



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

703-603-7740  
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Jefferson Plaza 2, Suite 10800  
1421 Jefferson Davis Highway  
Arlington, VA 22202-3259

Compliance Memorandum No. 4

Subject: Nonprofit Agency Organization-wide Direct Labor Ratio Requirements

Effective Date: October 1, 2004

### 1. PURPOSE

In accordance with the Committee's regulations (41 CFR 51-1.3 and 51-4.3), this memorandum prescribes the procedures to be followed by nonprofit agencies participating in the Javits-Wagner-O'Day (JWOD) Program when submitting annual direct labor certifications to the Committee. It also prescribes the procedures to be followed when a nonprofit agency fails in any fiscal year to meet the requirements for the direct labor ratios of people who are blind, in the case of nonprofit agencies associated with National Industries for the Blind (NIB), and people who are blind and/or have other severe disabilities, in the case of nonprofit agencies associated with NISH. This memorandum supersedes Compliance Memorandum No. 4, dated January 12, 1995.

### 2. EFFECTIVE PERIOD OF MEMORANDUM

The effective date of the attached interim guidance is October 1, 2004, and the expiration date of the interim guidance is the latest of the following dates:

- September 30, 2005; or
- the effective date of a final rule incorporating this guidance into the Committee's regulations at 41 CFR 51; or
- the date of publication in the *Federal Register* of a withdrawal of the proposed rule to incorporate this guidance into the Committee's regulations at 41 CFR 51.

### 3. DIRECT LABOR REQUIREMENT

The definition of a qualified nonprofit agency under the JWOD Act requires the agency to employ people who are blind (in the case of NIB-associated nonprofit agencies serving such individuals) or people who are blind and/or have other severe disabilities (in the case of NISH-associated nonprofit agencies serving such individuals) for at least 75 percent of the direct labor hours performed in the nonprofit agency during any fiscal year (hereinafter 75 percent ratio).

#### **4. NONPROFIT AGENCY RESPONSIBILITIES**

- A. Prior to verification to participate in the JWOD Program, nonprofit management must have attended a central nonprofit agency (CNA) training course on the JWOD Program.
- B. Once the Committee has added a nonprofit's first project to the Procurement List, personnel from the nonprofit who will be managing/supervising the project must attend training on the JWOD Program prior to the nonprofit beginning performance.
- C. Each nonprofit agency that has been authorized to produce a product or provide a service is required to submit quarterly reports to either NIB or NISH, as well as an annual certification (in accordance with the Committee's regulations at 41 CFR 51-4.3(a)) through NIB or NISH to the Committee. These provide the following information:
  - 1. The number of direct labor hours performed by persons who are blind (in the case of NIB-associated nonprofit agencies serving such individuals) or persons who are blind and/or have other severe disabilities (in the case of NISH-associated nonprofit agencies serving such individuals);
  - 2. The number of direct labor hours performed by persons who are not blind (in the case of NIB-associated nonprofit agencies) or do not have severe disabilities (in the case of NISH-associated nonprofit agencies);
  - 3. The total direct labor hours performed in the agency; and
  - 4. Other information as required by Committee Form 403 for NIB-associated nonprofit agencies serving individuals who are blind, or Committee Form 404 for NISH-associated nonprofit agencies serving individuals who are blind and/or have other severe disabilities.
- D. The annual certification mentioned above is due to NIB or NISH by November 1st for the fiscal year ending the preceding September 30. (Committee Forms 403 and 404 with instructions are at Appendix 1.) Quarterly reports are due to NIB or NISH within 30 days of the end of the fiscal quarter.

#### **5. CENTRAL NONPROFIT AGENCY REQUIREMENTS**

- A. NIB and NISH will provide training to nonprofit agencies interested in becoming authorized nonprofits so that the nonprofits are aware of all Program requirements prior to a nonprofit submitting its request for verification.

- B. During a nonprofit agency's first year in the JWOD Program, NIB or NISH will monitor and report the nonprofit's performance on a quarterly basis to the Committee.
- C. NIB and NISH will monitor the quarterly reports of their nonprofit agencies. Those nonprofits with cumulative overall ratios below 75 percent after the second quarter will be sent warning letters. The letters to the Board Chair and executive director/president will state the process that will be used if the nonprofit should finish the year below 75 percent.
- D. NIB and NISH will report to the Committee the status of nonprofit cumulative overall direct labor ratios after the end of the second quarter.
- E. NIB and NISH are required to review and forward their nonprofits' annual certifications to the Committee by December 1.

## **6. PHASE-IN REQUIREMENTS**

At the time the CNA submits a request proposing the addition of a product or service to the Procurement List or the transfer of a product or service from one nonprofit to another, the request must include an estimate of the direct labor hours that will be performed by people who are blind or have severe disabilities (ADD-5 or ADD-6). If the nonprofit is unable to initially perform the project at the direct labor ratio stated on the form, a phase-in must also be requested.

