advocacy for the Program

Mr. Lynch identified several initiatives NIB is undertaking to advocate the program, including expansion of the Base Supply Centers. NIB has opened new locations at Joint Base Andrews and Mr. Lynch encouraged the members to visit. Other projects include the Office of Naval Intelligence/National Maritime Intelligence Center/Securities and Exchange Commission and Keesler AFB.

NIB continues to create business development training programs. Mr. Lynch will be presenting at the Center for Association Leadership (ASAE) Conference next month regarding employment and diversity. He also plans to present at the U.S. Business Leaders Network Conference and the GSA SmartPay Conference in October.

NIB will be conducting the NIB/NAEPB Grassroots Forum in August and coordinating events for Members of Congress to be held at the local nonprofit agencies.

### **Employee and Customer Satisfaction**

Under the Quality Work Environment (QWE), 87 percent of agencies have verbally committed. In the first half of FY 2012, NIB's rehabilitation engineers successfully converted 20 "sighted" jobs to "blind" jobs. Wages increased for 45 blind employees after working with rehab engineers. Under the CMS Training, NIB has placed 32 individuals who are blind (Year to Date) into employment through the first half of the fiscal year. NIB completed satisfaction surveys for Contracting Officers of Abilityone.com users and continue to expand and optimize electronic data interchange (EDI).

### **Employment Growth**

Through the first half of FY 2012, net employment hours were up 2.1 percent compared to the same period last year. Program related sales through the first half of FY 2012 were up 2.9 percent. In the third quarter, there was a definite slow down. NIB has experienced positive results from targeted marketing efforts with DeCA, the U.S. Postal Services and the Department of Veterans Affairs.

NIB received Orders for 508 Compliance certification program, a new program that was launched. Mr. Omvig elaborated on the work the NFB is doing for compliance and accessibility. Mr. Omvig inquired about the 508 Compliance initiative and which agencies are participating, also asking Ms. Ballard about the Commission's own compliance suggesting the Commission should be compliant in all they do. Ms. Ballard agreed with Mr. Omvig's assessments and responded that the Commission staff is steadily making improvements and one recent example is the new Annual Report. Ms. Ballard said she really appreciates Ms. McCulloh's assistance in helping the staff make technology accessible for those that are visually and hearing impaired. Ms. McCulloh commented that ADA compliance should be applied wherever the AbilityOne name is.

Mr. Poleo noted that it is one thing to be compliant with the ADA, but there is a gap between the letter of the law and "the right thing to do." Dr. Pica applauded Mr. Lynch, Ms. Scottie Knott, and the AbilityOne Commission for moving forward with this initiative. She commented that on the 21<sup>st</sup> anniversary of the ADA, President Obama announced there would be a strategic plan that would be created to improve management of 508 across the federal environment.

Mr. Lynch continued his report by saying NIB is concerned about sales growth that has been partially offset by lower commodity product orders from GSA. He said NIB is trying to limit the impact on employment due to "belt tightening" across the federal government.

# **Business Excellence**

Mr. Lynch said NIB continues to partner with NISH and the Commission staff to address pricing and Procurement List process issues through the Lean Development work group. NIB continues to work aggressively toward reducing Essentially the Same (ETS), and is adding additional resources to this effort. Over \$5 million in purchases of ETS items were prevented over FY 2011 and the same efforts have been made in FY 2012. In May 2012, 3,000 ETS identifications were uploaded into the ETS database. Mr. Lynch said NIB is trying to stop leakage and he commended GSA for working with them on this initiative.

Mr. Lynch said NIB is also monitoring solicitations and converted almost three million dollars in potential sales for the program. In May 2012 alone, \$330K was successfully converted to AbilityOne Program sales.

In response to a question from Mr. Omvig regarding average hourly earnings, Mr. Lynch said currently the average wage for manufacturing is \$8.97 and for services it is \$13.75. The average for both is about \$10.02. Mr. Chamberlin said NISH's average wage for products and services is \$11.57.

Mr. Lynch discussed NIB's continuing efforts. He said the NIB Board plans to meet later this month to approve the FY 2013 Business Plan and Budget. In August, NIB will host a new agency executives orientation and a virtual grass roots events. Mr. Lynch said NIB is preparing for its October Annual Training Conference and looks forward to hosting a Commission Meeting there in Baltimore, MD.

Lastly, Mr. Lynch said NIB continues to focus on opportunity identification and development and particularly putting emphasis on non-AbilityOne projects. He said there is a real need to diversify given the current climate. Mr. Lynch said NIB will continue ETS reviews and conversions.

Mr. Poleo asked Mr. Lynch to discuss his ASAE certification. Mr. Lynch said in order to obtain certification from the Center for Association Leadership, you have to meet standards for the number of training programs you participate in among other qualifications and a written exam is also required. Mr. Lynch encourages other agency executives to look into getting certified. Mr. Poleo congratulated Mr. Lynch on his accomplishments.

### NISH

Mr. E. Robert Chamberlin, President & CEO, reported on NISH's Strategic Plan alignment with AbilityOne Program's Strategic Goals. Mr. Chamberlin showed a matrix chart that displayed those goals that are in direct alignment with AbilityOne's Strategic Plan.

### Stewardship

Mr. Chamberlin highlighted each Strategic Goal. First, he discussed Stewardship in regards to Compliance. He reported that the overall compliance of all NISH agencies is 83.82 percent and there are 24 agencies that are under the 75 percent ratio currently. Mr. Chamberlin explained the many ways NISH assists the nonprofit agencies other than overall compliance. He said NISH assists with on-time data submissions, on-time CNA Fee and Loan Payments, on-time deliveries, and satisfactory contract performance. Mr. Chamberlin said NISH now has expertise of their staff to assist with Defense Contract Audit Agencies.

### **Customer Satisfaction and Employee Satisfaction**

NISH has three customers: the nonprofit agency, the federal customer, and the AbilityOne employees. He discussed results from surveys conducted in 2009, 2010, and 2011. Next, Mr. Chamberlin discussed the Quality Work Environment (QWE) and the Employee Reporting System (ERS).

In regards to QWE, Mr. Chamberlin said NISH went from 81 early adopters in January 2011 to 230 active NPAs as of May 2012. He said there is a lot to be done, but a lot of progress has been made. NISH's Employee Reporting System now has data on 47 percent of the employees.

NISH has also produced a Productivity Enhancement Guide that provides NPA Best practices in eliminating barriers to productivity. A NISH CEO Forum was organized to make recommendations to NISH CEOs on efforts for NISH to consider to ensure that people with the most significant disabilities are not left behind.

### **Business Excellence**

The PLIMS work group is under way and the PL Lean group has also done training and manuals, multiple recommendations have been implemented and there has been a significant decrease in package rejections.

Mr. Chamberlin said there has been a Malcolm Baldrige initiative underway for two years identifying all kinds of opportunities for improvement within the organization. He said NISH has submitted an application to the American Society for Quality and they are waiting for feedback by October.

#### **Employment Growth**

Mr. Chamberlin described the FY 2011 year end change in direct labor hours and people employed and compared those figures to the second quarter of FY 2012. Mr. Chamberlin said there is almost a two percent decline in direct labor hours and almost a one in a half percent decline in people employed. He also showed the variations between service and products.

Mr. Chamberlin described the impact on the producers and providers and showed one example where there have been almost 600 jobs lost. Some of the reasons for this current environment are: budget reductions caused by the Iraq/Afghanistan wars, budget cuts by OMB and DoD guidance, GSA/PBS budget reductions, 8a and Small Business retention of projects, prioritization by other programs, and potential Congressional sequestration.

NISH has had an intensive scrubbing to their budget due to a major decline in revenue. Mr. Chamberlin says revenue is projected to be flat for the remainder of the fiscal year and continue throughout FY 13 and 14. There has been a reprioritization of initiatives and carefully assessing impact on mission. Expenses have been reduced by \$8 million.

Mr. Chamberlin said these scenarios have resulted in severe impact on current and projected jobs, direct labor hours and sales. NISH has an intense focus on budget, revenue and expenses. NISH has a major focus on new customers and business lines to try to mitigate the impact.

Also, Mr. Chamberlin said NISH is trying to reinvigorate support from DoD and a letter of support from OFPP. In response to a question from Robert Kelly, Private Citizen, asking how members can assist with this effort, Mr. Chamberlin said letters of support from the federal members' agency can be a great source of help. Mr. Lynch said he agreed with Mr. Chamberlin and said the letters of support should emphasize the value of the program and the mission.

Mr. Kesteloot said the Employment Growth subcommittee has been working on ideas and he would elaborate on them during his subcommittee report.

## V. U.S. AbilityOne Strategic Plan Update

Mr. Kermit Jones, Commission staff, gave an update on the U.S. AbilityOne Strategic Plan. Mr. Jones said the Strategic Plan addresses the mission, vision and goals for the Program. He said in a 2007 GAO Report, recommendations were made for the program to develop clearer and more measurable goals that capture key program aspects.

In Spring 2009, the senior AbilityOne Program stakeholders participated in a series of planning sessions. During those sessions, three strategic goals were established: Stewardship, Employee and Customer Satisfaction, and Employment Growth. A fourth goal was added by the Commission, Business Excellence. The current Strategic Plan was completed in July 2010 and there have been no updates in 2010 or 2011. According to Mr. Jones, the Commission wanted to maintain its focus by reorganizing the subcommittees. He discussed each subcommittee's goals and objectives.

### **Effective Stewardship**

The goal of the Effective Stewardship subcommittee is to monitor and achieve compliance with statutory, and regulatory requirements. The objectives they are trying to reach include 100 percent NPA full compliance by 2014 and ongoing advocacy for the Program.

#### **Employee and Customer Satisfaction**

The goal of the Employee and Customer Satisfaction subcommittee is the achievement of high levels of AbilityOne employee satisfaction, in accordance with the program's Quality Work Environment Initiative, and high levels of Federal customer satisfaction. Their objectives are to increase and sustain AbilityOne employee satisfaction (Objective 1) and the satisfaction of the Federal customers (Objective 2).

### **Employment Growth**

The goal of the Employment Growth subcommittee is to expand employment opportunities that meet the needs of people who are blind or have other significant disabilities. Their first objective is to increase employment opportunities by two percent per annum for products and seven percent for services. Their second objective is to establish goals in all Federal agencies represented on the Commission.

### **Business Excellence**

The goal of the Business Excellence subcommittee is outstanding execution of business processes directly linked to key stakeholders and the employment mission. Their three objectives include improving the procurement list end-to-end process, improving Fair Market Pricing policy and procedures and aligning the CNA Fee to core strategic goals.

Mr. Jones said the subcommittee reports would cover more detail regarding the goals and objectives.

## V. Subcommittee Reports

#### **Employee and Customer Satisfaction**

Mr. James Omvig, Chair of the Employee and Customer Satisfaction subcommittee, gave a report on recent activities. Mr. Omvig said his proudest accomplishment as Chair, is the Quality Work Environment (QWE) Initiative. Mr. Omvig said he thought there would be a lot of resistance from the nonprofit agencies, but this has not been the case. Mr. Omvig thanked Robert Hartt, Commission staff liaison, for all his hard work and dedication to the subcommittee.

Mr. Hartt explained the color coding for the subcommittee charts. He said the first measure under the employee satisfaction objective is baseline surveys conducted by the two CNAs in 2010. He said the results were reported on earlier this year and were provided in the read-ahead materials. Mr. Hartt mentioned that the next round of surveys are on track and will be conducted in 2013. He said the areas of improvement identified in the 2010 surveys are being addressed and tracked by the subcommittee.

Next, Mr. Hartt said Measure 2 addressed listening posts during compliance visits. As previously reported, Mr. Hartt indicated it is no longer feasible due to limited resources. Informal feedback is provided during the QWE visits and staff is exploring alternatives for obtaining more of this kind of employee feedback.

The third measure Mr. Hartt discussed is the implementation of the QWE initiative. The first 2011 goal was to have 25 percent of the nonprofits make a verbal commitment to participating in QWE by June 30, 2011. Mr. Hartt reported that the current combined total for both NIB and NISH agencies is 47 percent or 289 agencies, and when adding up all the AbilityOne employees who work in these 289 agencies, they represent 78 percent of all AbilityOne employees.

Mr. Hartt said 87 percent of NIB agencies have signed up for QWE and NISH has 42 percent. The second 2011 goal was to have 25 percent of the nonprofits complete their first selfassessments by the end of December 2011. The current combined total for both NIB and NISH is 31 percent or 191 agencies, and when adding up all the AbilityOne employees who work in these agencies, they represent 58 percent of all AbilityOne employees. Looking at NIB and NISH separately, 28 percent of NIB agencies have completed their self-assessments while 32 percent of the NISH agencies have completed theirs. Mr. Hartt noted that reaching out to the second wave of agencies will be more difficult. He said a number of incentives are underway including reporting on a nonprofits' QWE participation status in vote letters reviewed by the Commission beginning this October.

Ms. Ballard and Mr. Chamberlin recently met with the Chair of the QWE Steering Group, John Miller, to discuss some of the issues NISH faces in developing new goals for moving forward and she would like to set up a briefing for an upcoming Commission meeting to get feedback from the members.

