

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**Structure and Management
Options for
Virginia Industries for
the Blind Program**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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E. Gayle Nowell, Research Associate
Marcia A. Melton, Executive Secretary

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**Report of the
Joint Subcommittee to Study Structure and Management
Options for Virginia Industries for the Blind Program
to
The Governor and the General Assembly of Virginia
Richmond, Virginia**

**To: Honorable Lawrence Douglas Wilder, Governor of Virginia,
and
The General Assembly of Virginia**

AUTHORITY FOR STUDY

The Joint Subcommittee to Study Structure and Management Options for the Virginia Industries for the Blind Program was created pursuant to House Joint Resolution No. 418 (1989), which directs the subcommittee to evaluate, among other things, (i) the benefits and problems associated with maintaining current operations, (ii) contracting for workshop services or management, (iii) merging with other existing workshops, and (iv) introducing new product lines and service models such as off-site enclaves or supported employment and on-site work activities. The Joint Subcommittee is directed to complete its work and present its recommendations to the 1990 Session of the General Assembly. (See attachment 1)

EXECUTIVE SUMMARY

There are approximately 5,000 legally blind individuals of working age currently living in the Commonwealth. Of the blind individuals whose numbers have been documented, national statistics show that about seventy percent of those who are of working age are unemployed. Barriers to employment are varied and include blatant discrimination, inadequate or no rehabilitation, including special education in the schools, lack of job search and life training skills, low quality or absence of placement activities, public and private insurance disincentives, and multiple handicaps in addition to blindness.

The Virginia Industries for the Blind is a program overseen by the Virginia Department for the Visually Handicapped. The Industries is an enterprise of two industrial workshops, located in Richmond and Charlottesville, which provides industrial training and work as well as a variety of services to blind individuals. For some workers, training is transitory for a return to the competitive marketplace, but for others it is an appropriate long-term placement work activity. Workshop employment is but one step on a continuum of services needed by legally blind and visually handicapped persons. Services provided to blind clients include job and equipment modification; work training; various types of diagnostic evaluation; development of appropriate programs to meet the specific needs of each client; job placement, including competitive employment; and follow-up evaluation. Since these types of services, which are necessary to ensure that the needs of blind workers are met to enable them to lead productive and independent lives, are not provided by traditional industrial employment, profitability of the Industries is not the only indicator of its success.

The Joint Subcommittee dealt with a variety of issues and problems which were identified by the public and the Industry with regard to its operation. In response to these issues and suggestions for change, the Joint Subcommittee made a number of recommendations. A detailed explanation can be found in the body of this report.

The Joint Subcommittee recommends that:

- The Virginia Industries for the Blind program remain a vital part of the Virginia Department for the Visually Handicapped. Separation of the program from the agency is not seen to be a viable option at this time due to a number of budgetary and funding constraints and because first consideration must be given to meeting the need for services to blind citizens of this Commonwealth. Consolidation with workshops which provide services to other handicapped individuals is not a viable option for the same reasons.
- Marketing specialists be employed to work with each Industry facility to enhance product development and increase sales. Such increases can positively affect the profitability of the Industry as well as allow for expansion which would translate into additional jobs for blind clients in need of employment.
- Advisory boards be created for each Industry facility. These boards, although not policy-making boards, would be comprised of members of the business community who could provide advice on business trends, the labor market, product lines, and other valuable technical information. The board could also serve as a network of public relations for the rest of the community. In addition to providing such guidance, the board would also be given the opportunity to comment on policies and budget considerations with regard to the Industries.
- The General Assembly reinstate funding to the Department for the Visually Handicapped for the Industries program which would enable it to meet rehabilitative and vocational goals outlined by the Department and the Joint Subcommittee. Although required by the General Assembly to spend down its reserve fund since 1984 to make up for short-falls in revenue, the Industries will deplete that fund in the near future. All other sheltered workshops in the state continue to receive state subsidies and have never been profitable entities. The Industries provides unique services to blind and visually impaired individuals which enable them to lead independent lives, but such additional services in a labor-intensive operation such as the Industries deplete the profit margin when compared to a regular business. In the future, the General Assembly should continue to fund the Industries as other sheltered workshops based on a budget proposal submitted by the Department. It should be the policy of the General Assembly to recognize that the provision of services to the visually handicapped, as well as other disabilities, is a priority issue and should not be subjugated to dependence upon the profitability of a workshop entity. Although profitability is admirable and should be the ultimate goal of any such manufacturing facility, it cannot be the ultimate determinant in the provision of services.