- A. Normally, phase-ins will be reserved for unusual or highly complex projects that are large (more than 10 people) or where unique circumstances exist.
- B. When a phase-in is requested by the nonprofit agency, the CNA must include information on whether or not the phase-in will cause the nonprofit's cumulative overall direct labor ratio to drop below 75 percent and, if so, when that ratio will again be at 75 percent.
- C. A project that has a phase-in approved after the nonprofit has already begun work on that project will not be exempted from meeting the required direct labor ratios.
- D. A phase-in plan must be submitted when the nonprofit agency's overall direct labor ratio will drop below 75 percent as a result of the phase-in.

## 7. CALCULATION OF DIRECT LABOR RATIOS

Direct labor ratio information must be reported to two decimal places. The Committee will use commonly understood rounding rules in determining compliance with direct labor ratios. A ratio at or above 74.51 percent will be counted as 75 percent.

## 8. FAILURE TO MEET DIRECT LABOR REQUIREMENTS

### A. 75 Percent Overall Direct Labor Ratio

1. The following procedures will apply when a nonprofit agency fails to meet the 75 percent overall direct labor ratio in any fiscal year, except for any nonprofit agency whose failure to meet the ratio is attributable solely to its operating under a Committee-approved phase-in plan/schedule with which it is in full compliance or attributable to providing a product or service under national emergency or wartime surge requirements.
  - a) The Committee will, by certified letter, place the nonprofit agency on probation. The letter will explain the process that will be used if the nonprofit wishes to remain in the JWOD Program. (See Appendix 2.)
  - b) The Committee will suspend any proposed additions for that nonprofit agency until the nonprofit is again above 75 percent. However, the Committee will consider projects on a case-by-case basis if the nonprofit agency can present a compelling argument to the Committee for an addition while below 75 percent.
  - c) The nonprofit agency is required to report its direct labor information to the Committee quarterly by submitting to the Committee a copy of their CNA's quarterly report. These reports will begin with the first quarter of the fiscal year following the year in which the nonprofit agency failed to meet the 75 percent ratio and continuing through the four quarters of that fiscal year. These quarterly reports must reflect cumulative data for the fiscal year through the end of the reporting quarter and must reach the Committee within 30 days after the end of each quarter.
  - d) Failure to submit the quarterly reports may result in withdrawal of the Committee's approval of a nonprofit agency's authorization to produce products for or provide services to entities of the Government under the provisions of 41 U.S.C. 46-48c. (See Appendix 2 for a sample letter requiring quarterly reports.)
  - e) If the Committee determines it is appropriate, an on-site compliance visit will be conducted by NIB, NISH or the Committee staff within the fiscal year following

the year in which the nonprofit agency failed to meet the 75 percent direct labor ratio requirement.

- f) If the Committee staff determines that the circumstances are extreme enough to warrant the withdrawal of the nonprofit agency's authorization, the facts in each particular case will be presented to the Committee for a formal decision. A report by NIB or NISH, as provided by the Committee's regulations (41 CFR 51-4.5(a)), will also be presented to the Committee. Both the nonprofit agency and NIB or NISH will be permitted to address the Committee if they desire.
  - g) If the Committee disqualifies the nonprofit agency, it cannot receive future orders, and if another nonprofit cannot immediately perform the work, in accordance with 41 CFR 51-5.4(c), the Committee will issue a purchase exception to the contracting activity to permit procurement from other sources.
2. The following procedures will apply when a nonprofit agency fails to meet the 75 percent ratio for a second consecutive year. The same exceptions noted above will continue to apply.
- a) The nonprofit will be given the opportunity to present the specific circumstance to the Committee for a formal decision on whether the nonprofit should be removed from the JWOD Program. A report by NIB or NISH, as provided by the Committee's regulations (41 CFR 51-4.5(a)), will also be presented to the Committee. Both the nonprofit agency and NIB or NISH will be permitted to address the Committee if they desire.
  - b) If the Committee votes to allow the nonprofit to remain in the JWOD Program, the nonprofit agency is required to continue to submit quarterly reports to the Committee along with an updated plan detailing further action that will be taken to correct the direct labor ratio.
  - c) The Committee will determine if an on-site compliance visit, including review and/or intervention in specific issues, is appropriate. Unless it is determined that there are compelling reasons why an on-site review is not needed, a review will be conducted as soon as is practicable within the fiscal year following the year in which the nonprofit agency failed to meet the 75 percent ratio requirement for a second consecutive year. In most cases, the on-site review for a second consecutive year will be conducted by Committee staff.
  - d) If the Committee disqualifies a nonprofit agency or removes a JWOD project from the nonprofit, it cannot receive future orders, and if another nonprofit cannot immediately perform the work, in accordance with 41 CFR 51-5.4(c), the Committee will issue a purchase exception to the contracting activity to permit procurement from other sources.