The last topic Mr. Hartt covered was Federal customer satisfaction. Mr. Hartt covered the new 2012 results of a survey of AbilityOne.com customers that NIB reported to the subcommittee at its meeting last month. AbilityOne.com users are Federal customers who buy products furnished by both NIB and NISH agencies. The survey of just under 1,000 respondents had the following results: 25 percent were very satisfied, 51 percent were satisfied, 16 percent were neither satisfied nor dissatisfied, 6 percent were dissatisfied and 2 percent were very dissatisfied.

For measure two, listening posts, Mr. Hartt indicated that surveys had previously been conducted at the 2010 and 2011 DoD Procurement Conferences, but there was nothing to report, as the May 2012 conference had been postponed.

Mr. Hartt also reported that gathering feedback from federal customer end users (nonprocurement personnel) who use AbilityOne products and services is a challenge being discussed by the subcommittee. It is a very large and diverse population, and the subcommittee is exploring various solutions, including establishing points of contact with the federal acquisition council and developing pilot projects to test the best ways to reach these users.

Mr. Hartt also reported that at the last meeting the subcommittee members and staff gave a heartfelt thank you to Mr. Omvig for his outstanding leadership as Chairman. In closing, Mr. Omvig thanked everyone and said it has been an honor to work with Ms. Wilusz, Mr. Frye, Ms. Martinez and the staff.

#### **Employment Growth**

Mr. James Kesteloot, Chair, introduced members of the subcommittee and discussed the goals. Mr. Kesteloot introduced Mr. Kermit Jones, Commission staff liaison, to report on current data for sales, hours and people. Mr. Jones stated the first objective which is to increase employment opportunities and quantity of work by those employees by two percent per annum for products and seven percent for services through 2014. The subcommittee's action plan is to track and analyze data quarterly.

Mr. Jones said the second quarter FY 12 data for product growth continues to decline from FY 11 of 11.4 percent. The actual second quarter numbers for FY 11 were approximately 13,632 versus 12,080 in FY 12. He said the data for FY 12 shows a slight increase in growth of personnel for services of 1.11 percent over second quarter FY 11, but still well below the seven percent goal. The second quarter FY 11 was 30,737 compared to 31,079 for FY 12.

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Mr. Jones expressed positive news regarding the second quarter FY 12 product hours which had a 7.2 percent increase over the second quarter of FY 11. The hours increased from 6,762,138 to 7,247,976. In addition, the second quarter FY 12 service hours saw an increase of 5.25 percent over FY 11, but it still did not reach the desired seven percent goal. In FY 11 the second quarter hours were 17,487,819 compared to 18,406,098 for FY 12.

Dr. Pica asked if the numbers were run with and without the Recovery Act. She said during the first part of the Obama Administration there was a lot of agency spending, so she wondered how the labor hours and other items compare when temporary spending is pulled out of the equation. Mr. Jones responded that the subcommittee had not looked at that level of detail. Dr. Carol Lowman, Department of the Army, said the Army did not see a noticeable difference. She said she believes the jump was in Small Business, not AbilityOne.

Mr. Jones introduced a new chart that focuses on member AbilityOne project data. He gave a few examples of the projects generated by each represented agency. Mr. Jones said the subcommittee wants to focus on what can be done to get those agencies with low project totals and assist them in getting more work. The subsequent charts presented by Mr. Jones showed AbilityOne sales data for the agencies represented by Commission members excluding the Department of Education and Department of Labor. The defense agencies generated the most activity.

Mr. Kesteloot said his subcommittee members were concerned with continued growth and the downward trend at the end of FY 11. They contemplated on whether or not to lower the goals and then they decided to leave the goals as is. They discussed ideas on how to stimulate growth such as preventing the purchase of essentially the same items (ETS).

As Vice Chairperson and Chair of the Employment Growth Subcommittee, Mr. Kesteloot believes that the second goal has not been addressed, getting the Federal Commission members more involved in employment growth for the Program.

Mr. Kesteloot said the subcommittee sent two emails to all Commission members, describing the concept of trying to get individual Commission members to set goals and obtain support from their agencies to increase projects. Included in the email was a list of projects that were generated in FY 11 and goals for FY 12.

Some of the feedback Mr. Kesteloot received mentioned looking to DoD as the goal setter. Mr. Kesteloot said Mr. Shay Assad has already committed to doubling business with AbilityOne over the next five years.

Mr. Kesteloot said the subcommittee would like to give the Commission members some tools to generate some new projects. By the next meeting, he hopes to distribute a plan with guidelines to set goals from each Federal agency. Some of the ideas Mr. Kesteloot listed include, meeting with senior procurement officers, identifying someone who has the authority to set formal or informal goals, and obtaining letters of support. He says this is in line with the Speakers Bureau and IPO Committee goals to stimulate new projects.

Mr. Kesteloot said some of the smaller agencies could benefit from reviewing a list of contracts and projects that have been successful for the major agencies including, contract closeout, janitorial and laundry services and call centers.

Mr. Kesteloot said it is the feeling of the subcommittee that members have been appointed by the President to generate projects that will generate jobs. He said Employment Growth is a part of the Strategic Plan. He asked members for acceptance of the concept and to send him any final comments they may have. Mr. Poleo agreed with Mr. Kesteloot's comments.

## VI. Closing Remarks

Mr. Poleo asked Mr. Omvig to make some closing remarks. Mr. Omvig once again thanked all the members and staff. He said the program's main focus should be the people of the program. He said the program has made tremendous progress in recent years and it has been his honor to have served.

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

### List of Attendees – July 12, 2012

#### **Committee Members**

- Perry E. Anthony RADM Mark Heinrich Robert Kelly James Kesteloot Anil Lewis Carol Lowman Karen McCulloh James Omvig Tony Poleo William Sisk Lisa Wilusz
- Department of Education Department of the Navy Private Citizen Private Citizen Department of the Army Private Citizen Private Citizen Private Citizen Defense Logistics Agency General Services Administration Department of Agriculture

#### **Commission Staff**

Tina Ballard Lou Bartalot Robert Hartt Amy Jensen Kermit Jones Stephanie Lesko Barry Lineback Dennis Lockard Numan Malik Nancy Myrick Angela Phifer Breck Richardson Sandra Scafone George Selby Kimberly Zeich

#### NISH

E. Robert Chamberlin Dennis Fields Nancyellen Gentile Martin Gerry Elizabeth Goodman John Huggins Paul Plattner Jay Thomas Martin Williams

## NIB

Steve Brice Angela Hartley Scottie Knott Kevin Lynch Tony Stephens Matt Wieseler

Tom Burgess

Pamela Dodd

Karen Pica

Robert Grieser

Serena Lowman Shaun McGill

William Sproule

#### **Government Representatives/Staffers**

Department of Veterans Affairs U.S. Department of the Army - Redstone Arsenal U.S. Department of Justice U.S. Department of Labor/ODEP U.S. Department of Labor/ODEP Executive Office of the President/OFPP U.S. Department of the Air Force

#### **Other Attendees**

David Gonzales Sherri Scyphers Hungate Barbara Kesteloot Marc Maurer Sharon Omvig Laura Walling PORTCO Goodwill Industries of South Florida, Inc. Private Citizen National Federation of the Blind Private Citizen Goodwill Industries International

#### FINAL MINUTES

### U.S. ABILITYONE COMMISSION

**NIB** Annual Training Conference

Baltimore, MD

Thursday, October 25, 2012

2:00 pm

### I. Opening Remarks

Mr. James Kesteloot, Commission Vice Chairperson, called the meeting to order at 2:05 pm. He welcomed everyone and asked Ms. Angela Phifer, Commission staff, to make administrative remarks. Next, he asked for all the attendees to introduce themselves. Mr. Kesteloot announced that Dr. Carol Lowman, Army representative, has retired from government service. He said Dr. Lowman will be missed because she worked very hard to increase employment for people who are blind and severely disabled and was able to take the number one position formerly held by Tony Poleo and DLA (Army is the current leader in AbilityOne sales). He said the Commission will try to fill the Army vacancy as soon as possible.

Mr. Kesteloot welcomed back Mr. and Mrs. James Omvig. Mr. Omvig officially retired from the Commission in July 2012. Mr. Kesteloot introduced Mr. George Selby, Commission staff, to discuss the kickoff of the 75<sup>th</sup> Anniversary. Mr. Selby thanked the CNAs for their support with AbilityOne publications. First he thanked Mr. Kevin Lynch, President & CEO, National Industries for the Blind, for his team's help with the production of FY 2011 Annual Report. Next, he thanked Mr. Robert Chamberlin, President & CEO, NISH for his team's help in producing the third edition of the AbilityOne Magazine. He then highlighted items from the magazine which emphasizes the history and accomplishments of the AbilityOne Program. Mr. Kesteloot was very impressed with the magazine.

### II. Consideration of Minutes

Mr. Kesteloot asked if there were any changes before he made a motion to approve the July minutes. Mr. Paul Laird, Department of Justice, made a motion to accept the minutes. A second was received from Ms. Karen McCulloh, Private Citizen, and the minutes were adopted by unanimous vote.

### III. Executive Director's Report

Ms. Tina Ballard, Executive Director, gave a report on the Agency's Policies and an update on the Quality Work Environment Initiative (QWE).

Ms. Ballard proposed a goal modification for QWE. She said the targeted goal was to have one hundred percent of producing NPAs complete their action plans by December 2013. Due to phase-ins and a higher than expected need for resources during implementation, focus has been placed primarily on completion of written self-assessments. The current status as of September 2012: 50 percent of the NPAs have verbally committed, 36 percent have completed self-assessments and 29 percent have developed action plans.

The proposed revision Ms. Ballard presented would have a target goal of 100 percent of AbilityOne employees in the NIB network and 95 percent of AbilityOne employees in the NISH network that work at producing agencies that have submitted completed QWE self-assessments to their respective CNA by 2014. Ms. Ballard proposed that the Commission grant an extension to completion dates of the self-assessments of NPAs to 2014. Mr. Kesteloot asked for a motion to accept Ms. Ballard's request. There was a motion made by Mr. Robert Kelly, Private Citizen and it received a second from Dr. Ed Anthony, Department of Education and the motion was carried unanimously.

Ms. Ballard asked Ms. Nancy Myrick, Commission staff, to provide an update on agency policy development. Ms. Myrick presented some background about the program memoranda. Currently, the agency has four types of memoranda including administrative, compliance, operations and pricing. She said most of the policies are 10 to 15 years old and contain outdated language. The program memoranda didn't convey "authority" of the Act and implementation of the regulations.

Ms. Myrick said the new numbering structure will be based on 41 CFR 51 and will have a standardized format. The new policies will have modern language and will incorporate general program policies and statutory references. Ms. Myrick said the staff solicited and incorporated CNA input as appropriate and also briefed the subcommittees.

Ms. Myrick showed examples of how the new framework is formatted and the new numbering system. Some of the memoranda has been combined which has resulted in fewer policies. Ms. Myrick said the new framework recognizes the broader federal procurement landscape. The staff will next identify any gaps and put into operation the necessary policies and procedures. These policies will be distributed to the CNAs and NPAs. All updated policies will be published on the Commission's website.

In response to a question from Mr. Kesteloot, Ms. Ballard said there are no plans for policies to be reviewed by Commission members. She said Mr. Poleo and some of the subcommittee members have reviewed the policies extensively.

## IV. CNA Reports

### NIB

Mr. Kevin Lynch, President and CEO of National Industries for the Blind, welcomed all the Commission members to the 2012 NIB Training Conference. Mr. Lynch expressed his excitement having the Commission members in attendance. He said registration has shown the

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numbers have surpassed more than 850 attendees. He said the NIB team is available for anyone who needs additional assistance. He said there is a lot planned during this year's conference including many educational programs and training.

Although Mr. Omvig was recognized by NIB in July, he said more acknowledgements would be made during the awards banquet on Saturday.

## NISH

Mr. E. Robert Chamberlin, President & CEO, reported on NISH's recent activities. First, he congratulated Mr. Lynch on a wonderful conference.

Mr. Chamberlin said based on informal data, NISH has lost over 4,500 Disabled Full Time Equivalents (DFTEs) or 9,000 jobs in FY 2012. He said the effect on the economy has also had an effect on the AbilityOne Program. Mr. Chamberlin said NISH generated 2,600 new DFTEs. He said job losses were caused by continuing budget cuts and the largest number of job losses were from the Defense Logistics Agency, Army, Air Force and Navy.

In accordance with NISH's Strategic Plan, 2011 - 2015 doubling jobs goal. Mr. Chamberlin said NISH is focused on building additional capability, capacity and past performance that can create additional job opportunities. Federal budget cuts have caused job loss on AbilityOne contracts. NISH is looking for additional innovated job opportunities for people with significant disabilities.

Next, Mr. Chamberlin discussed NISH's ideas to get grants. NISH received over 80 submissions from nonprofit agencies and awarded 12 matching grants. The grants generated 108,000 disabled direct labor hours in FY 12. NISH NPAs were able to hire 513 individuals with significant disabilities. The projects include call center training, eWaste, franchises, steam cleaning, aquaponics/horticulture, hydroponics (gardening) and peer care coordination.

Another initiative Mr. Chamberlin discussed was the Employee Stock Ownership Program (ESOP) pilot for people with significant disabilities. An ESOP is defined as a way employees of a company can own a share of the company they work. There are over 11,000 ESOPs in the U.S. involving eight million employees. The main purpose of the ESOP is to reward and motivate employees.