- The Department continue renewed efforts to place eligible clients into competitive or supported employment positions.
- The Department hire two vocational specialists to provide rehabilitation services as well as work adjustment, transitional work, and training to blind, visually handicapped, and multiple-handicapped blind persons. These services are necessary to enable individuals to move from the workshops into competitive employment. Emphasis must be placed on the needs and abilities of the client rather than the financial status of the Industries or any other service-provision entity.
- The Department continue its implementation of a cost accounting system. Approval has been received for such a system change and recruitment for an accounting manager is under way. The Joint Subcommittee views this change as a positive effort to provide better information on production efforts as well as to allow greater flexibility in accounting and production decisions which could enhance profitability.
- The Department continue to evaluate the establishment of satellite workshops which would extend employment opportunities for blind and visually impaired Virginians to other areas of the state. Industry facilities are currently located in Richmond and Charlottesville, but they serve only a portion of the blind population who may be desirous or capable of industrial employment.
- The joint subcommittee be continued in order to meet one time during the interim to evaluate the implementation of recommended changes.

BACKGROUND

Definitions

"Blind person" means "a person having not better than 20/200 central visual acuity in the better eye measured at twenty feet with correcting lenses or have visual acuity greater than 20/200 but with the widest diameter of the visual field in the better eye subtending an angle of no greater than twenty degrees, measured at a distance of thirty-three centimeters using a three-millimeter white test object, or a Goldman III-4e target, or other equivalent equipment. Such blindness test shall be certified by a duly licensed physician or optometrist." (See § 63.1-142)

"Visually handicapped person" means a person who suffers from a distinct visual impairment but who is not legally blind by definition. As a result, visually handicapped individuals are not included in any of the statistics on the legally blind population either by the state or the National Industries for the Blind.

Benefits

Recent studies have shown that there is a \$5.55 return on every dollar invested in rehabilitation. However, the cost benefits of rehabilitation go far beyond the taxes paid back into the system once an individual is rehabilitated and placed in employment. Prior to receiving

rehabilitation services, many individuals receive various types of financial subsidies, such as Supplemental Security Income (SSI), Social Security Disability Income (SSDI), Medicaid, Medicare, food stamps, and general relief.

SSI is paid to eligible persons with disabilities who are not gainfully employed. Substantial gainful employment, as defined by the U.S. Department of Health and Human Services, means doing significant and productive physical or mental work for pay or profit. Generally, the rule is that work is substantial and gainful if monthly gross wages average over \$300 or are between \$190 and \$300 if the amount and quality of work done is about the same as that done by nondisabled workers in the same job. In 1989, blind individuals could earn up to \$750 per month before earnings were considered substantial gainful activity. About 2.5 percent of the disabled population in Virginia who received SSI payments in 1989 were blind or visually handicapped. This statistic translates into 1500 individuals who received an average of \$241 per month in payments for a total of \$4,338,000 paid out in Virginia during the 1988 fiscal year.

SSDI is paid to disabled individuals who are not gainfully employed but who have had at least five years of work experience. Of the 66,660 disabled workers who received SSDI payments in 1988, approximately 1,676 were blind or visually impaired. Average monthly SSDI payment was \$513 for a total of \$10,622,124 spent in the 1988 fiscal year.

Most of these individuals were also receiving some type of medical assistance in the form of Medicaid or Medicare. Generally, Medicare ends when Social Security disability payments stop, but these payments can continue for up to 39 months after the trial work period if certain conditions are met. Continued Medicaid coverage is available if an individual is disabled or blind, under 65, unable to afford similar medical care, and is unable to work without Medicaid.

Job placement allows an individual to become a taxpayer rather than a tax consumer. Investments in work programs not only benefit the individuals served by such facilities, but also have a positive cost benefit to the state and federal tax base while eliminating or reducing costly subsidies. Also, the Department for the Visually Handicapped is reimbursed by the Social Security Administration for expenses incurred to train and place a blind individual in gainful employment, thereby deleting or decreasing the need for direct government subsidy.

OVERVIEW

Organization

Virginia Industries for the Blind, a unit of the Virginia Department for the Visually Handicapped, is placed within the Division of Enterprises and overseen by the Deputy Commissioner for Enterprises. It is an affiliated workshop of the National Industries for the Blind. The Industries is composed of a Richmond worksite and a Charlottesville one, each supervised by an industry manager. The Charlottesville industry also employs one assistant manager for production and one for administration, four foremen who directly supervise the workforce, and support and clerical staff. The smaller Richmond facility employs two foremen, plus support and clerical staff. One foreman position now remains vacant until new products or services are introduced.