## 9. VERIFICATION OF DIRECT LABOR RATIOS

At the time that a Committee, NIB or NISH compliance staff person makes an on-site visit to an individual nonprofit agency, that nonprofit agency must make available the cumulative direct labor hours being performed on all projects.

## 10. REINSTATEMENT

A. When the Committee has withdrawn a nonprofit agency's designation as a qualified nonprofit agency, the following conditions must be met before the nonprofit agency may be reinstated as a qualified nonprofit agency, in addition to the qualification requirements of 41 CFR 51-4.2:

1. The nonprofit agency must meet the 75 percent direct labor requirements for the year in which the authorization was withdrawn; or
2. The nonprofit agency must meet the 75 percent direct labor requirement for two consecutive quarters.

B. For the nonprofit agency to receive orders for the item it was previously authorized to provide, the following circumstances must apply:

1. No other nonprofit agency has assumed responsibility for providing the item under the JWOD Program; or
2. The nonprofit agency providing the item has no objection to permitting the affected nonprofit agency to reassume supply responsibility for the item.

Original Signed by Leon A. Wilson, Jr.

11-01-2004

\_\_\_\_\_  
Leon A. Wilson, Jr.  
Executive Director

\_\_\_\_\_  
Date

Appendix 1 – Committee Annual Certification forms (Forms 403 and 404).

Appendix 2 – Sample letters to agencies not meeting direct labor requirement.

<b>ANNUAL CERTIFICATION – QUALIFIED NONPROFIT AGENCY SERVING PEOPLE WHO ARE BLIND</b>		APPROVED OMB NO. 3037-0001 EXPIRES 03/31/2006	
<b>TO: COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED</b>			
<b>1. NAME OF AGENCY:</b>			
<b>2. ADDRESS:</b>			
<b>3. PHONE:</b>		<b>4. FISCAL YEAR ENDING:</b>	
<b>5. WE CERTIFY THAT:</b>			
A. Data in Items 6A and 7A are the direct labor hours paid to employees of the agency who are blind, as defined in 41 CFR 51-1.3 of the Committee regulations. Data in items 6B and 7B are the direct labor of people who do not meet the Committee's definition of blindness. Both sets of hours include vacation, holiday and paid sick leave. Any direct labor performed by temporary employees or agencies is included. (If direct labor hours were performed at addresses other than that in item 2, list all additional location(s) on a separate page.)			
B. There is a file containing adequate evidence of blindness and an annual review for competitive employability on each direct labor employee who is blind, including both JWOD and non-JWOD, verifying that the individual meets the Committee's criteria per 41 CFR 51-4.3. (If any of these files are located at an address(es) other than that in item 2, list additional location(s) on a separate page.)			
C. An ongoing placement program as required by 41 CFR 51-4.3 is operated by or for the agency.			
D. The agency is in compliance with applicable Occupational Safety and Health Act (OSHA) standards as prescribed by the Secretary of Labor. The agency has, at a minimum, a hazard safety plan. (If the agency was inspected and citations were received, attached the inspector's report.)			
E. Have there been any changes to your corporate Articles/State Statues or Bylaws/Implementing Regs. During the most recent fiscal year? Yes ____ No _____. If yes, 1) Dates(s) of change: Articles/State Statutes _____ Bylaws/Implementing Regs. _____; and 2) Copies of changes are attached ___OR changes were submitted to the Committee on _____.			
F. The data on the reverse side reflect agency operations for the fiscal year indicated in item 4.			
THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER TITLE 18 USC 1001.			
SIGNATURE – OFFICER OF BOARD		SIGNATURE – AGENCY EXECUTIVE	
DATE		DATE	
(SIGN)→		(SIGN)→	
NAME: (PRINT)		NAME: (PRINT)	
TITLE: (PRINT)		TITLE: (PRINT)	
		EMAIL ADDRESS:	
<b>NIB REVIEW</b>			
SIGNATURE – NIB OFFICER		DATE:	
(SIGN)→			
NAME: (PRINT)			
TITLE: (PRINT)			

COMMITTEE FORM 403 (Rev 03/31/2006)