Mr. Chamberlin said two willing partners have been identified for two pilot projects. Both are service disabled veteran owned businesses and one is willing to carve out a piece of their business for the ESOP. The other is a new SDVOB start-up that will begin as an ESOP. Mr. Chamberlin commented that there has been very positive feedback from the ESOP community.

Both Mr. Lynch and Mr. Chamberlin attended the National Governors Association's Roundtable Discussion on employing people with disabilities. Chairman Governor Jack Markell requested additional information on three NISH initiatives: Innovated Job Growth Program, Employee Stock Ownership Program and the Pathways to Employment Pilot. Mr. Chamberlin said the

Pathways to Employment project is a major project addressing people with intellectual and developmental disabilities.

Mr. Kelly asked a question about job losses and the possible sequestration. Mr. Chamberlin said whether there is a sequestration or not, there will be difficult times ahead.

Ms. McCulloh asked about profit sharing for the ESOP program and wanted to know if the employees would receive bonus checks. Mr. Fields said ESOPs are different from profit sharing. Ms. McCulloh commented that she was very impressed during a recent visit to Industries for the Blind in West Allis, Milwaukee. She said the employees there participate in a profit sharing program and receive bonus checks. Ms. McCulloh said the program is a great step towards economic self-sufficiency.

Mr. Kesteloot asked Mr. Chamberlin if NISH projected the number of job losses through the end of FY 2012. Mr. Chamberlin responded that NISH has developed an internal system based on contract reductions. Based on real numbers but it is an informal system. It will not be what is actually submitted in the 404s. Projected Full time equivalents would be 1,900 x 2 which equals 3,800 jobs. Mr. Lynch said it has been a soft September and jobs are down one to two percent.

## V. Contract Management Services Update

Ms. Scottie Knott, Chief Operating Officer, National Industries for the Blind, gave an update on Contract Management Support. First, Ms. Knott gave some background information on the project. She said in 2009, there was a report out of the Department of Defense (DoD) that said there was a huge backlog of contract closeout work. The existing DoD personnel focused more on new contracts awarded than the backlog.

An opportunity to create a win-win partnership between the AbilityOne Program and DoD was designed to help address the contracting community workplace needs. The partnership allowed AbilityOne to provide non-inherently governmental contract management support for contract closeout while creating career oriented, upwardly mobile employment for people who are blind or severely disabled.

Ms. Knott said NIB took a Strategic Sourcing Approach to leverage pilot success to create winwin solutions and develop a strategic contract to support DoD. Ms. Knott said they wanted to demonstrate what they could do so they started with a pilot with the U.S. Army. As a result, NIB entered into an Indefinite Delivery/Indefinite Quantity (IDIQ) Contract with a term of five years. The IDIQ award date was June 28, 2010. NIB functions as the prime and subcontracts go to AbilityOne nonprofit agencies.

Next, Ms. Knott discussed the overall metrics to date. So far 68,636 contracts have been completed and \$168.9 million dollars has been identified as deobligated funds. Ms. Knott is very proud of the 99.25 percent accuracy rate. Mr. Omvig inquired about what is considered the "normal" accuracy rate. Ms. Knott did not have those numbers but said it was very little room separating the AbilityOne numbers from the "normal" numbers.

Ms. Knott then reviewed the Personnel Metrics. She said a total of 360 graduates (162 NIB /198 NISH) are working with contract closeout. There are a total of 14 active nonprofit agencies doing the CMS work and there have been a total of 107 direct labor positions created through this new work.

Ms. Knott read the list of participating nonprofit agencies. She also read a list of the customers and there are 79 participating designated contracting activities that fall under the following major commands represented by Army, Navy, Air Force, SOCOM, and other defense agencies such as DLA, DISA, WHS, and DCMA.

Ms. Knott said they have recently entered into a pilot program with DCMA – San Diego to undergo more complex cost reimbursement contracts. According to Ms. Knott, the CMS Training Program has given career opportunities to ten individuals who have secured employment with commercial firms and government agencies.

A new partnership memorandum was signed on October 16, 2012 between DLA and NIB. Ms. Knott said they are working with Jan Frye and the Department of Veterans Affairs on a similar program.

Ms. Knott recognized and thanked Mr. John Qua, Vice President of Services, NIB, for all of his hard work.

Admiral Mark Heinrich, Department of the Navy, asked Ms. Knott for a copy of the agreement.

Mr. Kesteloot talked a little bit about his recent nonprofit visits to Blind Industries and Services of Maryland (BISM) and some agencies in the Milwaukee area.

Mr. Kesteloot asked Susan Pollack and Tina Ballard to join him to recognize Kathryn Scanlan. Mr. Kesteloot presented Ms. Scanlan with a Commitment in Action certificate. Ms. Scanlan worked alongside Ms. Susan Pollack for ten months as a Program Analyst for the Defense Procurement and Acquisition Policy (DPAP) Contract Policy and International Contracting. Ms. Scanlan has been the "go to" person for DPAP leadership, the COR, and the dozens of ACORs, NIB, and the Army Contracting Office. Ms. Pollack described Ms. Scanlan as an AbilityOne Champion for her administration of twenty DPAP CMS task orders.

Ms. Scanlan will continue her career at NAVSEA's Fleet Support Branch and will continue to advocate for the AbilityOne Program.

## VI. Quality Work Environment (QWE) Update

Mr. Jason Bryn, NIB, gave an update on the Quality Work Environment (QWE). He introduced Mr. James Meehan, General Manager, Virginia Industries for the Blind (VIB) to get an agency perspective on QWE. First, Mr. Bryn presented current QWE metrics. Mr. Bryn said 24 out of 68 NIB agencies have had their QWE rollout.

Mr. Meehan gave a presentation on how VIB's Strategic Plan and QWE are intertwined. Mr. Meehan said VIB started their Strategic Plan project in April 2012. He discussed how VIB hired a consulting firm to help facilitate the offsite project and solicited and received inputs from nearly forty people from every area of VIB plus comments from NIB and the Commission staff.

To get the QWE project going, Mr. Meehan said a diverse group was selected to participate in an off-site in mid-September. There were 15 participants composed of blind and sighted employees including non-supervisors and managers. Mr. Bryn helped the group to develop 21 action items.

After reviewing action items from their Strategic Plan, Mr. Meehan said there were only five to six items that were not on both lists. He said the two lists were combined and as a result, there is one listing of action items. He said the group has had periodic conference calls to discuss the prioritization of the action items and to report and measure progress.

Mr. Bryn said over the 36 employees have been promoted through QWE initiative such as training, internal jobs and hiring procedures.

### VII. NAEPB Discussion

Mr. John Mitchell, National Association for the Employment of People Who Are Blind (NAEPB) President and President, Cincinnati Association for the Blind and Visually Impaired provided a presentation about the NAEPB.

Mr. Mitchell said the membership consists of U.S. agencies who share the common goal of providing employment for people who are blind. The NAEPB is a certified 501(c)6 not-for-profit corporation. Incorporated in the Commonwealth of Pennsylvania and founded in November of 2001 in Dallas, Texas.

The NAEPB's mission is to represent and protect the collective interests of its member organizations to enable them to strengthen and maximize opportunities for people who are blind. Mr. Mitchell presented a list of the Board of Directors and a map of the member agencies located in the United States.

Some of the hot issues Mr. Mitchell highlighted included: member engagement, preparing for the future, revising and redesigning organizational structure, strengthening strategic leadership, designing and executing a comprehensive communication plan targeted towards the 4Cs Continue operational excellence.

#### **VIII.** Subcommittee Reports

### Stewardship

Mr. Paul Laird, Chair of the Stewardship subcommittee, gave a report on recent activities. First, Mr. Laird recognized the members of the Committee.

Objective 1 of the Effective Stewardship subcommittee is to achieve 100 percent of AbilityOneparticipating nonprofit agencies achieve full compliance with all statutory and regulatory requirements by 2014.

Mr. Laird detailed the Action Plan (Measure 1) to review and verify annual certifications, identify nonprofits not in compliance, report on out of compliance nonprofits, adjust scheduled visits, and presentations by nonprofits before Committee. In FY 2011, annual certifications were reviewed, analysis of reasons for non-compliance conducted, FY 2011 letters issued, and two agencies made presentations at the May meeting in response to letters they received.

Next, Mr. Laird discussed the metric data. He said the number of agencies below ratio is down slightly, but still high. There is no single reason for agencies being below ratio. Mr. Laird said the subcommittee will be able to have a better assessment once FY 2012 information becomes available.

The Action Plan for Measure 2 and 3 is to identify a plan to executive 120 compliance reviews, plan reviews quarterly, and adjust visits if necessary. In 2010, 73 visits were completed, in 2011, 111 visits completed and in there were 100 visits made in 2012.

Mr. Laird emphasized that Compliance has been impacted by the Continuing Resolution (CR) and restrictions on travel. For the first couple of quarters, compliance travel was either restricted or limited. Mr. Laird commended Mr. Bartalot and his staff on a remarkable job catching up with the number of visits in the latter part of the fiscal year.

Next, Mr. Laird discussed Objective 2, advocacy for the program. The Action Plan for Objective 2 is to select appropriate Multiple Award Schedules (MAS) schedules for comparison, collect MAS sales data from the last 3 years in order to establish base line, collect work year and job loss data from the last three years to establish baseline. The first measure is to sustain purchasing of current products and services on the PL, as a percentage of MAS and BSC sales, work years lost to purchase exceptions, contract modifications and work taken in-house.

Mr. Laird said the following actions were completed. They scheduled 75 selected for comparison, MAS data was collected, collected work years lost, Measure 2 work years gain combined into one chart.

Mr. Laird showed a chart with Measure 2: new lines of business work years added and lines of business percent of total work years added. He said there is a great deal of variability from year to year with this metric. One large project can dramatically change the results. Mr. Laird said he would be able to provide more information once FY 2011 data is completed.

Mr. Kesteloot inquired whether a new project that has a phase in period is one major reason why an agency would fall out of compliance. Mr. Laird responded that it could be one of the reasons but he felt he could give a better assessment once all data from 2012 is analyzed.

In response to an inquiry regarding the process for agencies that are out of compliance to regain compliance certification, Ms. Ballard said a corrective action plan is submitted.

Mr. Omvig said his proudest accomplishment as Chair, is the Quality Work Environment (QWE) Initiative. Mr. Omvig said he thought there would be a lot of resistance from the nonprofit agencies, but this has not been the case. Mr. Omvig thanked Robert Hartt, Commission staff liaison, for all his hard work and dedication to the subcommittee.

## **Business Excellence**

Ms. Kimberly Zeich, Deputy Executive Director, presented the Business Excellence subcommittee's report on behalf of Ms. Pamela Schwenke, Chair. First she introduced the members of the subcommittee. Ms. Zeich said the last meeting was held on September 13, 2012. She then proceeded to walk through the dashboards by each quadrant.

The first objective of the subcommittee is to improve the PL end-to-end process. The goal is to improve critical business practices that impact the Ability One program and stakeholders. The actions that are completed include "lean" mapping and diagnosis of the PL end-to-end addition process, four solutions have been identified, developed, approved for testing and/or implementation, and two solutions were tested and process improvements were implemented. The open actions are to adjust ongoing pilot tests as necessary, ensure new processes are adopted and recalculate cycle time through FY 12 to measure progress.

Next, Ms. Zeich presented the metric data with measure one -- the milestone is completion of at least two PL Lean project in FY 11 and measure two, reduction in the PL cycle time.

Ms. Zeich discussed the second objective, improving the fair market pricing and end-to-end process. She said the subcommittee has been working on this objective over the last 12 months. Some of the actions that have been completed include a "lean" diagnosis of PL end-to-end addition process, including initial pricing, analysis of price-related rejected transactions, customer input meetings regarding quality and format of Ability One pricing proposals, and a template tool drafted for review.

The third objective, discussed by Ms. Zeich, is the alignment of the CNA fee methodology to strategic goals of the AbilityOne Program. The actions completed by the subcommittee include the analysis of business plans and environments, establishing quarterly reporting by CNAs, and recommended revision of CNA fee policy with NIB/NISH coordination.

Ms. Zeich presented a Performance Outcomes Model that was designed by the finance subcommittee a few years ago. The chart shows FY 2011 actual CNA fee revenue and the steps of performance that result in the outcomes. Ms. Zeich indicated that some of the problems with the model include the difficulty the CNAs have to accurately project revenues and operating expenses and it is also difficult to blend quantitative and qualitative in one measure. Some solutions may be to identify other metrics, consider a third party review and to look at whether outcomes are satisfactory across all goals.

## VI. Closing Remarks

Mr. Kesteloot moved to closing remarks. He said there was originally supposed to be an AbilityOne Awareness Day scheduled in October to celebrate NDEAM. Mr. Kesteloot said he and Ms. Ballard are considering an event involving Senator Richard "Dick" Durbin (IL) on November 9<sup>th</sup> in conjunction with Veterans Day and the 75<sup>th</sup> Anniversary of the AbilityOne Program.

A popular CBS reporter known for his work with documentaries, Mr. Bill Curtis, has agreed to serve as Master of Ceremonies. The event would take place at 230 South Dearborn in a federal building complex. Mr. Kesteloot encouraged Mr. Chamberlin and Mr. Lynch to invite area Executive Directors and other appropriate personnel to attend.