Federal and Statutory Authority

The Javits-Wagner-O'Day Act (Public Law 92-29), enabling legislation for the operation of sheltered workshops for the blind, allows the Industries to set aside certain commodities and services for manufacture in blind sheltered workshops. Contracts for such services are negotiated through the National Industries for the Blind, which receives 3.34% of the money received from the contracts. Section 63.1-73 of the Code of Virginia authorizes the Department for the Visually Handicapped to establish, equip, and maintain workshops for the employment of blind persons and to use workshop earnings to fund itself. Section 2.1-450 of the Code, sometimes referred to as the State Use Law, permits the Department to sell certain goods and services to the Commonwealth if appropriate criteria are met. Neither federal nor state law prohibits Virginia Industries for the Blind from selling commodities or services directly to the public or from subcontracting with private enterprise to provide services or labor for manufacturing commodities.

National Industries for the Blind

The certificate of incorporation for the National Industries for the Blind, with whom the Virginia Industries has a working relationship, requires it to act in the best interests of "blind persons in general and blind workers in particular." To accomplish its purpose, NIB acts as the Central Nonprofit Agency (CNA) for qualified workshops for the blind under the Javits-Wagner-O'Day Act. This law gives priority, after federal prison industries, to blind workshops to provide services to the federal government. To qualify for the program through NIB, an agency must meet three basic criteria: incorporation under state nonprofit status; incorporation to serve blind persons; and no less than 75% of the direct labor must be done by persons who are legally blind. In order to participate, workshops must (i) continue to meet the basic criteria, (ii) have the capacity to supply the product or service, (iii) meet the government requirements for quality and delivery, and (iv) accept the fair market price established by the Committee for Purchases from the Blind and Other Severely Handicapped. A 1971 amendment to the act allowed the workshops to provide services, other than manufactured products, to the federal government with no priority constraints.

NIB-associated workshops provide employment opportunities for about 6,000 blind and multihandicapped blind persons. While blindness is the primary handicap, approximately 50% did not graduate from high school (compared to 23% of the general population), and 23% are age 55 or older. Annual turnover nationally is about 1000 workers per year as a result of relocation, movement into competitive employment, or retirement.

The NIB estimates that, if there were no barriers, approximately 55,000 blind persons across the nation could be employed in direct labor. Additional barriers to work include age, transportation, housing, and general disinclination to work. Additionally, many other workers could be employed in clerical, quality assurance, and executive positions.

Mission and Goals of Program

According to the Department for the Visually Handicapped, "it is the mission of the Virginia Industries for the Blind Program to provide work activities, on-the-job training, employment, and outward placement which will maximize the potential of those blind and visually impaired citizens of the Commonwealth who need and desire industrial employment through the operation of sheltered workshops which work toward economic independence and competitive community status."

To achieve this mission, the Department has developed a five-year plan which identifies and prioritizes the goals and strategies by which those goals will be realized. The goals are prioritized as follows:

1. To provide industrial employment opportunities for blind and visually impaired Virginians.
2. To develop, implement, and maintain work adjustment and trial work services.
3. To provide on-the-job training in industrial employment for blind and visually impaired individuals.
4. To provide outward placement into competitive employment for Virginia Industries for the Blind workers who have achieved competitive employment levels.
5. To ensure effective and efficient management of the Virginia Industries for the Blind.
6. To pursue economic independence of the Virginia Industries for the Blind.

A complete outline of each goal with accompanying objectives and strategies, as recently revised by the Department, is found in Attachment 2.

Client Entry into System

The needs of the blind or visually impaired client are the primary interest of the program. Transitional employment, while desirable, is not always the appropriate place for every individual, and, for that reason, long-term sheltered employment may be the optimum placement. Regardless of the final disposition, client entry into this system includes referral of a client with vocational needs to a vocational rehabilitation counselor who does a diagnostic (medical, social, and psychological) evaluation to determine potential; development of a program to serve identified needs, including work adjustment, college training, and work training; job placement; and follow-up evaluation. Rather than being exclusionary, the Department feels that diagnostic testing is primarily a tool to determine where a client belongs.