ANNUAL AGENCY OPERATIONS

ANNUAL AGENCY OPERATIONS  
Fiscal Year Ending September 30, \_\_\_\_\_

<b>6. INCLUDE IN THIS SECTION DATA FOR TOTAL AGENCY</b>				
	HOURS	PERCENT		
A. Direct labor hours paid to people who are blind				
B. Direct labor hours paid to people who are sighted				
C. Total direct labor hours (A + B)				
	<u>Blind Only</u>	<u>Blind with Other Disability</u>	<u>Total</u>	
D. Total number of blind direct labor employees (regardless of hours worked)				
<b>7. INCLUDE IN THIS SECTION DATA FOR WORK PERFORMED UNDER JAVITS-WAGNER-O'DAY (JWOD) ACT ONLY</b>				
	PRODUCTS	SERVICES	TOTAL	
A. Direct labor hours paid to people who are blind				
B. Direct labor hours paid to people who are sighted				
C. Total direct labor hours (A + B)				
D. Percent of direct labor by people who are blind				
E. Number of people who are blind only working in:				
F. Number of people who are blind with other disabilities working in:				
G. Total number of blind direct labor employees working in:				
H. JWOD direct labor wages paid to people who are blind (Include Health and Welfare [cash payments only], vacation, holiday and sick leave pay)			\$	
<b>8. INCLUDE IN THIS SECTION INFORMATION ON AGENCY AND JWOD PLACEMENT AND PROMOTION OF PEOPLE WHO ARE BLIND</b>				
	JWOD	NON-JWOD	DIRECT PLACEMENT	TOTAL
A. Placed into competitive employment from				
B. Placed into supported employment from				
C. Promoted into a new job, other than supervisory or management positions, that included increased wages and/or benefits, not cost of living raises or productivity increases				
D. Promoted into a new job requiring supervisory, management or technical skills, that included increased wages and/or benefits, not cost of living raises or productivity increases				
<b>9. AGENCY AND JWOD SALES DATA</b>				
A. Sales of procurement List Items				
1. Military Resale (MR)	MR DIRECT	MR WAREHOUSE	TOTAL	
2. Sales from JWOD Products				
3. Sales from JWOD Services				
4. Total JWOD Sales				
B. Base Supply Centers				
C. Other Federal Sales				
D. Other Sales and Subcontracting				
E. Total Agency Sales				

**COMMITTEE FORM 403 (Rev 03/31/2006)**

**INSTRUCTIONS FOR ANNUAL CERTIFICATION  
FORM 403**

1. NAME OF AGENCY - Use the incorporated name of the agency as stated in your Articles of Incorporation.
2. ADDRESS - The address should normally be the address where the executive director/president is located.
3. PHONE - Self explanatory.
4. FISCAL YEAR ENDING - Self explanatory.
- 5A Direct labor means all work required for preparation, processing, and packaging of a commodity or work directly related to the performance of a service, but not supervision, administration, inspection or shipping. Work performed by a subcontractor as a regular part of providing the commodity or service would not be included; (However, a subcontract to provide temporary workers would be included as direct labor hours). Include hours for vacation, holiday and sick leave.
- 5B. through 5D. Self explanatory.
- 5E. If during the last twelve months the agency has revised any of the documents used by the Committee to make the verification of nonprofit status, a copy of the revised documents must be sent to the Committee. For private nonprofit agencies this would include the Articles of Incorporation and Bylaws; for State operated agencies this would include State Statutes and Implementing Regulations. Check the block to indicate whether or not changes have been made and if so, fill in the appropriate information.
- 5F. Self explanatory.
- 6A. Enter the total direct labor hours paid to people who are blind for the fiscal year, October 1 of last year through September 30 of this year.
- 6B. Enter the total direct labor hours paid to people who are sighted for the fiscal year.
- 6C. This is the sum of items 6A and 6B. It should be the total of all direct labor work performed by the agency in the fiscal year.
- 6D. Under blind only indicate the number of people who have been employed by the agency in the last fiscal year who only have blindness as a disability. Under blind with other disability indicate the number of people who are blind and have an additional physical or mental disability. The total is the sum of blind only and blind with other disability.
- 7A. Enter the direct labor hours paid to all JWOD employees who are blind for the fiscal year, October 1 of last year through September 30 of this year. Under products, list the hours for all JWOD products; under services, list the hours for all JWOD services.

