



Not charity,
but a chance

January 26, 2006

Ms. Stephanie Hillmon
Assistant General Counsel
Committee for Purchase From People
Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Suite 10800
Arlington, VA 22202-3259

Dear Ms. Hillmon:

On behalf of Morgan Memorial Goodwill Industries, I am writing to submit comments to the Committee for Purchase From People Who Are Blind or Severely Disabled ("the Committee") in response to the December 16, 2005 Advanced Notice of Proposed Rulemaking (ANPR). We appreciate the opportunity to submit comments prior to the initiation of any formal rulemaking by the Committee.

We are in full agreement with the more extensive comments already put forward by Goodwill Industries International, which oversees a network of 205 autonomous Goodwill organizations throughout the world. However, we ask that the committee pay particular attention to the issues outlined below regarding governance standards and executive compensation as they relate to the fair market price of products and services under the Javits-Wagner-O'Day (JWOD) Act.

With regard to good governance practices:

- Many nonprofit agencies have already taken the initiative in setting standards for their own organizations to increase accountability and strengthen governance. Two years ago, Goodwill Industries International, Inc. developed a set of recommendations based on the Sarbanes-Oxley Act. Morgan Memorial Goodwill Industries has joined numerous other Goodwills in adopting a voluntary code of ethics and a conflict of interest policy. Charities have a responsibility to ensure the public's trust, and we have taken our own steps internally as an organization to increase accountability, governance, and transparency.
- While we support the adoption of best governance practices by JWOD-producing entities, we strongly believe that any effort by the Committee in promulgating new standards should not be duplicative of existing authority and law. The standards for qualifying in a JWOD program are already in place through applicable state and federal law on nonprofits. Additional Committee regulations are not needed and would be duplicative of statutes and regulations governing nonprofits overall.
- We do agree that nonprofit agencies should assess periodically the composition of the board, that is, whether there are sufficient members with the necessary skills, knowledge of programs, finances, and other matters; diversity is also an area that Morgan Memorial Goodwill Industries take into consideration.
- If the Committee were to consider additional criteria to evaluate good governance practices by nonprofit agencies, we would suggest considering accreditation by outside entities, such

Joanne K. Hilferty
President & CEO

Morgan Memorial
Goodwill Industries
1010 Harrison Avenue
Boston, MA 02119
•••••
(617) 541-1413
fax (617) 445-4723

Ms. Stephanie Hillmon
January 26, 2006
Page 2

as the Commission on Accreditation of Rehabilitation Facilities (CARF). Outside accreditation ought to be recognized as evidence of good governance practices; the Committee need not expend additional resources to review matters that have been thoroughly examined by accreditation bodies.

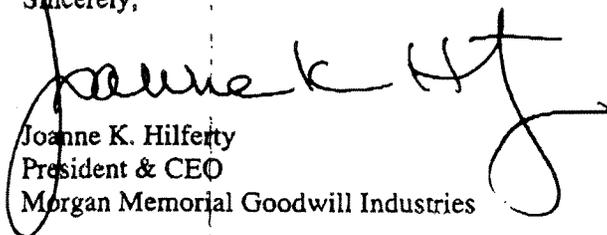
- Last year, Goodwill Industries International, Inc. recommended guidelines to its members based on the Sarbanes-Oxley Act. These guidelines included outside, independent audits, internal controls, signed 990 Forms by the Chief Executive Officer and Chief Financial Officer. All of these recommendations represent sound financial responsibility on the part of nonprofit agencies and these are practices that we have followed for some time. At the same time, we firmly believe that an organization's size should be given consideration in any discussion on governance practices to determine what is practical and reasonable.

With regard to the effect of Executive Compensation on fair market price determinations:

- The Committee notes that Board involvement in setting the compensation of the CEO/President and other highly compensated employees is one of the benchmarks of effective nonprofit governance practices. We agree and our board is actively involved. However, in relation to using this to set fair market price for products and services, we must note that other factors influence the price of products and services and that the compensation paid to the executives in JWOD participating agency is only minor factor. To that end, we cannot see the nexus between an established benchmark or absolute dollar threshold above which compensation would be deemed as influencing a proposed fair market price.
- It is our belief that each agency's board of directors and the compensation committee should determine the appropriate time to review an executive's compensation package, consistent with the requirements of the Internal Revenue Service. We follow this practice; additional regulations are not required.

Thank you again for the opportunity to provide input to the Committee on governance and compensation issues. We look forward to continuing the dialogue.

Sincerely,


Joanne K. Hilferty
President & CEO
Morgan Memorial Goodwill Industries