Programs

Virginia Industries for the Blind at Richmond manufactures pillowcases and foodhandler caps for sale to the federal government, and assembles writing instruments and mop handles for sale to the state. The Department has also subcontracted with a local enterprise to produce pillowcovers, separate virgin cloth, and fold rags.

The Industry located in Charlottesville produces new and renovates old mattresses for sale to all levels of government as well as the public. In addition, workers manufacture mopheads for sale to the state, high jump and pole vault pads and other pads for state entities and private enterprise, disposable pillows for the Medical College of Virginia and University of Virginia Hospitals, and futon mattresses for a private business. Other products and services are in various stages of development at both sites.

Clients Who Might Benefit From Program

According to information provided by the Bureau of Information Systems, as of May 19, 1989, there were 17,441 legally blind individuals residing in Virginia (See Attachment 3 for a locality-by-locality table.) Documenting numbers of potential clients is difficult for a variety of reasons. Although § 63.1-71 requires the reporting and maintenance of a register of those persons determined to be legally blind as defined by the Code, compliance is sketchy. Additionally, it is the policy of the census bureau not to consider an individual disabled if he is working.

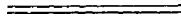
Of the individuals who have been identified in the state, the Department for the Visually Handicapped estimates that approximately 120 could benefit from a program such as the Industries. This number includes the 90 individuals currently employed at the two facilities. Estimating a total number must take into consideration a number of variables, including the client's willingness to relocate, his ability to perform the work, his adjustment to blindness, as well as social, mental, emotional, or other problems which might affect the client's ability to enter the program.

Salaries and Benefits

There are presently 90 blind workers in the Industries program - 60 in Charlottesville and 30 in Richmond. The program also employs 22 sighted workers. Salaries range from \$3.35 to \$6.73 per hour (Table 1).

Table 1

INDUSTRIES PRODUCTION WORKERS



Salary Scales

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A	3.35	3.43	3.51	3.59	3.68	3.77	3.86	3.95	4.04	4.14	4.24	4.34	4.44	4.54	4.65	4.76
B	3.77	3.86	3.95	4.04	4.14	4.24	4.34	4.44	4.54	4.65	4.76	4.87	4.98	5.10	5.22	5.34
C	4.24	4.34	4.44	4.54	4.65	4.76	4.87	4.98	5.10	5.22	5.34	5.47	5.60	5.73	5.86	6.00
D	4.76	4.87	4.96	5.10	5.22	5.34	5.47	5.60	5.73	5.86	6.00	6.14	6.28	6.43	6.58	6.73

House Bill No. 1263 (1989), which amended § 2.1-116 of the Code, specifically exempts production workers for the Industries from the Virginia Personnel Act.

State health insurance is offered to all industry workers, with basic individual Blue Cross/Blue Shield coverage paid in full by the Industry. Keycare and HMO's are offered at minimal cost to the employee and range from \$3.00 to \$13.24 per month. Family coverage is partially supplemented by the Industries. Life insurance is offered to all production workers and consists of a \$10,000 death benefit with the cost split equally between the employee and the Industry. All workers earn annual and sick leave.

Fringe benefits are increasing in the Industries, as in other jobs, but because the production here is highly labor-intensive with a low profit margin, these benefits occupy a large proportion of the budget. Fringe benefits are higher at the Industries than in other sheltered workshop facilities. Also, comments were received by the joint subcommittee which indicate that the high pay scale at the Industries is a disincentive to move into competitive employment when available and appropriate.

Revenues

The Industries program operates from the earned revenues of the two facilities with the exception of a small amount of state funds in the current biennium, amounting to approximately \$95,000 in FY 89 and \$25,000 in FY 90. As of November, 1989, approximately \$500,000 in operating reserves were available to the Industries, but these reserves are rapidly being depleted.

Funding

Funding for the Industries program comes from several sources including the general fund, federal trust funds, and earned revenue. The Department has provided the following information on expenditures by the Industries for the past ten years as well as sales and profit/loss figures. (Tables 2 and 3)

Table 2

VIRGINIA INDUSTRIES FOR THE BLIND
EXPENDITURES BY FUND

TEN YEARS - 1978-1988

YEAR	GENERAL FUND	FEDERAL TRUST FUNDS	EARNED REVENUE	TOTAL FUNDS
1978/79	\$260,515	\$30,000	\$2,798,315	\$3,088,830
1979/80	\$289,875	\$68,361	\$2,384,332	\$2,742,568
1980/81	\$318,828	\$17,234	\$2,705,142	\$3,041,204
1981/82	\$313,100	\$14,497	\$2,765,041	\$3,092,638
1982/83	\$266,611	\$39,870	\$2,516,242	\$2,822,723
1983/84	\$283,909	\$24,847	\$3,748,504	\$4,057,260
1984/85	\$199,983	\$48,657	\$3,906,379	\$4,155,019
1985/86	\$119,000	\$48,856	\$3,650,197	\$3,818,053
1986/87	\$15,470	\$37,886	\$4,121,581	\$4,174,937
1987/88	\$64,510	\$84,324	\$3,974,826	\$4,123,660