- 7B. Enter the direct labor hours paid to all JWOD employees who are sighted for the fiscal year, breaking them out for JWOD products and services.
- 7C. This is the sum of items 7A and 7B. It should be the total of all JWOD direct labor work performed by the agency during the fiscal year.
- 7D. This is the percentage of direct labor hours paid to people who are blind on JWOD product and service contracts. Figure this percentage by dividing the amount in line 7A by the amount in line 7C.
- 7E. Indicate the number of people who are blind only working in products; the number of blind only working in services; and the total under the appropriate column.
- 7F. Indicate the number of people who are blind with other severe disabilities working in products; the number of people who are blind with other severe disabilities working in services; and the total under the appropriate column.
- 7G. Indicate the total of people who are blind only and blind with other severe disabilities from items 7E and 7F in the appropriate columns. The total should equal the number of people who are blind that have been employed on JWOD projects in the last fiscal year.
- 7H. Indicate the total amount of wages paid to JWOD employees who are blind. This total should include vacation, holiday, sick leave pay, and cash health and welfare payments required by the Service Contract Act.
- 8A. Indicate the number of people who are blind that have been placed into competitive employment during the last fiscal year. The number is to be broken down to indicate placement from JWOD projects, non JWOD projects, and direct placements as well as the agency total. Placement of an individual onto a JWOD job can only be counted if the individual's hours are not counted towards the 75% direct labor ratio requirement. It is important to note the definition of competitive employment used by the Committee: that the individual is capable of obtaining and maintaining the job without assistance. This means that supported employment positions are not considered competitive employment. Direct placement means that the agency placed an individual into a competitive job, but the individual never performed direct labor at the agency.
- 8B. Indicate the number of people who are blind that have been placed into supported employment during the last fiscal year. The number is to be broken down to indicate placement from JWOD projects and non JWOD projects and direct placements as well as the agency total. These placements would be all workers who had been placed into positions other than competitive employment. Placement of an individual onto a JWOD job does not count towards this total. . Direct placement means that the agency placed an individual into a supported job, but the individual never performed direct labor at the agency.

- 8C. This question seeks information on people who are blind who are working for the agency, not in supervisory or management positions, (whether a in a client or other employee status) and who were promoted to a new job or workstation within the agency that paid increased wages or benefits. This question should not include individuals whose wage increased due to cost of living raises or productivity increases. Do not include people who continued to perform the same job but were hired from a client status into a permanent employee status.
- 8D. This question seeks information on people who are blind who are working for the agency (whether a client or other employee status) and who were promoted to a new job or workstation within the agency that paid increased wages or benefits and which included increased supervisory, management or technical skills. This question should not include individuals whose wage increased due to cost of living raises or productivity increases. Do not include people who continued to perform the same job but were hired from a client status into a permanent employee status.
- 9A. JWOD sales are broken into three categories: Military Resale, Products and Services. Report only the value of those Military Resale items that were produced in the agency. Services are items that were added to the Procurement List as services and products are items that were added to the Procurement List as products. Report on each line the sales from the previous fiscal year. Line 4 is the total JWOD sales and will equal the sum of lines 1 through 3.
- 9B. Indicate sales by Base Supply Centers to Federal customers. Those agencies that sell directly to Base Supply Centers should continue to record those sales as JWOD sales.
- 9C. Indicate the total of any Federal sales not recorded as JWOD sales or Base Supply Center sales.
- 9D. Indicate the total of all other agency sales and subcontracting work.
- 9E. Total agency sales is the sum of 9A, 9B and 9C.

**Paperwork Burden Statement:**

The information collected by this form is mandatory and required in order for the nonprofit agency to obtain or retain the benefits of participation in the JWOD Program (41 U.S.C. 46-48c, 41 CFR 51); this information is used to ensure that nonprofit agencies participating in the JWOD Program are meeting the Program's requirements; comments may be submitted to Janet Yandik, Committee For Purchase From People Who Are Blind or Severely Disabled, Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway, Arlington, VA 22202-3259; the estimated burden per respondent is three hours and the cost of sending the form to NIB; the OMB approval number is 3037-0001; the expiration date is 03/31/2006.

