

January 24, 2005

President's Committee for Purchase
From People Who Are Blind or Severely Disabled
Attention: G. John Heyer
1421 Jefferson Davis Highway
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259

Dear Mr. Heyer and Committee:

On behalf of Goodwill Industries of Upper South Carolina, I am writing to express my opposition to the proposed notice of rulemaking Docket No. 2004-01-01 from the President's Committee for Purchase From People Who Are Blind or Severely Disabled. The proposed rule making on governance standards for central nonprofit agencies and nonprofit agencies participating in the Javits-Wagner-O'Day (JWOD) Program exceeds the scope of the Committee's authority and Congressional mandate.

Our organization serves the Upstate counties and Columbia area of South Carolina and has for over 30 years. Our impact not only has far reaching economic value but we also deliver on our mission to help people with disabilities and other special needs become fully independent citizens through education, training and employment leading to job placement. Last year we served over 2200 individuals and place in jobs 435 people. Based on an average wage of \$7.35 per hour, those folks contributed over \$6.5 million back to our community. This agency is increasing that number and already sees a 43% increase over those figures. We provide job training in programs such as Food Service, Retail Production and Service, Forklift Certification, Production, Packaging and Assembly, Custodial and Maintenance. Our administrative costs are less than 9% of our revenue. Goodwill's across the nation operate independently of each other. Our Goodwill is proud of the fact that we are an active, participating United Way agency that takes NO FUNDING from them. Annually, we convert over 20 million pounds of donated clothing, linens, housewares, and furniture into revenue to support our mission. We do this by selling that donated merchandise in our retail outlets. That is 20 million pounds of goods that doesn't go to a landfill, a savings to our economy. Goods unused are sold for salvage to Third World countries.

The authorizing statute for the JWOD program clearly delineates the powers and responsibilities of the Committee. These powers and responsibilities DO NOT extend to governance standards or executive compensation. Both Congress and the Internal Revenue Service have jurisdiction over these areas. The Committee is mandated with determining which commodities and services should be on the Committee's procurement list and fair market prices, and informing federal agencies about the JWOD program.

I would hope that the Committee would comply fully with the Congressional intent to provide employment and training opportunities for persons who are blind or have other severe disabilities and NOT delve into areas for which it lacks both the Congressional and statutory authority necessary to promulgate governance and other standards. The

proposed rules will impact the entire community of participating nonprofit agencies, despite the Committee's own comment that the overwhelming majority of JWOD-affiliated central nonprofits agencies and nonprofit agencies operate in an ethical and accountable manner.

The proposed rules raise significant Constitutional issues. Both nonprofit and for-profit agencies regularly compete for government contracts. Nonprofits compete against companies as large as Lockheed Martin and Boeing. We have NOT found other circumstances where the ability to participate in government contracting is contingent upon a certain corporate governance structure of the participating vendor. Similarly, there is not an inquiry into the executive compensation level of the participating agency versus that of the highest paid SES, career Federal government employee for vendors to be permitted to compete for government contracting opportunities. If the proposed rules were to become final, however, only nonprofit agencies desiring to participate in the JWOD program would be subject to this unique level of regulation. There is no rationale for such disparate treatment of nonprofit organizations desiring to participate in the JWOD program and no precedent for establishing a cap on executive compensation or imposing governance rules as a prerequisite to participation in government contracting. Besides, information about nonprofit CEO compensation is readily available to the public and Committee staff on the Internal Revenue Service's 990 Form. There already exists federal regulatory authority over the governance standards for nonprofit, tax-exempt 501 © (3) organizations.

Just because an agency is nonprofit, does not mean the people working for that agency should not be compensated for the talent and time they devote to that mission. If all nonprofit organizations were restricted to the managerial compensation levels specified in the proposed rules, many would be unable to attract and retain the most experienced and talented personnel, particularly in high-cost-of-living metropolitan areas. The resulting loss of talent would over years reduce employment and training opportunities for blind and disabled citizens. In addition, for many larger organizations, only a small portion of the overall budget is a result of JWOD-affiliated work.

On behalf of this Goodwill, I urge you to withdraw these rules and concentrate on what the Congressional intent of the JWOD legislation was intended to do.

Respectfully submitted

Bill Wylie
Executive Director

Cc: Senator Jim DeMint
Senator Lindsay Graham
Ms. Katherine Astrich, Management and Budget Information and Regulatory Affairs