Table 3*

VIRGINIA INDUSTRIES FOR THE BLIND
SALES & PROFIT (LOSS)

TEN YEARS - 1978-1988

YEAR	TOTAL SALES	TOTAL PROFIT (LOSS)	PROFIT (LOSS) WITHOUT STATE FEDERAL FUNDS
1978/79	Not available		
1979/80	Not available		
1980/81	\$2,775,426	(\$18,047)	(\$354,109)
1981/82	\$3,026,137	\$204,707	(\$122,890)
1982/83	\$2,785,326	\$236,478	(\$74,469)
1983/84	\$4,256,079	\$206,400	(\$104,900)
1984/85	\$3,975,848	\$297,147	\$47,952
1985/86	\$3,689,575	(\$59,368)	(\$227,077)
1986/87	\$3,943,485	\$53,281	(\$2,106)
1987/88	\$4,184,940	\$114,367	(\$40,861)

*The second schedule shows total sales, total profit (loss) and profit (loss) before the state and federal funds were included. Information was not available by product lines and there is no consistency in the information that is available since the Department did not track information for all products before 1987. Profit and loss figures were obtained from annual financial statements from each program.

Very little effort has been directed to other types of fund raising. Any funds raised become state funds and are subject to the same restrictions as other state funds. The Industries did attempt to use agency endowment funds as an alternative to state funding, but it was later determined that this was an inappropriate use of endowment funds as they can only be used after all state funds have been exhausted. Apparently as long as there is working capital available to the Industries any additional funds raised would go into agency endowment funds but might not be immediately available to the Industries. At one time, the agency received a grant of \$5,000 from the Virginia Foundation for the Blind for the purchase of equipment, but the Foundation is now defunct. In order to solicit funds from any other source, the Industries, like all other state agencies, must abide by agency and state solicitation policy.

Procurement Procedures

The state bidding process, through which all raw materials and equipment must be purchased, generally increases the amount of time it takes to receive the items. The volume of raw materials needed by the Industries and the cost of equipment most often require that a bid with specifications be written. The bid must be published for 45 consecutive days and usually goes to the lowest bidder. Such time constraints, coupled with other procedures, can cause long delays in purchasing. In addition, the Industries must follow time-consuming state procedures to sell surplus materials and equipment, a process that could bring needed revenues to the agency's reserves. The procurement process also prevents the Industries from taking advantage of end-run or close-out sales by vendors, thereby costing the state rather than saving state funds.

Moreover, if a vendor or supplier fails to live up to contract specifications, a lengthy process through the state system is required to correct the situation. The vendor may eventually be required to repay any losses caused to the Industries, but this does not restore lost time and resources.

If given relief in some purchasing areas, the Industries feels that it could purchase more quickly, terminate contractors with greater ease, take greater advantage of sales and promotions and utilize other types of opportunities which would enhance its profit-making ability.

COMPARATIVE STATE ACTIVITIES

States have organized their Industries programs in a variety of ways as a result of their particular statutory constrictions or philosophy. Information available from the National Industries for the Blind indicates that state operations can be classified into three categories. All listed agencies are associated with the National Industries for the Blind.

State-Owned or -Operated

- Alabama Industries for the Blind
- Arizona Industries for the Blind
- BESB Industries (Connecticut)
- Delaware Division for the Visually Handicapped
- Georgia Industries for the Blind
- Ho'opono Workshop for the Blind (Hawaii)
- Kansas Industries for the Blind
- Kentucky Industries for the Blind
- Blind Industries and Services of Maryland
- Ferguson Industries for the Blind (Massachusetts)
- Mississippi Industries for the Blind
- New Mexico Industries for the Blind
- Oregon Industries for the Blind
- Puerto Rico Industries for the Blind
- Utah Industries for the Blind
- Virginia Industries for the Blind

The list of state agencies which operate like a state organization is even smaller. For example, Arizona Industries operates under its own specific legislation, which gives it more flexibility than a traditional state agency. Blind Industries and Services of Maryland, although established by state legislation, operates for all intents and purposes like a private agency. Certain agencies from the above list may also have special circumstances which increase their ability to function as an employment and manufacturing program more so than would be the case under traditional government organization.