Mr. Kesteloot reported that the Employment Growth subcommittee has been very active. He said there have always been two sets of goals, but the subcommittee has been focused on the first set, which is to increase hours and people. Mr. Kesteloot stated that the second goal is to have active Commission Members pursue goals for their individual agencies. There have been several emails sent to the members describing how they should approach Senior Procurement Officers and other influential officials to pursue AbilityOne goals for their agencies.

Mr. Kesteloot said Mr. Martin Williams, NISH and Ms. Scottie Knott, NIB, have worked on a definition of new projects. He said this will help the members to set formal or informal goals in regards to new projects.

Mr. Kesteloot said a draft plan will be distributed to the members and he would like comments to be sent to Mr. Kermit Jones, Commission staff.

After determining there was no further business, Mr. Kesteloot adjourned the meeting at 3:58 pm.

## List of Attendees – October 25, 2012

## **Committee Members**

Perry E. Anthony	Department of Education
Jan Frye	VA
<b>RADM Mark Heinrich</b>	Department of the Navy
Paul Laird	Department of Justice
Robert Kelly	Private Citizen
James Kesteloot	Private Citizen
Kathy Martinez	Department of Labor/ODEP (via teleconference)
Karen McCulloh	Private Citizen
William Sisk	General Services Administration

## **Commission Staff**

Tina Ballard Lou Bartalot Robert Hartt Stephanie Lesko Barry Lineback Dennis Lockard Nancy Myrick Angela Phifer George Selby Kimberly Zeich

### NISH

E. Robert Chamberlin Dennis Fields Nancyellen Gentile Martin Gerry Elizabeth Goodman John Kelly Jean Robinson Martin Williams

### NIB

Steve Brice Jason Bryn Harlan Erker Angela Hartley Scottie Knott Kevin Lynch Thomas Panek John Qua Matt Wieseler

#### **Government Representatives/Staffers**

Felicia Harvey Susan Pollack Kathryn Scanlan William Sproule Roger Westermeyer U.S. Department of the Army DoD OSD/AT&L/DPAP U.S. Department of the Air Force Department of the Air Force

### **Other Attendees**

Kirk Adams Barbara Barnard Lauren Branch Ellen Brown Connie Campbell David Horton David Huffman Barbara Kesteloot Don Koorc **Rick Krohn** James Omvig Sharon Omvig **Billy Sparkman** Lonnie Stockwell Shelly Taylor Renee Vidrine Laura Walling Karen Walls Jeanne Wilkinson

Seattle Lighthouse for the Blind **ORC** Industries New View Oklahoma Goodwill BOSMA WSIFB East Texas Lighthouse Private Citizen BOSMA Lighthouse NOLA **Private Citizen** Private Citizen **Alabama Industries** Lighthouse NOLA LAB Shreveport Lighthouse NOLA Goodwill Industries International NAEPB **WSIFB** 

#### **FINAL MINUTES**

#### **U.S. ABILITYONE COMMISSION**

#### Arlington, VA

Thursday, January 10, 2013

9:00 am

## I. Opening Remarks

Mr. Tony Poleo, Commission Chairperson, called the meeting to order at 9:05 am. He welcomed everyone and wished them a Happy New Year. Mr. Poleo reflected on the visits he made to nonprofit agencies in 2012. He said he enjoyed making eight nonprofit visits and hopes that he can do the same in 2013, but may not be able to due to the current budget environment. He encouraged all of the members to continue to engage and contribute what they are able to within their limitations. He said outreach is very important, and it is both rewarding and motivational in his experience. Mr. Poleo said he finds the most enjoyable part of his visits to nonprofits has been talking to AbilityOne employees and giving them tokens of personal recognition.

Mr. Poleo said he has never witnessed the level of financial uncertainty the federal government is facing right now. He said anything is possible including an impending sequestration. He said he would be transparent with what he knows so that everyone can plan accordingly. Mr. Poleo advised everyone to pay close attention to the news and he said collectively the Commission will endure this difficult time.

Next, he asked for all the attendees to introduce themselves. In reviewing the agenda, Mr. Poleo said that Lou Bartalot's presentation will take up the majority of the meeting time. He reminded the Commission members that there will be a group photo taken for the Annual Report at the conclusion of the meeting.

Mr. Poleo recognized Mr. Paul Plattner, who started his career with NISH in 1974, and most recently served as Vice President of Operations. Mr. Plattner held several high-level positions at NISH, including Finance and Administration, Product and Service Contract Administration and overall Service Policy and Management. Mr. Poleo commented that Mr. Plattner's legacy will be hard to match. For nearly four decades, Mr. Plattner has supported the AbilityOne Program and the people it serves. Mr. Poleo presented Mr. Plattner, who retires at the end of the month, with an AbilityOne coin and a letter of recognition from the Commission staff.

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## II. Consideration of Minutes

Mr. Poleo asked if there were any changes to the October minutes. Ms. Kimberly Zeich, Deputy Executive Director, made a correction to the QWE section on page two. The term "action plans" was changed to clarify that the extension to 2014 approved by the Commission for NIB and NISH actually referred to self-assessments.

Ms. Lisa Wilusz, Department of Agriculture, made a motion to accept the minutes with the correction. A second was received from Ms. Karen McCulloh, Private Citizen, and the minutes were adopted by unanimous vote.

## III. Executive Director's Report

Ms. Tina Ballard, Executive Director, stated that she had four items in her report. She began by discussing the SA-TECH judgment. Ms. Ballard deferred to Mr. Dennis Lockard, General Counsel, to discuss the Yakima court case in more detail.

Mr. Lockard said the project was added to the Procurement List (PL) in 2011. SA-TECH, the incumbent contractor, then filed a protest with the Court of Federal Claims. After the Commission agreed to reassess the project, the protest was dismissed. Part of the reassessment included an April 2012 Executive Session to enable the members to question and hear from both SA-TECH and the designated AbilityOne nonprofit agency, Skookum. Commission staff prepared and presented a final reassessment report along with another Vote Letter to the members in August 2012. The members voted again to approve the addition, and SA-TECH filed another protest.

On November 27, 2012, the Court of Federal Claims ruled that the Commission's decision adding the project to the PL was arbitrary and capricious and ordered the project removed from the PL.

Mr. Lockard said the judge's decision questioned the Commission's determination that the project would generate employment for persons with severe disabilities and that the designated nonprofit agency (Skookum), had the capability to perform the work with this workforce. The tone and tenor of the written decision was very critical of the process used to determine the project was suitable for the PL.

Mr. Lockard said the Commission staff and the U.S. Department of Justice (DOJ) questioned whether to appeal the decision; however, it was ultimately determined that an appeal would not be productive.

Discussion on the decision followed and Mr. Poleo said there will be an Executive Session held in April to discuss the Judge's decision and ways to avoid future cases like this. Mr. Poleo asked Mr. Lockard and the Commission staff to prepare a postmortem analysis.

Mr. Lockard reported that a copy of the Judge's decision would be provided to all the members.

Secondly, Ms. Ballard discussed the Department of Veterans Affairs (VA) Eyewear project. Eyewear had previously been added to the Procurement List for VA with Winston-Salem Industries for the Blind (WSIFB) designated to provide it to VA facilities on the East Coast. However, after adding the project to the PL, Commission staff became aware that not all pertinent information was available to the members prior to their making that addition decision. Therefore, the action was suspended while further inquiry could be accomplished.

The preliminary information received by Commission staff was that there were additional facts pertaining to the commercial contractors providing eyewear to VA which were not included in the impact assessment. The Commission staff was coordinating with VA and NIB to gather all appropriate information in order to provide an accurate and complete impact analysis to the members, Ms. Ballard said.

In the discussion that followed, the members examined challenges that sometime arise when projects are considered without full cooperation of the contracting activities. Mr. Jan Frye, VA member representative, explained that VA senior leaders initially requested that AbilityOne pull the project since VA had not completed their internal processing. He indicated VA's process for considering potential AbilityOne projects created some obstacles, yet he was hopeful of changes in the future.

Mr. Poleo said wearing two hats is not easy. He commended Mr. Frye for being outspoken about the issue and confronting it head on. Mr. Frye commended Ms. Scottie Knott, COO, National Industries for the Blind and others on her team for the work they did on the project.

Mr. Kesteloot said he would like to make a statement for the record. He said AbilityOne was created by an Act of Congress. Members are appointed by the President. The charge is clear. He stated that, "The Commission has to be concerned that there will always be a federal employee with good intentions that writes some policy that nullifies an Act of Congress. We cannot let that happen."

Ms. Wilusz said it is important to take calculated risks. She said as the federal budget shrinks, the environment will get tougher and there will be more protests. She said we need to ensure we serve the community and constituents.

Mr. Kesteloot asked if the project would come up again for re-vote. Mr. Lockard said the members would be provided all pertinent information in a reconsideration vote.

Next, Ms. Ballard reported on the overall status of the agency's budget, which is affected by the budget environment. Currently, the agency is functioning on Continuing Resolution (CR) Authority and there is a possible threat of Sequestration. In April, the Commission staff will review the budget during an Executive Session. Ms. Ballard said it is the intent of the staff to be conservative with the expenditure of funds. She said both the Chair and Vice Chair have been briefed on the current budget situation.

The Executive Director's report ended on a positive note, as Ms. Stephanie Lesko, Commission staff, reviewed the highlights of the 2012 Annual Report. Mr. Poleo congratulated the staff for a job well done.

## IV. 2012 Performance Results

Mr. Louis Bartalot, Committee staff, reported on the AbilityOne Program's FY 2012 results. Mr. Bartalot said overall it was not a good year. Employment decreased 3.49 percent. He stated that the direct labor hours worked by people who are blind or severely disabled decreased 3.19 percent resulting in 47,708,432 total hours worked and 23,854 work years. Wages decreased 0.25 percent and resulted in over \$557M in total wages and an average hourly wage of \$11.69. He noted that the average wage was up, and that wages generally increase, even when sales are flat. However, the number of hours worked was so much lower in FY 2012 that it resulted in an overall decrease in wages paid, he said.

## **Key Metrics**

Mr. Bartalot reported that 1,016 people were promoted during FY 2012, which was down from the last year, but 429 individuals were promoted into supervisory jobs, a record high. The number of AbilityOne employees that were placed was 2,148. AbilityOne sales to the government decreased 4.07 percent in FY 2012. There were approximately 598 reporting nonprofit agencies. This was the first time since 1997 that the program recorded fewer, than 600 participating nonprofit agencies, he said.

### **Historical Context**

Mr. Bartalot showed a breakdown of AbilityOne Program sales during times of war, from World War II to the present time. He said services tend to hide the losses that occur cyclically in products as the military winds down the wars, but the earlier years' sales clearly shows what happened before the program performed services. Even during Operation Desert Store in 1991, services peaked.

### **Employees**

Next, Mr. Bartalot discussed the decreases in people employed and hours worked, compared to the last year in which these numbers declined. He said in 2007, the Program lost 5,427 employees or over 11 percent. In 2012, the total lost was 1,784 or 3.35 percent. In 2007, hours only fell 0.56 percent while in 2012, they fell 3.2 percent so the loss in people could have been even worse.

Mr. Bartalot said he believes the agencies have done a good job controlling the losses of jobs. NIB had 4,583 employees while NISH had 44,233.

## **Products and Services – Total Employment**

In FY 2012, a total of 13,292 employees who are blind or significantly disabled worked in products, a decrease of 14.1 percent from the previous year. NIB had 3,699 people working on products, down 4.9 percent, while NISH had 9,593 people working on products, down 17.2 percent.

In services, 35,524 people were employed, an increase of 1.2 percent. NIB had 884 people working in services, which was down 2.1 percent, while NISH had 34,640 people working in services, up 1.3 percent over the previous year.

Mr. Bartalot said NIB had 80.71 percent of their employees working on products, a decrease for the third consecutive year. NISH had 78.3 percent of their employees working in services, its highest percentage since the program began tracking in 2003.

## **Smallest Agencies for Employment**

When discussing small agencies, Mr. Bartalot said fourteen NISH agencies and one NIB agency had zero AbilityOne employees. The number of agencies that had five or fewer AbilityOne employees was 72 (11.7 percent). He said twelve NISH agencies had just one AbilityOne employee.

In terms of the size of agencies, the distribution of agencies within the Program is not normal Mr. Bartalot explained. He said only 6.7 percent of the agencies employ more than 250 employees, yet they account for more than 50 percent of the people in the Program. On the other hand 63.3 percent of the agencies have 50 or fewer employees, but they only account for 12.8 percent of employees. Thirty percent of the agencies employ 37 percent of the people. Mr. Bartalot said there are a lot of small agencies in the Program and the challenge for these nonprofit agencies that want to do services, is that they need to be near a federal service location, whether it is a military base or a federal building. If there is either located within 50 miles of a nonprofit agency's headquarters or home base, there is not a lot of opportunity to grow AbilityOne service work.

## **Direct Labor Hours**

In terms of hours, there was a decrease of 3.2 percent – 47.7 million hours were worked in FY 2012. NIB was down about 1.6 percent. The average employee at NIB worked 1,290 hours over the course of the fiscal year, which is an increase of 34 hours per person over last year. NISH was down 3.4 percent in total direct labor hours, and their average employee worked about 944 hours per year, which was basically the same as last year. Mr. Bartalot said 15 nonprofit agencies had no AbilityOne work in FY 2012.