<b>ANNUAL CERTIFICATION – QUALIFIED NONPROFIT AGENCY SERVING PEOPLE WHO ARE SEVERELY DISABLED</b>		APPROVED OMB NO. 3037-0002 EXPIRES 03/31/2006	
<b>TO: COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED</b>			
<b>1. NAME OF AGENCY:</b>			
<b>2. ADDRESS:</b>			
<b>3. PHONE:</b>		<b>4. FISCAL YEAR ENDING:</b>	
<b>5. WE CERTIFY THAT:</b>			
<p>A. Data in Items 6A and 7A are the direct labor hours paid to employees of the agency who are blind or have other severe disabilities as defined in 41 CFR 51-1.3 of the Committee regulations. Data in items 6B and 7B are the direct labor of people who do not meet the Committee's definition of blind or otherwise severely disabled. Both sets of hours include vacation, holiday and paid sick leave. Any direct labor performed by temporary employees or agencies is included. (If direct labor hours were performed at addresses other than that in item 2, list all additional location(s) on a separate page.)</p> <p>B. There is a file containing adequate evidence of disability and an annual review for competitive employability on each direct labor employee who is blind or has other severe disabilities, including both JWOD and non-JWOD, verifying that the individual meets the Committee's criteria per 41 CFR 51-4.3. (If any of these files are located at an address(es) other than that in item 2, list additional location(s) on a separate page.)</p> <p>C. An ongoing placement program as required by 41 CFR 51-4.3 is operated by or for the agency.</p> <p>D. The agency is in compliance with applicable Occupational Safety and Health Act (OSHA) standards as prescribed by the Secretary of Labor. The agency has, at a minimum, a hazard safety plan. (If the agency was inspected and citations were received, attached the inspector's report.)</p> <p>E. Have there been any changes to your corporate Articles/State Statutes or Bylaws/Implementing Regs. During the most recent fiscal year? Yes ___ No ___. If yes, 1) Dates(s) of change: Articles/State Statutes _____ Bylaws/Implementing Regs. _____; and 2) Copies of changes are attached ___OR changes were submitted to the Committee on _____.</p> <p>F. The data on the reverse side reflect agency operations for the fiscal year indicated in item 4.</p> <p>THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER TITLE 18 USC 1001.</p>			
SIGNATURE – OFFICER OF BOARD		SIGNATURE – AGENCY EXECUTIVE	
(SIGN)→		(SIGN)→	
NAME: (PRINT)		NAME: (PRINT)	
TITLE: (PRINT)		TITLE: (PRINT)	
		EMAIL ADDRESS:	
<b>NISH REVIEW</b>			
SIGNATURE – NISH OFFICER		DATE:	
(SIGN)→			
NAME: (PRINT)			
TITLE: (PRINT)			

COMMITTEE FORM 404 (Rev 03/31/2006)

ANNUAL AGENCY OPERATIONS  
Fiscal Year Ending September 30, \_\_\_\_\_

<b>6. INCLUDE IN THIS SECTION DATA FOR TOTAL AGENCY</b>				
	HOURS	PERCENT		
A. Direct labor hours paid to people with severe disabilities				
B. Direct labor hours paid to people without severe disabilities				
C. Total direct labor hours (A + B)				
	Blind	Total		
D. Total number of severely disabled direct labor employees (regardless of hours worked)				
<b>7. INCLUDE IN THIS SECTION DATA FOR WORK PERFORMED UNDER JAVITS-WAGNER-O'DAY (JWOD) ACT ONLY</b>				
	PRODUCTS	SERVICES		
A. Direct labor hours paid to people with severe disabilities				
B. Direct labor hours paid to people without severe disabilities				
C. Total direct labor hours (A + B)				
D. Percent of direct labor by people with severe disabilities				
E. Number of people who are blind working in:				
F. Total number of people with severe disabilities: (regardless of hours worked and including those in 7E)				
G. JWOD direct labor wages paid to people with severe disabilities (Include Health and Welfare [cash payments only], vacation, holiday and sick leave pay)			\$	
<b>8. INCLUDE IN THIS SECTION INFORMATION ON AGENCY AND JWOD PLACEMENT AND PROMOTION OF PEOPLE WITH SEVERE DISABILITIES</b>				
	JWOD	NON-JWOD	DIRECT PLACEMENT	TOTAL
A. Placed into competitive employment from				
B. Placed into supported employment from				
C. Promoted into a new job, other than supervisory or management positions, that included increased wages and/or benefits, not cost of living raises or productivity increases				
D. Promoted into a new job requiring supervisory, management or technical skills, that included increased wages and/or benefits, not cost of living raises or productivity increases				
<b>9. AGENCY AND JWOD SALES DATA</b>				
A. Sales of procurement List Items				
1. Military Resale (Direct)				
2. Sales from JWOD Products				
3. Sales from JWOD Services				
4. Total JWOD Sales				
B. Base Supply Centers				
C. Other Federal Sales				
D. Other Sales and Subcontracting				
E. Total Agency Sales				

**COMMITTEE FORM 404 (Rev 03/31/2006)**

**INSTRUCTIONS FOR ANNUAL CERTIFICATION  
FORM 404**

1. NAME OF AGENCY - Use the incorporated name of the agency as stated in your Articles of Incorporation.
2. ADDRESS - The address should normally be the address where the executive director/president is located.
3. PHONE - Self explanatory.
4. FISCAL YEAR ENDING - Self explanatory.
- 5A Direct labor means all work required for preparation, processing, and packaging of a commodity or work directly related to the performance of a service, but not supervision, administration, inspection or shipping. Work performed by a subcontractor as a regular part of providing the commodity or service would not be included; (However, a subcontract to provide temporary workers would be included as direct labor hours). Include hours for vacation, holiday and sick leave.
- 5B. through 5D. Self explanatory.
- 5E. If during the last twelve months the agency has revised any of the documents used by the Committee to make the verification of nonprofit status, a copy of the revised documents must be sent to the Committee. For private nonprofit agencies this would include the Articles of Incorporation and Bylaws; for State operated agencies this would include State Statutes and Implementing Regulations. Check the block to indicate whether or not changes have been made and if so, fill in the appropriate information.
- 5F. Self explanatory.
- 6A. Enter the total direct labor hours paid to people with severe disabilities for the fiscal year, October 1 of last year through September 30 of this year.
- 6B. Enter the total direct labor hours paid to people without severe disabilities for the fiscal year.
- 6C. This is the sum of items 6A and 6B. It should be the total of all direct labor work performed by the agency in the fiscal year.
- 6D. Under blind indicate the number of people who have been employed by the agency in the last fiscal year who have blindness as a disability. Under total indicate the number of people, including those who are blind, who have been employed by the agency in the last fiscal year.