Private Nonprofit

The remaining 67 associated agencies are private nonprofit agencies, governed by a board of directors. However, many of these agencies continue to receive substantial funding from the state. One Industry in North Carolina has indicated that it could receive as much as \$45,000 in unencumbered state dollars in 1989. The North Carolina Vocational Rehabilitation Program also distributes unused federal Section 110 funds to the various private workshops at the end of each fiscal year.

Private

Several agencies, for a variety of reasons, have converted from state to private organization.

- BOSMA Industries for the Blind (Indianapolis)
- Bestwork Industries for the Blind (Westmont, New Jersey)
- Ed Lindsey Industries for the Blind (Nashville)
- West Tennessee Lions Blind Industries (Memphis)
- Wiscraft Incorporated (Milwaukee)

ISSUES AND RECOMMENDATIONS

During its deliberations, the joint subcommittee heard testimony from a variety of sources. The primary interest of all parties is the provision of appropriate services to the blind and visually handicapped which will allow them to pursue a relatively independent life. Appropriateness is dictated by the needs of each individual; for some it is training for a position in competitive enterprise while for others it is placement in sheltered employment. The needs of the client are, and should be, the primary consideration.

To provide continued services to the blind and visually impaired and to attempt to assure equality of treatment for all disabled Virginians, a number of options were considered by the subcommittee. Those options and recommendations, if any, are summarized in the following section.

INCREASE VIABILITY OF CURRENT FACILITIES

There are a number of approaches and suggestions for maintaining current Industry facilities while increasing their productivity and services to the blind population.

- **Subsidize Industry facilities like other workshops for the disabled.**
During the 1984-86 biennium, the General Assembly phased out state support for the Virginia Industries for the Blind program. Sheltered workshops, by definition, are not profit-making entities. Most individuals referred to such programs are unable to be placed directly into the competitive labor market due to certain deficits in their work skills. The reduced productivity of the prospective employees combined with the auxiliary rehabilitation services such as work adjustment training, on-the-job training, transitional employment services, and upward mobility services creates an environment that is not comparable to the private sector business environment focused on productivity. In FY 89, Virginia Industries for the Blind received \$24,443 in general fund subsidies. They also received \$148,048 in federal money through the Vocational Rehabilitation program. These were the only funds available to subsidize the earnings of the two workshops. This can be compared to the general fund subsidies available to the 46 approved sheltered workshops through the Department of Rehabilitative Services. The current appropriation for these workshops is \$3,982,000, which averages approximately \$87,000 per workshop. The Industries feels that the lack of this support has hampered its ability to provide the necessary auxiliary services required by clients, such as work adjustment training, transitional employment services, on-site vocational counseling, upward mobility services, assistance in community integration, and competitive employment placement.

RECOMMENDATION: That the General Assembly reinstate funding to the Industries to meet rehabilitative and vocational goals set by the Industries and the Department for the Visually Handicapped. In the future, the General Assembly should continue to fund the Industries as other sheltered workshops based on a budget proposal submitted by the Department for the Visually Handicapped. It should be the policy of the General Assembly to recognize that the provision of services to the visually handicapped, as well as other disabilities, is a priority issue and should not be subjugated to dependence upon the profitability of a workshop entity. Although profitability is admirable and should be the ultimate goal of any such manufacturing facility, it cannot be ultimate determinant in the provision of services.

- **Subsidize position dedicated to sales, marketing, and product development for each Industry.**

New product development and location of sales for those products are crucial to any manufacturing entity. Expansion of product lines and increased sales lead not only to increased profitability for the manufacturing facility but also to expansion, which translates into additional numbers of clients who can be potentially served. These positions should be filled by persons with proven experience in the sales and marketing field who also have training in job adaptation in order to modify manufacturing jobs for the blind.

The Department for the Visually Handicapped recommends the addition of one Grade 11 sales position for the first year of the 1990-92 biennium and a second position to be added during the second year. The cost of these positions would be approximately \$31,750 for the first year and \$63,500 for the second year to be paid out of general funds.

RECOMMENDATION: That marketing specialists be employed to work with each Industry facility to enhance product development and increase sales.