## **Average Hours Worked per Person**

Mr. Bartalot had a chart to show the average hours worked per person for people employed by NIB-and NISH-associated nonprofit agencies and whether they worked on products or services

from 2003 through 2012. Among NIB agencies, service hours averaged 1,458 hours per person, and products hours averaged 1,253 per person. Among NISH nonprofit agencies, service hours averaged 1,014 per person, while products-related direct labor hours fell to 692 per year, per person. Mr. Bartalot said the average hours worked per person has increased over time, but it has not been a smooth upward trend nor have they all followed the same trend.

### **Products and Services Hours**

Mr. Bartalot reviewed the product and service hours for FY 2012. For products, NIB had 4.6 million hours, down 2.64 percent and NISH had 6.6 million hours, down 22.04 percent. For services, NIB had 1.3 million hours up 2.48 percent and NISH had 35 million hours, up 1.14 percent. NIB was down to 78 percent, a decrease for the third consecutive year. Mr. Bartalot explained that if product hours are decreasing faster than their service hours, obviously there will be a decrease in the work done on products. NISH was up to 84.1, the highest it has been since separate records have been kept on products and service hours.

Next, Mr. Bartalot showed a chart displaying the NIB and NISH product hours split. He said NISH has about 59 percent of the hours, while NIB has a little over 41 percent of the hours. For services, NISH has 96.5 percent hours, while NIB has 3.5 percent.

### **Top 10 Agencies**

Mr. Bartalot presented the top ten NISH and NIB agencies and their direct labor hours. Mr. Bartalot said Peckham Vocational Industries located in Lansing, Michigan remains the largest NISH nonprofit agency, even though they lost almost 1.2 million hours. Seven of the top ten largest agencies, experienced a decrease in hours. NIB's largest nonprofit agency for the second consecutive year is LC Industries in Durham, North Carolina. LC Industries experienced a two percent reduction in hours. Six of the ten largest NIB agencies experienced decreases in direct labor hours last year.

#### Smallest Agencies for Hours

Mr. Bartalot reported that 15 NISH nonprofit agencies and one NIB agency had zero AbilityOne hours. Another 10 NISH and two NIB agencies reported less than 100 direct labor hours on AbilityOne projects. He said a total of 105 NISH-associated agencies (18.1 percent) had less than 2,000 hours of AbilityOne work last year, an increase from the 96 nonprofit agencies reporting less than 2,000 direct labor hours last year.

### Wages

The wages of people who are blind or severely disabled decreased from last year to \$557.7 million. This represented an average hourly wage of \$11.69 an hour. Mr. Bartalot gave an analysis of products versus services in regards to the average hourly wage. NIB's wages were almost \$59 million or \$9.95 an hour, a 0.81 percent increase in wages and a 2.41 percent increase in the combined average hourly wage. Their service-related average hourly wage was \$13.66. For products, the average was \$8.92.

NISH's wages were almost \$499 million or \$11.94 an hour, a 0.38% decrease in total wages paid, but a 3.15% increase in the average hourly wage. Their services wage was \$12.82 an hour, and their products average was \$7.26.

The next chart Mr. Bartalot reviewed was the average hourly wage for people working on products and the federal minimum wage. The chart showed wage data that has been collected for NISH since 2000 and NIB from 2005. Last year's federal minimum wage was \$7.25. NIB's minimum wage was \$8.92 and NISH's was \$7.26 per hour. Mr. Bartalot said we have seen consistent growth every year. He said there were a couple of years where NISH was below the minimum average.

Next, Mr. Bartalot listed the top 10 NIB agencies in terms of products average hourly wage. The top ten wages range from \$10.28 (Clovernook Center for the Blind and Visually Impaired, Cincinnati, OH) per hour to \$14.29 (Midwest Enterprises for the Blind, Inc., Kalamazoo, MI) per hour. The top 10 for NISH range from \$9.54 (Goodwill Contract Services Hawaii, Inc., Honolulu, HI) to \$12.09 (Industrial Opportunities, Inc., Andrews, NC) an hour.

In terms of services average hourly wage, the top NISH agencies ranged from \$18.96 (Community Workshops, Inc., Boston, MA) to \$25.47 (Able Forces, Inc. – Front Royal, VA) an hour. Services for NIB range from \$15.87 (Central Association for the Blind and Visually Impaired) to \$24.19 (Blind and Low Vision Services of North Georgia). Mr. Bartalot said the Service Contract Act (SCA) sets the minimum wage for each federal service contract based on the work being done and the location. Thus, there is not a single minimum wage for services to compare the hourly rates to as there is for products.

Mr. Poleo asked if the SCA wage rates historically go up every year. Mr. Bartalot said in the 1990's, the SCA went up almost every year, but in the last five years or so, it has not been increasing a lot. The Bureau of Labor Statistics goes out and collects the labor data and puts it together and the Department of Labor (wage and hour division), revises each of the wage determinations by location. He said what has gone up consistently over the past seven years, is the fringe benefit rate. Mr. Kesteloot said that agencies also pay employee benefits and those dollars are not counted. He said we should accentuate that positive fact. Ms. McCulloh asked if NISH's new data collection system would be able to collect information on benefits. Mr. Chamberlin said NISH is not collecting that data at the present time.

### **Placements and Promotions**

There were 2,148 AbilityOne employees placed in either supported or competitive placements, a three percent increase, and the first increase in four years. A total of all placements by participating nonprofit agencies were down about 4.3 percent. There were 1,016 people promoted for any reason during FY 2012, an 11.2 percent decrease from last year. On a positive note, Mr. Bartalot said 429 individuals were promoted into supervisory jobs, a record high up 59 people from last year.

Mr. Bartalot responded to a question from Mr. Kelly and explained further about how placements were made. In response to Ms. McCulloh's inquiry, Mr. Bartalot said placements were made into the community. Ms. McCulloh voiced her concern that data is not being captured accurately. Mr. Kesteloot stated that AbilityOne jobs are in fact integrated jobs. Mr. Chamberlin said there are thousands of integrated jobs and a large number are non-AbilityOne placements.

## **AbilityOne Sales**

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Mr. Bartalot said total program sales decreased to \$2,860,277,632 from last year. Services sales increased almost seven percent to \$1.8 billion. Products decreased by 17.35 percent to just over \$1 billion. NIB agencies' total AbilityOne sales were \$680.8 million and NISH agencies' total AbilityOne sales were \$2.18 billion, a 3.4 percent decrease. Base Supply Center (BSC) sales decreased for the second year in a row to \$421 million, a little under 9.4 percent.

### **Federal Agency Sales**

Mr. Bartalot reported that the Army remained AbilityOne's largest customer agency for the second consecutive year. Army sales increased 3.6 percent and they represented over 19 percent of 2012 program sales. DLA was second with 15 percent of sales followed by the Navy, Air Force and GSA. Mr. Bartalot reviewed the remaining agencies that were under five percent of sales.

The Department of Defense (DoD) decreased slightly from last year to represent 61.19 percent of total AbilityOne sales. Mr. Bartalot also talked about the government agencies with a more than twenty percent increase, including the Postal Service (182%) and the Department of Justice (20%). According to Mr. Bartalot, postal trays accounted for the significant increase.

Ten federal agencies had a decrease in purchases from AbilityOne nonprofit agencies. Mr. Bartalot said the greatest decline was with the U.S. Department of Agriculture, down almost 64 percent because there were no vegetable oil sales. DLA purchases were down 18 percent, which was the third year in the row for a decrease, followed by GSA-FSA and others.

### **Overall Direct Labor Ratio**

Mr. Bartalot said the overall direct labor ratio average for the Program was 83.85 percent, a slight decrease from last year. He said there were 27 agencies with overall ratios below 75 percent, down two from last year (24 NISH/3 NIB agencies). There was one agency from NISH and one from NIB that had approved surge requirements for the Postal Service. There were nine NISH agencies below ratio for two consecutive years, the highest number since 2002.

Some of the reasons why agencies were under ratio included agencies that were involved in non-AbilityOne (commercial) work, management and financial issues, temporary employee impact, surges and phase-ins, lack of work, transportation, and a number of other issues. Mr. Bartalot highlighted the agencies that were under ratio.

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The next charts Mr. Bartalot reviewed the nonprofits below 75 percent in terms of agency, location, overall ratio, percentage of AbilityOne work, AbilityOne ratio and the number of AbilityOne workers. He named the agencies that have decided to leave the Program.

In terms of AbilityOne Direct Labor, the program-wide ratio was 79.77 percent, a slight decrease from last year, and the second consecutive decrease. Nine agencies were below 60 percent, an increase of two agencies from FY 2011. Three of the nine agencies have been out of ratio for two years in a row. He also said there were a total of 46 nonprofit agencies with AbilityOne ratios below 75 percent, up seven from FY 2011.

Mr. Bartalot highlighted those nonprofits that were below the AbilityOne ratio of 60 percent in terms of agency, location, AbilityOne ratio, AbilityOne total hours, AbilityOne workers and overall ratio.

## Non-AbilityOne

Mr. Bartalot gave a summary of non-AbilityOne results of the reporting nonprofit agencies for hours, people, promotions, placements, direct placements and sales. He stated the result and change in percentage. He noted that the data shows last year was not a great year for nonprofit agencies' business in general, not just their AbilityOne work.

## **Summary**

In summary, Mr. Bartalot gave the numbers for the Program in terms of hours, people, promotions, placements, wages and sales. Mr. Poleo thanked Mr. Bartalot for putting together all the data. Mr. Poleo said generally it was a tough year. He said that is the highest number of agencies that have been out of compliance since he became a Commission member. He said there are tough challenges ahead.

## V. CNA Reports

## <u>NIB</u>

Mr. Kevin Lynch, President and CEO of National Industries for the Blind (NIB), presented some additional information in support of the report that Mr. Bartalot gave relevant to NIB.

In terms of lines of business (LOB), Mr. Lynch gave a comparison of FY 2011 sales versus FY 2012 and the loss. He reviewed commodities, textiles, military resale items, services, and niche products.

He said there was a significant decrease in commodities due to the uncertainty in the federal government budgets. The loss was close to \$32 million in sales, which represents a 10 percent change. GSA is looking at efficiencies for their depot system and is moving office products outside the stocking program to commercial distribution programs, he said. DLA Textiles have been affected because deployments are down and the United States is bringing more troops

home. Introductions of the new uniform designs have been completed and now we are going into sustainment levels and budgets are very tight.

On a positive note, Mr. Lynch said the niche product area has helped mitigate reductions in the commodities and textiles LOBs. He said NIB was fortunate to have large postal tray orders from the Postal Service and there has been a substantial increase in the glove business both through TSA and VA. There has also been growth in the services arena.

Mr. Lynch reviewed lost work between FY 11 and FY 12 through deleted PL items, contract non-renewals and declines in production/orders. Overall, the number of lost blind work years has decreased from 63.66 in FY 2011 to 32 in FY 2012.

Mr. Lynch said there were 31 agencies that saw increases in their direct labor hours in FY 2012, an average increase of 11.37 percent. The number of agencies that saw a decrease in their direct labor hours was 32, an average decrease just over 12 percent.

### **NISH**

Mr. E. Robert Chamberlin, President & CEO, presented additional information in support of the report Mr. Bartalot gave relevant to NISH.

First, Mr. Chamberlin compared the direct labor hours for FY 2011 and FY 2012, down 3.4 percent. He said there was a significant reduction in products, and a small increase in services.

For the people employed, products were down 17 percent and services were up 1.3 percent. The average hourly wage went up three percent to \$11.94, the highest hourly wage NISH has ever had.

According to Mr. Chamberlin, sales were down 3.4 percent and the products went down dramatically to 27.4 percent while services were actually up 6.7 percent. Procurement List additions for FY 2012 were similar to what they were in FY 2011, an increase of three percent. Mr. Chamberlin said the timing of a particular project gave the numbers a boost. Total wages paid were down a little from last year from \$500 million to \$499 million this year. Total placements were down from last year at almost five percent. Additionally, the total number of nonprofit agencies out of compliance improved a bit from last year.

Mr. Chamberlin said NISH has been tracking lost opportunities since FY 2010. He defined a lost opportunity as being a potential project that NISH was pursuing to ultimately get on the Procurement List, but never makes it. The top contributors to lost opportunities include competitive decisions, 8(a) program selections and other socio-economic programs, Randolph-Sheppard, Impact, the AbilityOne Process, exercise of products priority by FPI or NIB, and Veteran-Owned Businesses. The numbers of lost opportunities have increased each year, and the FY 2012 disabled FTEs lost was 6,288, which equate to more than 12,000 potential jobs lost.

Mr. Chamberlin said the other general causes for the decreases include budget drivers, mission and demand changes, work being performed by government employees (internal), and federal agencies moving to leased office space.

Mr. Poleo asked about the streamlined process (AbilityOne Process) and Mr. Chamberlin said he believes the Lean PL Project had some good impact, but additional improvements are still needed.