7A. Enter the direct labor hours paid to all JWOD employees who with severe disabilities for the fiscal year, October 1 of last year through September 30 of this year. Under products, list the hours for all JWOD products; under services, list the hours for all JWOD services.

7B. Enter the direct labor hours paid to all JWOD employees who are sighted for the fiscal year, breaking them out for JWOD products and services.

7C. This is the sum of items 7A and 7B. It should be the total of all JWOD direct labor work performed by the agency during the fiscal year.

7D. This is the percentage of direct labor hours paid to people with severe disabilities on JWOD product and service contracts. Figure this percentage by dividing the amount in line 7A by the amount in line 7C.

7E. Indicate the number of people who have blindness as a disability that have worked on JWOD products during the last year; the number of people who have blindness as a disability that have worked on JWOD services; and the total under the appropriate columns.

7F. Indicate the total number of people, including those who are blind, that have worked on JWOD Products during the last year; Indicate the total number of people, including those who are blind, that have worked on JWOD Services during the last year; and the total under the appropriate columns

7G. Indicate the total amount of wages paid to JWOD employees with severe disabilities. This total should include vacation, holiday, sick leave pay, and cash health and welfare payments required by the Service Contract Act.

8A. Indicate the number of people with severe disabilities that have been placed into competitive employment during the last fiscal year. The number is to be broken down to indicate placement from JWOD projects, non JWOD projects, and direct placements as well as the agency total. Placement of an individual onto a JWOD job can only be counted if the individual's hours are not counted towards the 75% direct labor ratio requirement. It is important to note the definition of competitive employment used by the Committee: that the individual is capable of obtaining and maintaining the job without assistance. This means that supported employment positions are not considered competitive employment. Direct placement means that the agency placed an individual into a competitive job, but the individual never performed direct labor at the agency.

8B. Indicate the number of people with severe disabilities that have been placed into supported employment during the last fiscal year. The number is to be broken down to indicate placement from JWOD projects and non JWOD projects and direct placements as well as the agency total. These placements would be all workers who had been placed into positions other than competitive employment. Placement of an individual onto a JWOD job does not count towards this total. Direct placement means that the agency placed an individual into a supported job, but the individual never performed direct labor at the agency.

8C. This question seeks information on people with severe disabilities who are working for the agency, not in supervisory or management positions, (whether a in a client or other employee status) and who were promoted to a new job or workstation within the agency that paid increased wages or benefits. This question should not include individuals whose wage increased due to cost of living raises or productivity increases. Do not include people who continued to perform the same job but were hired from a client status into a permanent employee status.

8D. This question seeks information on people with severe disabilities are who are working for the agency (whether a client or other employee status) and who were promoted to a new job or workstation within the agency that paid increased wages or benefits and which included increased supervisory, management or technical skills. This question should not include individuals whose wage increased due to cost of living raises or productivity increases. Do not include people who continued to perform the same job but were hired from a client status into a permanent employee status.

9A. JWOD sales are broken into three categories: Military Resale, Products and Services. Report only the value of those Military Resale items that were produced in the agency. Services are items that were added to the Procurement List as services and products are items that were added to the Procurement List as products. Report on each line the sales from the previous fiscal year. Line 4 is the total JWOD sales and will equal the sum of lines 1 through 3.

9B. Indicate sales by Base Supply Centers to Federal customers. Those agencies that sell directly to Base Supply Centers should continue to record those sales as JWOD sales.

9C. Indicate the total of any Federal sales not recorded as JWOD sales or Base Supply Center sales.

9D. Indicate the total of all other agency sales and subcontracting work.

9E. Total agency sales is the sum of 9A, 9B and 9C.