- **Establish a board of directors for each Industry.**

The Department for the Visually Handicapped is governed by a Board which has the ability to promulgate policy. This Board, however, does not actively deal in the day-to-day financial and manufacturing decisions governing the Industries, which creates something of a void in policy direction. To fill this void with regard to manufacturing and sales decisions which ultimately affect the profitability of each Industry, a board of trustees or committee, comprised of members of the business community, could be utilized. The board could provide advice on business trends, labor market, product line, and other valuable technical information as well as serve as a network of public relations for the rest of the community. The Department, however, feels that such a board should be advisory due to the possible conflict in roles with the Department's Board for the Visually Handicapped.

RECOMMENDATION: That advisory boards be created for each Industry facility to provide business guidance and a networking system for the community in which the Industry is located. In addition to providing such guidance, the advisory board would also be given the opportunity to comment on policies and budget considerations with regard to the Industries.

- **Provide vocational specialists**
 Vocational specialists are needed to provide rehabilitation services as well as work adjustment, transitional work, and training to blind, visually handicapped, and multiple-handicapped blind persons. These services are necessary to enable individuals to move from the workshops into competitive employment. The Department recommends that two such specialists be hired at a Grade 9 position. The cost of these positions, including fringe benefits, would be approximately \$26,781 per annum each, or a total of approximately \$53,560 per annum.

RECOMMENDATION: That two vocational specialists be hired to provide the described rehabilitation and vocational services. Given the possible disincentive for the outplacement of workers who are the most capable and therefore the most productive, care would have to be exercised in the managerial placement of these vocational specialists to ensure that emphasis is placed on the needs and abilities of the individual rather than the financial status of the Industries.

- **Develop satellite workshops**
 Establishment of satellite sites to the Industries would extend employment opportunities for blind and visually impaired Virginians to other areas of the state. Blind individuals require very specialized and unique services which are not available in the traditional sheltered employment environment, and satellite workshops are seen as a solution to the provision of these services. Proposed sites have been mentioned for Tidewater, Northern Virginia, and Southwest Virginia.

Discussions have been held with individuals from the Cumberland Mountain Industries in Southwest Virginia on the feasibility of establishing a satellite site in a proposed facility. Employment opportunities for blind individuals are not readily available in general and are particularly lacking in such depressed areas as Southwest Virginia. Accurate cost projections are not available, but the Department has attempted to estimate the costs based on a sample product line. Of course, costs vary significantly based upon the particular product.

The Oxbow Human Services Consortium currently under development in Southwest Virginia would provide a projected 2,000 square feet of space for a satellite unit. The following figures are estimates for example only.

Initial investment costs:

Equipment for manufacturing, processing and quality assurance	\$6,000
Manufacturing fixtures and support items	2,000
Office furniture and equipment	10,000
Start-up material, in-process and finished goods inventory	130,000
Operating reserve	<u>185,000</u>
TOTAL	333,000

On-going operating expenses:

Annual salary and fringe package for grade 9 assistant industry manager	25,985
Annual salary and fringe package for grade 5 fiscal assistant	18,202
Annual salaries and fringe package for ten manual skill level blind employees	96,000
Annual ongoing procurement manufacturing materials	574,000
Rent (2,000 sq. ft. at \$9.50/sq.ft)	19,000
Executive administration - 8% annual salary and fringe package for deputy commissioner for enterprises, assistant deputy commissioner for marketing, and executive secretary senior	<u>8,259</u>
TOTAL	\$741,646

The first year's gross sales are projected to exceed \$900,000.

RECOMMENDATION: That the Department continue to evaluate the establishment of satellite workshops which would extend employment opportunities for blind and visually impaired Virginians to other areas of the state.

- **Use cost accounting**

The type of accounting system used by the Industries program is the Commonwealth Accounting and Reporting System, which is a "cash basis" system. A cash basis system works on the principle of accounting for payment within the same year the payment is made. Good business principles generally recommend that an "accrual" system is needed to allow the Industries to operate more like a business than a state agency. An accrual system is based on the procedure which allows for the accounting of payment in the year in which the liability occurred. Financial statements for the Industries are reported on a modified accrual basis. In the last year, the Industries has started reporting revenues and expenditures by cost codes that identify specific products. The state system is designed to track expenditures of state or federally appropriated funds and is felt to be adequate for that purpose. But a cash system is not sufficient to adequately track the accumulation and distribution of earned revenue of the Industries and to provide profit and loss statements on which to base business decisions.