Next, Mr. Chamberlin gave some specific examples of project reductions: Extreme cold weather clothing system, Chemical protective over garment, Janitorial, IRS Service Center in Philadelphia, PA, Custodial, Washington Navy Yard, Washington, DC, Admin Services, Training Support Command, Great Lakes, IL, and Vehicle Maintenance at the Joint Base Lewis/McCord, WA. Peckham, experienced the biggest lost with 11,562 people impacted. Other agencies with significant impact include Goodwill of South Florida, Goodwill S.E. Wisconsin, and Fedcap.

Mr. Chamberlin outlined some strategies to minimize losses and grow the program during FY 2013, 2014, and beyond. He said NISH is trying to be proactive with contracting officers to assess the contract environment and arrange some offsetting requirements.

Both NIB and NISH are working on a pilot program with NAVSEA to increase employment for people with targeted disabilities employment, Mr. Chamberlin said. Other ways NISH is trying to create opportunities include the Employee Stock Ownership Program and the business training academy. Mr. Chamberlin said NISH plans to increase the number of courses directly related to certain business lines where there are growth opportunities.

Mr. Robert Kelly, Private Citizen, inquired about the AbilityOne High School Design Challenge. Mr. Chamberlin said the event is scheduled for February 14 and 15 at the Westin Arlington. He said invitations were sent out. He said Mr. Shay Assad is scheduled to make remarks at the reception on Thursday, and the final judging would take place on Friday.

## VI. Subcommittee Report

## **Employment Growth**

Mr. James Kesteloot, Chair of Employment Growth subcommittee, thanked his members for their input on his presentation. He acknowledged his members: RADM Mark Heinrich, Mr. Robert Kelly, Ms. Scottie Knott, Mr. Martin Williams, and Mr. Kermit Jones. He said Dr. Lowman left a vacancy on the subcommittee when she retired.

Mr. Kesteloot said he was appointed to the subcommittee in FY 2011, and mid-last year was appointed by Mr. Poleo to serve as its Chair. During the first several meetings, the subcommittee discussed two goals. One of the goals focused on the number of hours and the number of people working on products. The goal was to increase the number of hours and people by two percent annually through 2014. The goal for services was to increase the number of hours and people by seven percent through 2014. Since then, the subcommittee has discussed

the possibility of reducing or changing the goal. Also, the subcommittee has been focused on getting sales from each Federal agency.

The second goal involved the individual Commission members in employment growth. There was no real plan behind the goal.

Now, Mr. Kesteloot sees the Employment Growth subcommittee as being more proactive and having an impact on employment growth. The mood of the members suggested that more advocacy responsibility should be taken since they are appointed by the President to create jobs for people who are blind or severely disabled.

As the subcommittee thought of ways to involve members to generate employment growth, the group decided to look at projects and the number of contracts being developed by the federal agencies that have representation on the Commission.

First, Ms. Knott and Mr. Williams defined what a project is. Mr. Kesteloot said the subcommittee has been working on this plan for about a year and have sent materials out to the Commission members. Ms. Knott and Mr. Williams looked at FY 2011 and 2012 by agency and determined how many new projects were generated.

Mr. Kermit Jones, Commission staff, summarized the new project data for federal agencies represented on the Commission. He stated the disabled work years for services and products as well as the count for total projects. The top agencies with the most projects are VA, DLA, GSA, and the Army. The agencies with no projects include Commerce, Education, and Labor. Mr. Jones said FY 2011 data was sent to all the members.

Mr. Kesteloot said he would like to see member represented agencies improve those numbers. The plan takes into account that some of the smaller federal agencies generate less than two to five percent, or in some cases, no jobs at all. He said although he was aware of the austerity in the federal government, Mr. Shay Assad, Director of Defense Pricing, Department of Defense (DoD) made very impressive remarks. Mr. Assad spoke at both the NIB and NISH Conferences and set a goal for doubling AbilityOne sales.

The Plan asks each Commission member to request a meeting with their agency's Senior Procurement Executive (SPE) to explain AbilityOne's mission and to become an advocate for the agency by setting formal or informal goals to increase projects. Additionally, Mr. Kesteloot said a member of the subcommittee could accompany the Commission member to a meeting. Mr. Kesteloot said during the meeting, members should give their SPE a gentle reminder regarding Essentially the Same (ETS).

Mr. Kesterloot hopes that members can schedule meetings by the end of March 2013. Mr. Kesteloot would expect the members to write a report on the meeting and send it to the Commission staff. Mr. Kesteloot encouraged members to meet with other people of influence in their agency. The subcommittee will supply briefing materials to distribute. Mr. Poleo commented that there should be a way to interpret the data so it gives a fair representation, especially when it comes to the smaller agencies. Mr. Bill Sisk, GSA member representative, has volunteered to work with the Commission staff on clarifying some of the data. Mr. Poleo said since all the agencies do not have the same mission, they cannot meet the same demands as everyone else. He said contract closeout should apply to almost every agency and at DLA post award work has usually been given a lower priority. The successful reconciliation of contracts and subsequent closure could result in cost savings (returned money back to the agency) and further audit readiness. Mr. Kesteloot challenged everyone to think about the needs within their agency that could lead to potential projects added to the Procurement List.

Ms. McCulloh said the Commission has to start "thinking outside of the box" and focus on business development. Mr. Kelly noted the Commission unanimously voted that the AbilityOne Program is an employment program, not a procurement program.

In conclusion, Mr. Kesteloot stated that times have changed and the Commission may have to do things differently, especially in the current budget environment. He has already had a chance to engage some of the members and some meetings are already in process of being scheduled.

## VI. Closing Remarks

Mr. Poleo thanked Mr. Kesteloot for his work on the subcommittee. In response to an inquiry from Mr. Poleo, Ms. Ballard said the Commission staff has been involved with the Chief Acquisition Officers Council and the Office of Federal Procurement (OFPP).

Mr. Poleo said there are a lot of challenges for 2013 and he believes the Commission members are committed and ready to meet those challenges.

After determining there was no further business, Mr. Poleo adjourned the meeting at 11:55 am. The members took a break before reconvening for a group photo.

## List of Attendees – January 10, 2013

### **Committee Members**

Perry E. Anthony Jan Frye RADM Mark Heinrich Paul Laird Anil Lewis Robert Kelly James Kesteloot Karen McCulloh Pamela Schwenke William Sisk Lisa Wilusz Department of Education VA Department of the Navy Department of Justice Private Citizen Private Citizen Private Citizen U.S. Department of the Air Force General Services Administration U.S. Department of Agriculture

#### **Commission Staff**

Tina Ballard Lou Bartalot Patricia Briscoe Robert Hartt Kermit Jones Stephanie Lesko Barry Lineback Dennis Lockard Nancy Myrick Angela Phifer George Selby Joan Smith Edward Yang Kimberly Zeich

#### NISH

E. Robert Chamberlin Dennis Fields Nancyellen Gentile Elizabeth Goodman Patty Pappas Paul Plattner Martin Williams

## NIB

Steve Brice Angela Hartley Scottie Knott Kevin Lynch Heather Lyons Thomas Panek Matt Wieseler

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# **Government Representatives/Staffers**

Tiffany Bellard	U.S. Department of the Air Force
Felicia Harvey	U.S. Department of the Army
Susan Pollack	DoD
Kathryn Scanlan	OSD/AT&L/DPAP
William Sproule	U.S. Department of the Air Force
Roger Westermeyer	Department of the Air Force

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# **Other Attendees**

David Gonzales Doug Myers Barbara Kesteloot Woody Van Valkenberg Laura Walling PORTCO PORTCO Private Citizen Goodwill Industries Goodwill Industries International

#### **DRAFT MINUTES**

#### **U.S. ABILITYONE COMMISSION**

### Arlington, VA

Thursday, July 11, 2013

### 8:30 am

## I. Opening Remarks

a,

Mr. Tony Poleo, Commission Chairperson, called the meeting to order at 8:35 am.

The meeting began with recognitions for former Army representative, Dr. Carol Lowman. First, there were presentations made by both Central Nonprofit Agencies (CNAs). Mr. Kevin Lynch, President & CEO, National Industries for the Blind thanked Dr. Lowman for all her support, especially in the area of contract closeout. Mr. Lynch presented Dr. Lowman with a plaque of appreciation and extended an offer to continue working with her on future projects.

Next, Mr. E. Robert Chamberlin, President & CEO, SourceAmerica, said contracting procurement officials have been recognized by SourceAmerica for several years. One of the earliest AbilityOne Procurement Champions was Dr. Lowman. Mr. Chamberlin reminded everyone that Dr. Lowman's leadership was crucial in assisting the Army to surpass DLA in AbilityOne sales. Mr. Chamberlin presented Dr. Lowman with a news article that highlighted her "out of the box" thinking and philosophy of four "no's". Mr. Chamberlin also presented Dr. Lowman with an AbilityOne flag made by people with disabilities.

Dr. Lowman also received accolades from Mr. Poleo and Ms. Tina Ballard, Executive Director. First, Mr. Poleo asked Mr. Kermit Jones, Chief of Staff, to read the citation for Dr. Lowman. Mr. Poleo presented Dr. Lowman with a Challenge Coin and thanked her for her support. He also expressed his excitement to continue a working relationship with Dr. Lowman, since she has joined the SourceAmerica Board of Directors.

Next, Ms. Ballard presented Dr. Lowman with the 2012 Executive Director's Award for Enduring Leadership. She said this award was specifically created for those who have had an enduring effect on the lives of people who are blind or severely disabled. Dr. Lowman has exemplified passion for the AbilityOne Program, she said. Mr. Jones read the citation on the award describing Dr. Lowman's advocacy for the AbilityOne Program. He mentioned some of her numerous accomplishments including support for the Mission Installation Contracting Command (MICC), the CMS Pilot Program, and the sales of SKILCRAFT and AbilityOne products through Base Supply Centers on Army installations.

Dr. Lowman thanked everyone for their humbling accolades and says she will continue to support the AbilityOne Program in her new role.

## II. Consideration of Minutes

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Mr. Poleo asked if there were any changes to the January minutes. Mr. Robert Kelly, Private Citizen member, made a motion to accept the minutes. A second was received from Ms. Karen McCulloh, Private Citizen, and the minutes were adopted by unanimous vote.

## III. Executive Director's Report

Ms. Tina Ballard, Executive Director, stated that the Commission was informed that in March 2013, the Mission Installation Contracting Command (MICC) issued a policy letter that essentially cut off opportunities for AbilityOne work with that command. Ms. Ballard announced that the MICC memorandum has been withdrawn thanks to support from the Army and Office of the Secretary of Defense (OSD). Additionally, Army headquarters is currently working on an AbilityOne Guide for all Army personnel. Essentially, guidance on working with AbilityOne will now come from headquarters and not individual installations. Ms. Ballard thanked Ms. Colleen Sweeney, U.S. Department of the Army, for her assistance and support.

Secondly, Ms. Ballard discussed the results of the GAO Report regarding the need for enhanced oversight of the AbilityOne Program. GAO issued a report on May 30, 2013, that included six major findings. The Office of Management and Budget (OMB) Circular A-50 requires that the U.S. AbilityOne Commission provide a statement to OMB and authorized appropriations oversight committees within 60 calendar days. Responses will be finalized by the end of July.

Next, Ms. Ballard said there would be presentations to introduce two new collaborative initiatives.

## **CONNECT**, Supply Chain

First, Mr. Kirk Adams, The Lighthouse for the Blind Inc., presented an initiative called CONNECT, Supply Chain. Mr. Adams described CONNECT as a unique collaboration between 12 NIB-affiliated and SourceAmerica-affiliated organizations in the Puget Sound Region (Pacific Northwest).

The goal of CONNECT is to create a single point of contact solution for a breadth of manufacturing capabilities and innovative solutions by pooling together resources. CONNECT has had key aerospace successes such as building glare shields for Boeing 737s. As CONNECT builds on its success in aerospace, they are launching other service-related business initiatives such as custodial services, facilities and grounds maintenance, warehousing and distribution, food services, contract close-out and other lines of business.

Mr. Adams said CONNECT has been bidding and winning work with major corporations such as Boeing and Northrop Grumman. Mr. Adams thanked SourceAmerica for providing the initial funding. He said although they started in 2010, it took three years before they started winning work. Mr. Adams said CONNECT just received a three-year \$275,000 grant from Boeing Global Corporate Citizenship. Member organizations pay a tiered figure of membership dues to cover operational costs and pay two percent of the revenue back into the corporation.

Mr. Anil Lewis, Private Citizen member, asked Mr. Adams to elaborate on Connect Supply Chain's 501(C) 3 status. Mr. Adams said CONNECT is composed of twelve members of the corporation (nonprofit agencies), and five CEOs of member agencies make up the Board of Directors. He said they have a separate corporation and tax status. They are allowed to conduct fund raising activities and to obtain grants.

Mr. Chamberlin said the CONNECT corporation is remarkable because it includes a group of nonprofit agencies with different interests and their own unique capabilities. He said their model for pursing commercial opportunities is very impressive.

### The Market Basket Initiative

Secondly, Mr. Dave Theimer and Mr. Frank Chube, SourceAmerica, gave a presentation on the Market Basket Initiative, a concept initiated by Dr. Carol Lowman, SourceAmerica Board of Directors.

Mr. Theimer and Mr. Chube met with Dr. Lowman to discuss her concept to promote AbilityOne green products. Mr. Chube said this is an ongoing process. There are a number of factors and issues to be resolved. Existing Procurement List (PL) products will be identified and selected for a "market basket" of green products. The market basket will be promoted to achieve an increased percentage of sales of specified items. Purchased items will be tracked at the agency level and reported to the AbilityOne Commission. According to Mr. Chube, the initiative will be implemented in phases, and Phase One will be the pilot.

