

January 11, 2006

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

Dear Ms. Hillmon:

Please accept this letter as the position statement of Southeastern Kentucky Rehabilitation Industries, Inc. regarding the proposed revision of the NPA Governance and Executive Compensation rules.

- I.) GOVERNANCE: We agree with the proposed Good Governance Practices as defined in the Friday, December 16, 2005 Federal Register publication. Having an involved and informed Board of Directors who have no conflict of interest regarding activities of the CRP is an essential ingredient to fulfilling the purpose and mission of the CRP.
- II.) EXECUTIVE COMPENSATION: Guidelines for determining acceptable executive compensation and benefit levels have already been addressed by the IRS in their Intermediate Sanctions rulings. According to the IRS, a non-profit organization creates a safe harbor by establishing a “rebuttable presumption against excess benefits” if they do the following (SEKRI has already met or exceeded each of these criteria.):
 - a.) Insure that the organization’s governing body is composed of individuals who do not have a conflict of interest with respect to any transactions or decisions regarding executive pay and benefits.
 - b.) Insure that the organization’s governing body obtained and relied upon comparability data when making decisions regarding executive pay and benefits.
 - c.) Insure that the organization’s governing body adequately and contemporaneously documented the basis for its decisions regarding executive pay and benefits.

III.) EFFECT OF EXECUTIVE COMPENSATION ON FAIR MARKET PRICE DETERMINATIONS: This becomes an entirely self-governing issue. If any CRP engages in excessive executive compensation, they will price themselves out of consideration for awards on competitive bids. Thus, fair compensation for executives, while being a matter of good stewardship of the organization's resources, becomes also a factor of setting a fair market price. Any CRP who fails to establish appropriate compensation guidelines will find themselves unable to compete with other CRPs for government contracts.

Sincerely yours,

Thomas W. Fields
Executive Director
Southeastern Kentucky Rehabilitation Industries, Inc.