#### Paperwork Burden Statement:

The information collected by this form is mandatory and required in order for the nonprofit agency to obtain or retain the benefits of participation in the JWOD Program (41 U.S.C. 46-48c, 41 CFR 51); this information is used to ensure that nonprofit agencies participating in the JWOD Program are meeting the Program's requirements; comments may be submitted to Janet Yandik, Committee For Purchase From People Who Are Blind or Severely Disabled, Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway, Arlington, VA 22202-3259; the estimated burden per respondent is three hours and the cost of sending the form to NIB; the OMB approval number is 3037-0002; the expiration date is 03/31/2006.

**SAMPLE LETTER for NIB AGENCY with total JWOD ratio below 75 percent**

Appendix 2

CERTIFIED MAIL - P 123 456 789

Mr. John Doe  
Executive Director  
Rehabilitation Agency Serving  
People Who are Blind  
1234 Anystreet  
Anytown, USA 56789

Dear Mr. Doe:

You recently submitted Committee Form 403, entitled "Annual Certification - Nonprofit Agency Serving People who are Blind," for the Fiscal Year ending September 30, 2003. Upon review of that form, it was noted that your organization failed to employ people who are blind for 75 percent of the total work hours of direct labor performed on JWOD projects in your nonprofit agency during Fiscal Year 2003. As a result, you were not in compliance with the total JWOD project direct labor requirement of the Committee.

It is understood that this condition is being corrected and that your nonprofit agency expects to meet the 75 percent direct labor ratio during Fiscal Year 2004. To enable the Committee to monitor your progress, you must submit directly to this office a copy of your quarterly report to NIB. These reports of direct labor hours must be submitted at the end of each quarter during Fiscal Year 2004 in accordance with the schedule shown below. They must reflect **CUMULATIVE** data from October 1, 2003, through the end of the period covered by each report and must reach **this office** by the 30th of the month following the end of the reporting period.

Failure to submit the above reports may result in withdrawal of the Committee's approval of your nonprofit agency as a "qualified agency serving people who are blind," as well as your nonprofit agency's authorization to produce products or provide services to entities of the Government under the provisions of the JWOD Act.

It is expected that your organization will achieve the required 75 percent direct labor ratio for Fiscal Year 2004. In the event you fail to have blind individuals perform at least 75 percent of the total JWOD direct labor hours at your nonprofit agency during Fiscal Year 2004, you will be required to present a case to the Committee documenting why the Committee should not withdraw your nonprofit agency's authorization to produce commodities or provide services under the provisions of 41 U.S.C. 46-48c.

On behalf of the current and potential employees of your organization who are blind, I urge you to immediately take the steps necessary to achieve the 75 percent direct labor ratio required for continued participation in the JWOD Program.

Sincerely,

Steve Schwalb  
Committee Chairman

**SAMPLE LETTER for NISH AGENCY with Overall ratio below 75 percent**

Appendix 2

CERTIFIED MAIL - P 123 456 789

Mr. John Doe  
Executive Director  
Rehabilitation Agency Serving  
People Who are Severely Disabled  
1234 Anystreet  
Anytown, USA 56789

Dear Mr. Doe:

You recently submitted Committee Form 404, entitled "Annual Certification - Nonprofit Agency Serving People with Severe Disabilities," for the Fiscal Year ending September 30, 2003. Upon review of that form, it was noted that your organization failed to employ people with severe disabilities for 75 percent of the total work hours of direct labor performed in your nonprofit agency during Fiscal Year 2003. As a result, you were not in compliance with the direct labor requirement of the Javits-Wagner-O'Day (JWOD) Act.

It is understood that this condition is being corrected and that your nonprofit agency expects to meet the 75 percent direct labor ratio during Fiscal Year 2004. To enable the Committee to monitor your progress, you must submit directly to this office a copy of your quarterly report to NISH. These reports of direct labor hours must be submitted at the end of each quarter during Fiscal Year 2004 in accordance with the schedule shown below. They must reflect **CUMULATIVE** data from October 1, 2003, through the end of the period covered by each report and must reach **this office** by the 30th of the month following the end of the reporting period.

Failure to submit the above reports may result in withdrawal of the Committee's approval of your nonprofit agency as a "qualified agency for the other severely disabled," as well as your nonprofit agency's authorization to produce commodities or provide services to entities of the Government under the provisions of the JWOD Act.

It is expected that your organization will achieve the required 75 percent direct labor ratio for Fiscal Year 2004. In the event you fail to have severely disabled individuals perform at least 75 percent of the total direct labor work hours at your nonprofit agency during Fiscal Year 2004, you will be required to present a case to the Committee documenting why the Committee should not withdraw your nonprofit agency's authorization to produce commodities or provide services under the provisions of 41 U.S.C. 46-48c.

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On behalf of the current and potential employees of your organization who are severely disabled, I urge you to immediately take the steps necessary to achieve the 75 percent direct labor ratio required for continued participation in the JWOD Program.

Sincerely,

Steve Schwalb  
Committee Chairman