Both NIB and SourceAmerica have identified potential common use items for the market basket. There are many questions that need to be answered such as how the initiative will be marketed, what the governance process will be and what tracking mechanisms will be available to the agencies.

Mr. Theimer said the next steps include getting feedback from the members and working with NIB and the staff to vet out the concept. Also, it is suggested that a three month pilot be done to see if it all makes sense.

Dr. Lowman said the products that are on the Procurement List are mandatory, but unfortunately, they are not tracked. She said it is hard to tell what people are buying. Dr. Lowman recommended using Small Business as a model to track and ensure things that are mandatory get purchased. Dr. Lowman said agencies need to be held accountable for doing what is mandatory by statute.

Mr. Theimer said the initiative acts as a stimulus. The plan is to measure the return on investment (ROI) on the number of jobs it is going to create. He said they need to look at the current sales for the items and see how we can boost those sales to increase those jobs for those particular items.

Mr. James Kesteloot, Employment Growth subcommittee Chair said his subcommittee has worked on similar concepts. They have been looking at getting Federal agencies to purchase AbilityOne products, including the Federal agencies represented on the Commission and the NIB- and SourceAmerica-associated nonprofit agencies. He asked, what would Congress think if AbilityOne did not purchase its own products and services?" He said it implies that we don't believe in our products but try to sell them to others. He said he wonders how the media would react to news of AbilityOne not purchasing its own products. Mr. Kesteloot's subcommittee is going to ask the CNAs to issue a memo encouraging our affiliates to buy AbilityOne products and services.

Also, the Employment Growth subcommittee plans to set a goal that by the end of 2014, 25 percent of CRPs purchase AbilityOne products and services. He said substantial progress is needed in this area.

Mr. Theimer commented on the Green Kitting Initiative. He said a similar pilot project was done eight years ago involving NIB cleaning products. He said it was very successful in the DC area. One of the main problems was trying to get suppliers to stock redundant items – the standard commercial product for most accounts, and the NIB-associated products for just their AbilityOne customer. He said SourceAmerica was willing to subsidize some of the costs to put the program in place.

Mr. Poleo said he appreciated the presentation and hopes to discuss further with leadership during an afternoon meeting on strategic planning.

Mr. Kesteloot made a final comment that there needs to be a reciprocal purchasing relationship between NIB and SourceAmerica.

### IV. CNA Reports

#### <u>NIB</u>

Mr. Kevin Lynch, President and CEO of National Industries for the Blind (NIB), presented an update on NIB's current business environment. He outlined the perfect storm of federal customer spending cuts that hit this fiscal year: sequestration, federal budgeting by continuing resolution, ongoing troop drawdowns, and changes to GSA's inventory management. He discussed how overall sales were down 6.1 percent through May, and declining sales to major customers like GSA (down 19.3 percent) and DoD (down 13.4 percent).

Mr. Lynch shared the impact of these budget challenges on NIB associated agencies and employees who are blind. NIB agency surveys conducted in April and June of 2013 found that:

- 65% of responding agencies reduced hours since October 1
- 57% of responding agencies were forced to lay off employees
- 774 total employees have been laid off, including 465 who are blind
- 431 additional layoffs were anticipated by the end of FY 2013, including 256 employees who are blind

Mr. Lynch updated the Commission on the results of Essentially the Same (ETS) monitoring, and shared NIB's focus in this environment: engaging federal agencies with limited history of AbilityOne purchases, and a focus on ETS.

Mr. Poleo commented that, for Defense Logistics Agency (DLA), questions about funding are done for this fiscal year, with a focus now on furloughs. He hoped that sales should stabilize through the rest of the year. Mr. Sisk commented that GSA sales are off significantly from previous years (30-40%), but he also thinks sales will stabilize through the rest of the year. Mr. Lynch added that he met with Mr. Sisk, leadership of GSA Region 2, and has an upcoming meeting with Ms. Ballard and GSA Administrator Dan Tangherlini.

Mr. Kelly asked if Mr. Lynch knew how many people who are blind were not able to find employment after being laid off. Mr. Lewis asked how agencies differentiated between AbilityOne and non-AbilityOne, and whether there is a mechanism to determine where there is new product potential. Mr. Lynch responded that the pie is shrinking, there is more competition with other socioeconomic programs, and there is no requirement for federal agencies to add to the Procurement List. Mr. Kesteloot asked if Mr. Lynch thought the program was going into a major crisis, to which Mr. Lynch replied he is concerned about several nonprofits and whether they can manage a long-term downturn.

Mr. Poleo stated that "we're not going to apologize for this program." He said they are going to have conversations with federal agencies, which could include protesting contracts and having them revoked. He thinks the AbilityOne Program should become more assertive, with the NPAs, CNAs, and Commission working together.

Mr. Poleo also stated that there is no excuse for ETS within the Base Supply Centers. He thought the more we can make our products "the same", we won't have to worry about "essentially the same." He said NIB may need to adjust products just enough, as this leakage is no longer affordable. Mr. Lynch welcomed this involvement by the Commission. He noted substantial challenges as the government moved to outside contractors for distribution, since there are no "AbilityOne police." He also mentioned this was not an issue when all procurement was through the government. Mr. Sisk added that when other agencies come to GSA, GSA can police. When given a purchase card, there isn't the ability to police. Mr. Poleo commented that if there is bad behavior with the purchase card, that maybe the Commission should work with the Office of Federal Procurement Policy (OFPP). Mr. Sisk mentioned GSA is trying to get better, more detailed purchase card data.

#### SourceAmerica

Mr. E. Robert Chamberlin, President & CEO, SourceAmerica began his report by showing a picture of their office building with the brand new SourceAmerica signage out front. On July 1<sup>st</sup>, NISH's new name change officially went into effect and they became SourceAmerica.

Mr. Chamberlin discussed the current business environment and its impact on AbilityOne. Furloughs and other budget cuts have caused customers to reconsider, delay, or reduce their contract requirements. Mr. Chamberlin said this has impacted their CRPs tremendously. There has to be a significant increase in the number of contract re-pricings and reduction in resources creates challenges in maintaining efficiencies and quality.

One example Mr. Chamberlin gave is the reduction of restroom cleaning services from five days a week to once a week. This type of reduction presents a major challenge with the customer perception related to the quality of services.

Since the FY 13 budget cuts, SourceAmerica agencies report that 368 contracts have been reduced, and 1,176 disabled FTEs have been reduced, resulting in a \$155 million drop in sales. Once sequestration commenced, another 401 contracts were reduced and 964 additional employees' positions were cut. The total impact is close to 800 contracts and 2,140 disabled FTEs, the value of \$274.4 million. Mr. Chamberlin stated that approximately 4,280 jobs have been eliminated through sequestration or budget cuts.

Mr. Chamberlin reported that there are another 38 pending contact reductions reported since March 1, 2013, identified as potentially impacted by sequestration. The projected number of reduced FTEs is 472.89 and a reduced value of \$32 million in sales.

Mr. Chamberlin said SourceAmerica is taking action by analyzing what's happening at all levels of management, and they monitor contracts on a daily basis. SourceAmerica has a database where they collect this information; they are contacting contracting officers to discuss the impact of sequestration and coordinating with nonprofit agencies on implementation. They are also developing standard plans across customers for implementation for FY 14 and beyond, exploring unique opportunities to hire people with significant disabilities, including veterans.

Mr. Chamberlin reported on the overall numbers of direct labor hours and people with significant disabilities employed. He said in terms of direct labor hours, services are up 1.3 percent while products are down 30.2 percent. The number of people employed is flat at 38,829; however, services are up 6.3 percent and products are down 21.7 percent.

AbilityOne sales reported by SourceAmerica-associated nonprofit agencies grew to over \$1 million through the second quarter. Services sales were up 5.5 percent, while products sales were down almost 19 percent. Non-AbilityOne sales through the second quarter were down 1.5 percent.

Mr. Chamberlin compared the progress in rolling out the Quality Work Environment (QWE) from FY 2011 to June 2013. The number of nonprofit agency adopters went from 246 to 281. Additionally, 238 nonprofits have completed self-assessments, compared to 197 at year end 2012. Agencies that developed action plans rose from 155 to 175.

In regards to the Employee Research System (ERS), that provides a wealth of information, Mr. Chamberlin said 63 nonprofit agencies are actively submitting their data to the ERS. At the end of the second quarter, 43 percent were participating.

Mr. Chamberlin showed a picture of advocates standing in front of the U.S. Capitol at the 2013 Grassroots Conference. There was also a picture of Mr. Chamberlin and Ms. Evelyne Villines with Senator Tom Harkin who received the Javits Legislative Award for his work with the

Americans with Disabilities Act (ADA) and other efforts. Senator Harkin spent almost two hours interacting with AbilityOne self-advocates at the ceremony where the award was presented. Past recipients of the award include President George Bush and Senator Ted Kennedy.

The Grassroots Conference was attended by 37 nonprofit agencies, and nearly 200 visits were made. Some of the speakers that were featured included Mr. Scott Owens, AbilityOne employee and member of the Speakers Bureau, Rep. Lee Terry (R-Nebraska), Co-chair of the House Bipartisan Disabilities Caucus, and Mr. Joe Jordan, Administrator, Office of Federal Procurement Policy, Office of Management and Budget (OMB).

The focus of Grassroots is for self-advocates to tell their stories to the Members of Congress about what employment through the AbilityOne Program means to them. Other items that were discussed included the impact of sequestration, the spectrum of employment options, and AbilityOne Champion recruitment and support. According to Mr. Chamberlin, this was the largest Grassroots effort SourceAmerica has ever had.

Mr. Kelly inquired about the re-pricing problem and asked Mr. Chamberlin to give examples. Mr. Chamberlin said annually SourceAmerica goes through a re-pricing effort on contracts. He said sequestration and adjustments to scope causes the items to be re-priced again and again.

Mr. Lewis asked if SourceAmerica has come up with any strategies to mitigate adverse customer perceptions due to service reductions. Mr. Chamberlin said historically there has been an issue because the contracts are worked through GSA and the tenant is an independent party. He said SourceAmerica is attentive to the customers and will do as much as possible to avoid dissatisfaction from the customers.

Ms. McCulloh also inquired about re-pricing; she asked if newer contracts have to be repriced within the first year of the contract. Mr. Martin Williams, Source America, said new contracts are indeed impacted by sequestration rules that dominate the cycle time on re-pricing.

Mr. Kesteloot asked Mr. Chamberlin to give his assessment of whether the Program is approaching a crisis or is already in one. Mr. Chamberlin responded by saying it is a very difficult time for the nonprofit agencies. He said many would say, "Yes, there is a crisis right now." He said they are impacted by a combination of other things, not just the AbilityOne Program. He said agencies rely on the AbilityOne Program as their anchor and without it they lose stability.

Mr. Kesteloot asked if there is anything the members could be doing to assist. He said as a Commission member he would like to receive feedback from the CNAs so that they can work together on a plan to try to prevent a crisis from happening.

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# V. Election of Officers

Mr. Dennis Lockard, General Counsel explained the voting process for electing the Chair and Vice Chairperson. The election of officers is required under the <u>Javits-Wagner O'Day</u> (JWOD) Act, and the election process was adopted by the members in 2010 and reaffirmed in 2012. Under Policy 51.202, <u>Chairperson and Vice Chairperson Nomination and Election Process and Responsibilities</u>, officers are elected for a two-year term and may be reelected for one additional term. Elections are normally at the July Commission meeting.

Mr. Lockard briefly described the election process as established in Policy 51.202. The Chairman appoints members to the Nominating Subcommittee to identify potential nominees for the officer positions. Nominees are announced at the meeting and additional nominations may also be offered from the floor. The election is then held by voice vote at the meeting. Election results are certified at the meeting and designation letters are prepared for the elected officers.

Mr. Poleo then turned the election process over to Ms. Lisa Wilusz, Department of Agriculture representative, and Mr. Robert Kelly, the members of the Nominating Subcommittee. Ms. Wilusz said after she and Mr. Kelly contacted the members seeking nominations, they received one nomination for Chairperson and two nominations for Vice Chairperson; however, she noted that one potential candidate for Vice Chairperson respectfully declined the nomination.

Ms. Wilusz asked Ms. Angela Phifer, Commission Executive Assistant to record the process and votes. Ms. Wilusz announced that Mr. Poleo and Mr. Kesteloot were nominated to serve as Chair and Vice Chairperson for a second consecutive term. Ms. Wilusz asked if there were any additional nominations from the floor. No additional nominations were made.

Mr. Kelly made a motion and Mr. Lewis seconded the motion to unanimously re-elect Mr. Poleo as Chairperson and Mr. Kesteloot as Vice Chairperson. There was no further discussion and the motion was carried unanimously.

Mr. Poleo and Mr. Kesteloot expressed their appreciation for the confidence of the members and indicated that their collaborative working relationship will continue.

# VI. NPA Presentations

Mr. Lou Bartalot, Commission Staff, gave a summary of the Compliance policy. He said the Commission is required to review all agencies that finish two consecutive years below the 75 percent direct labor ratio requirement. The nonprofit agencies must provide a presentation to the Commission members as to why they should remain in the AbilityOne Program or retain all of their AbilityOne projects.

Once the presentations are completed, the Commission will make a decision by Vote Letter as to whether the nonprofit agencies should remain in the AbilityOne Program.

Mr. Bartalot said there were 27 agencies with overall ratios below 75 percent in FY 2012. There are 24 SourceAmerica agencies and three NIB agencies. Two agencies were under ratio as a result of approved surge requirements for the U.S. Postal Service. Nine SourceAmerica agencies were below ratio for two consecutive years.

As of March 30, 2013, 15 agencies went above 75 percent, three agencies decided to leave the Program, four agencies predict they will be above ratio by end of year, and five agencies have projects finishing the year below 75 percent. Mr. Bartalot said there are three agencies that were recommended to go before the Commission.

### Jefferson Rehabilitation Center

Jefferson Rehabilitation Center (JRC) has been in the AbilityOne Program for 30 years. Mr. Howard Ganther, JRC's Executive Director, and two of his staff members, Mr. David Moran, Vocational Service Program Director and Mr. Shawn Mead, Contracts Manager, made a presentation to explain why JRC was under ratio for two consecutive years, and why they should not be removed from the AbilityOne Program or lose their AbilityOne contracts. They said that the JRC Board of Directors, administration, and program staff are committed to continued participation in the AbilityOne Program, which enables them to offer training and meaningful employment opportunities to persons with significant disabilities.

There are several contributing factors that led to the decline of JRC's ratio in recent years, they said. Lack of public transportation has been a major challenge for JRC. Fort Drum is approximately nine miles from the metropolitan area. Also, Army requirements for short term special missions have been a factor since the 10<sup>th</sup> Mountain Division remains the most deployed division in the military, and staffing for varying numbers of meals served has been an issue in the ratio decline. Other factors they reported included a lower number of referrals and overall budget reductions, in part due to sequestration. JRC's product orders have been reduced substantially, which resulted in a reduction of the total direct labor hours performed by individuals with disabilities.

JRC's corrective action plan to ensure ratio compliance includes designing job fairs to target individuals with disabilities, and distributing email messages to agencies in Jefferson County as positions become available. A new program to provide transportation to and from Fort Drum for employees has been implemented. Mr. Mead of JRC said they are now being proactive by subsidizing costs for transportation. Other steps JRC has taken include scheduling job fairs in August, engaging a SourceAmerica Rehabilitation Engineer to evaluate sewing operations for opportunities to incorporate additional positions, and reaching out to Wounded Warriors and other military programs to educate veterans with disabilities about job opportunities.

Despite being out of compliance, Fort Drum continues to provide meaningful employment for 64 individuals with significant disabilities and there have been many "good news" stories. Mr. Mead requested that JRC be allowed to continue participation in the AbilityOne Program, as JRC is confident that its plan will bring them into ratio compliance. Mr. Lewis inquired if JRC has a Special Certificate from the Department of Labor to pay employees wages under Section 14(c) [of the Fair Labor Standards Act, which authorizes wages below the Federal minimum wage.] Mr. Mead responded that there are no JRC employees making subminimum wages authorized by Section 14(c).

Mr. Mead said JRC is going through AARP and other agencies to find retirees to drive workers with significant disabilities to their work site. Ms. McCulloh asked if they anticipated transportation being a problem initially, and applauded JRC's efforts to pay a transportation subsidy to employees. JRC staff said they are also trying to get the county to provide public transportation to Fort Drum.

Mr. Poleo thanked the presenters and said the charts would be sent out to the members.

# L.E. Phillips Career Development Center (CDC)

Mr. Gregg Mizerk, President and CEO of L.E. Phillips Career Development Center, gave a presentation on L.E. Phillips' current compliance situation. First, he gave a brief history of the company. L.E. Phillips has been working with individuals with disabilities since 1959. CDC has 130 disabled employees.

According to Mr. Mizerk, CDC has one AbilityOne contract. The contract is for performing cleaning, mowing and snow removal services at the Eau Claire, WI Federal Courthouse. The annual contract value is \$74,727.12 and their annual agency budget is six million dollars.

CDC has been performing services at the Courthouse for nearly 25 years. CDC has consistently been in compliance. CDC's largest fulfillment project employs 75 individuals with disabilities. In 2010, CDC needed to implement a second shift to meet volume demands. Due to the lack of available employees with disabilities for this shift, CDC filled these positions with non-disabled employees (many being disadvantaged) and their agency ratio dropped below 75 percent. In addition to the second shift, CDC has been experiencing problems recruiting people with significant disabilities. The local referral sources are reporting declining populations of people with significant disabilities; in fact, their major referral source closed.

Mr. Mizerk said the plan going forward is to continue to recruit new employees as described in their corrective action plan. CDC continues to add new agencies and expand their operations to other geographic areas through acquisition. Mr. Mizerk included a letter of recommendation from the United States Bankruptcy Court who confirmed that CDC has been providing excellent janitorial services. They are seeking additional non-AbilityOne business to add hours of direct labor during the daytime. At the same time, CDC ordered equipment to automate some labor functions that will reduce hours on the second shift, when they have fewer employees with significant disabilities. They forecast achieving 75 percent by the end of Fiscal Year 2013.

In response to inquiries made by Mr. Lewis, Mr. Mizerk said CDC is in the process of going through the Quality Work Environment (QWE) assessment and planning process and they have a special wage certificate in house.

Mr. Poleo thanked Mr. Mizerk for his time and presentation.

# The Resource Center

Mr. Paul Cesana, Executive Director and Mr. Gregg Bender, presented on behalf of Chautauqua County Chapter of NYSARC. The Resource Center (TRC) provides employment, residential, clinical, and day services to persons with disabilities. TRC was one of the early adopters of the QWE initiative.

TRC made a presentation at the 2012 NISH Conference in Indianapolis, Indiana. Mr. Cesana provided an update on the progress that has been made. Some of the improvements include computer system upgrades, an improved reporting system, and a change of product mix – all new projects are reviewed to ensure alignment with workforce equipped with the skill sets and capacities needed. TRC has also had more opportunities to subcontract through SourceAmerica, expand vocational opportunities, and collaborate on projects. One of those collaborations has resulted in increased AbilityOne opportunities in the Buffalo area. The workforce with significant disabilities at the Erie Company increased from four to thirteen employees.

Mr. Cesana said although the A-22 Air Cargo Bag has had a negative impact on TRC's ratio, they are still scheduled to produce the bag through February 2014 because it has been deemed "mission-critical" by the military customer. TRC has continued to seek improvement in the utilization of workers with significant disabilities on this project, by utilizing the expertise of the University of Buffalo School of Engineering and Applied Science. Mr. Cesana believes that TRC's corrective action plan has led to improved ratios.

Mr. Cesana responded to both questions asked by Mr. Lewis of the previous presenters, regarding wage certificates and QWE. He said TRC does not have a Special Certificate under 14(c). As noted above, they do participate in the QWE initiative. Mr. Lewis thanked him for answering the questions in advance.

Ms. McCulloh and Ms. Martinez inquired about training, the number of part-time workers and TRC's leadership. Mr. Cesana said there are six to ten trainers at any given time and they exclusively work with the AbilityOne employees. He also said they have 15 members on the Board of Directors and the Chair has served three consecutive two-year terms. He assured Ms. Martinez that there are people with disabilities in management positions that are among the decision makers.

Mr. Poleo thanked Mr. Cesana for his time and presentation.

# VII. Definition, Suitability, and Process (DSP) Review Group

Mr. James Kesteloot, Commission Vice Chairperson, introduced a collaborative effort that will be launched involving the Commission, the Central Nonprofit Agencies, Nonprofit Agency leaders and other experts from Government or the private sector. The Definition, Suitability and Process (DSP) Review Group will clarify and enhance implementation of the Javits-Wagner-O'Day Act and the AbilityOne Program, he said. The DSP Review Group will examine the way the definition of significant/severe is interpreted. The work group will also discuss employability and suitability of work for the disability community and the process of implementing both as prescribed in the JWOD Act, other disability legislation and accepted practices of today.

Mr. Kesteloot said this is especially important in light of the business issues and potential vulnerabilities identified in the December 2012 decision of the U.S. Federal Court of Claims regarding the Procurement List addition of the Yakima Training Center.

The DSP Work Group held a teleconference on June 20, 2013 and will have its kickoff meeting this afternoon following the Commission Meeting. The final briefing is scheduled for January 2014, he said.

### VIII. Employee Stock Ownership Program (ESOP)

Mr. Dennis Fields, SourceAmerica introduced the co-founders of Kent, Campa & Kate, Inc. (KCK), to provide a briefing on the Employee Stock Ownership Program (ESOP) initiative at SourceAmerica.

By way of background, a mission-based ESOP is a for-profit business, he said, that allows employees to share in equity growth. Extensive research has shown that ESOP companies are more productive and more likely to survive. Employee ownership is a proven motivator and helps to retain key employees. In the AbilityOne context, it may also provide opportunities for employees who are blind or significantly disabled to increase their assets.

ESOPs are recognized by the Small Business Administration (SBA) and can be set up as Service Disabled Veteran Owned Businesses (SDVOBs). Mission-based ESOPs can be set up to focus on employment of Wounded Warriors, as one example. Mr. Fields said that SourceAmerica considers the benefits and focus of ESOPs to be tools or incentives to create employment.

KCK is a VA Verified Service Disabled Veteran Owned Business. Its mission is to employ veterans and wounded warriors and put them to work on government contracts. They are committed to provide meaningful employment and ownership opportunities to Veterans and Wounded Warriors. Their goal is to be 100 percent veteran-owned. Their employee base is at least 50 percent disabled veterans.

The founders include Mr. Carlton Kent, the 16<sup>th</sup> Sgt Major of the Marine Corps, Mr. Joe Campa, the 11<sup>th</sup> Master Chief Petty Officer of the Navy, and Mr. Bob Turner, who commanded troops in Vietnam. Together KCK has over 91 years of military and government contracting experience. They are committed to provide meaningful employment and ownership opportunities to Veterans and Wounded Warriors. Their goal is to be 100 percent veteran-owned. Their employee base it at least 50 percent disabled veterans.

KCK's professional services include: Veteran transition support and consulting services, administrative and management support, contract management and closeout, human resources consulting, call center support, and total facility management. They are actively seeking

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opportunities to partner with SourceAmerica nonprofit agencies when a SDVOB or small business preference is announced for a targeted project. Some examples include a partnership with Gulf Coast Enterprises to help staff a recently started project with disabled veterans, an approved vendor/subcontract relationship with PRIDE Industries and work with Alabama Industries for the Blind to market toner cartridges to the VA.

The second ESOP introduced to the Commission was Able Forces Professional Services (AFPS), a veteran-owned small business established in 2005. Their mission is to provide career-oriented employment exclusively to veterans, including those warriors living with significant disabilities. AFPS provides significant consulting support to Federal contractors pursuing government contracts. AFPS was reorganized in January 2013 as an ESOP with 49 percent employee ownership. These employee positions will be filled by veterans with disabilities, who will have an opportunity to participate as stock owners.

Mr. Joe Cunningham, is President and Mr. Skip Rogers, is the Chief Executive Officer. They have a combined 65 years of business and military experience. AFPS' current activities include a U.S. Army Cadet Command ROTC contract valued at \$3.7 million. AFPS currently has 67 employees, of whom 66 are veterans. Mr. Cunningham said it is AFPS' goal to pursue high-salary jobs with career ladders for their workforce.

### IX. Closing Remarks

After determining there was no further business, Mr. Poleo adjourned the meeting at 12:30 pm.

### List of Attendees – July 11, 2013

#### **Committee Members**

Perry E. Anthony Jan Frye Paul Laird Anil Lewis Robert Kelly James Kesteloot Kathleen Martinez Karen McCulloh J. Anthony Poleo Pamela Schwenke William Sisk Lisa Wilusz

#### **Commission Staff**

Tina Ballard Lou Bartalot Patricia Briscoe Robert Hartt Amy Jensen Kermit Jones Stephanie Lesko Barry Lineback Dennis Lockard Nancy Myrick Angela Phifer George Selby Joan Smith Edward Yang Kimberly Zeich

#### SourceAmerica

E. Robert Chamberlin Frank Chube Dennis Fields Nancyellen Gentile Martin Gerry Elizabeth Goodman Patty Pappas David Theimer Martin Williams Department of Education Department of Veterans Affairs (via teleconference) Department of Justice (via teleconference) Private Citizen Private Citizen U.S. Department of Labor/ODEP Private Citizen Defense Logistics Agency U.S. Department of the Air Force General Services Administration U.S. Department of Agriculture

# NIB

Steve Brice Angela Hartley Kevin Lynch Thomas Panek Matt Wieseler

# **Government Representatives/Staffers**

Tiffany Bellard Serena Lowe Kathryn Scanlan Colleen Sweeney U.S. Department of the Air Force U.S. Department of Labor/ODEP OSD/AT&L/DPAP U.S. Department of the Army

#### **Other Attendees**

Barbara Barnard Gregg Bender Paul Cesana Barbara Kesteloot Gary Krump Gregg Mizerk Laura Walling ORC The Resource Center The Resource Center Private Citizen NIB Board L.E. Phillips Career Development Center Goodwill Industries International