The Department, in its five-year plan, has indicated its intention to go to an on-line accrual-base cost control accounting system, and the change has been approved by the Comptroller's Office. The Industries is currently recruiting for an accounting manager, and once this position is filled, the development, design and implementation of this system will begin.

RECOMMENDATION: That the Department implement a on-line accrual-base cost control accounting system and hire appropriate personnel in a timely fashion.

- **Examine reserves**

In 1985, the reserves for the Virginia Industries for the Blind were over one million dollars. At this time, the General Assembly began withdrawing state support to the program. In the subsequent four years, this reserve has been depleted to approximately \$500,000 and continues to diminish. Much of this decrease is due to the declining profits in both workshops and increases in maintenance and upkeep costs.

While the Charlottesville Industry has consistently been profitable, the Richmond Industry has never turned a profit. In FY 89, the Charlottesville Industry was also operating at a loss due to the impact of the Gramm-Rudman Act on federal purchasing. The current amount of reserves is of great concern to the Department and particularly to the management of the VIB. Most small businesses operate on the premise that at least one year's operating capital should be held in reserve for unforeseeable emergencies and expenses. National Industries for the Blind maintains that at least a six-month working capital reserve is needed. The Department estimates that a \$900,000 working capital reserve is needed to offset operating capital expenses such as payroll and inventory in the event of declining sales, delinquent accounts receivable, unanticipated damaged inventory, equipment breakdown, and other problems. This amount represents approximately three months' expenditures based on FY 89 expenses. If further reduction of the reserve occurs, the Industries may face either massive layoffs or need emergency assistance from the state.

RECOMMENDATION: That the General Assembly reinstate the general fund subsidy to the Industries for the Blind program for rehabilitative and vocational efforts which will allow it to continue to operate efficiently, to provide adequate services to current blind clients, and to expand services to additional clients in need. The Industries should continue to maintain a reserve fund of operating capital from profits derived from the manufacturing effort which would allow for continued operation in the face of unforeseen emergencies or expenses.

- **Support goal of outward placement of blind clients and internal transfer of workers to enable the Department to maximize revenue.**

The Department is emphasizing the outward placement of qualified workers, as well as effective, efficient management of the Industries, as goals in its five-year plan. Elimination of unprofitable product lines is necessary to maximize revenue and would allow the industries to become more economically independent. In order to conduct such transactions in a skills-training situation such as the Industries, the impact on the affected workers must be minimized. The Joint Subcommittee feels that Industries management should be given sufficient latitude and support in the movement of personnel and products within and out of the Industries to achieve an outcome which is not only efficient but also in the best interests of the workers.

- **Examine supported employment**

The supported employment model is a job situation where the worker earns at least minimum wages paid directly to the worker by the employer, and receives ongoing job coaching and advocacy provided by an employee of a service agency. The job coach's duties include job placement, intensive job site training, assessment, and job retention through the provision of long-term follow-along services.

There are some differences in philosophy which occur between the premises of the Javits-Wagner-O'Day Act and supported employment. Supported employment revolves around mainstreaming as an indispensable component of rehabilitation. The intent of JWOD was to provide employment opportunities to individuals who would otherwise remain unemployed by providing a sheltered setting to accommodate their disabilities.

In addition to the differences in philosophy between the supported employment and the JWOD models, many blind clients are ineligible for various funding streams available through federal and state programs for the developmentally disabled. Also, supported employment grants do not allow the grant recipient, in this case the Department for the Visually Handicapped, to act as its own vendor. Services, therefore, must be purchased from other sheltered workshops. Department of Rehabilitative Services workshops are private, nonprofit agencies, but they receive money for these activities through a contract agreement with DRS. One major drawback to supported employment efforts is the total reliance upon private business to provide slots for disabled workers and a general reluctance by such businesses to hire on a full-time basis. More than half of all clients in supported employment positions work twenty or fewer hours per week and are not eligible for fringe benefits.

RECOMMENDATION: That the Department continue to implement its goal of increased competitive outplacement of appropriate workers based on their needs and abilities. Supported employment is but one method of outplacement and should be considered as one level of services on a continuum.

PRIVATIZE

Transition from a state-owned facility to a private or private, nonprofit agency has been accomplished by a number of state Industries. These are independent agencies governed by a board of directors, but many continue to receive substantial funding from the state. There are many considerations in the transfer of a state-owned Industry to a private, nonprofit one.

- The state must provide adequate initial capitalization and appropriate spend-down funding. While accurate figures are not available on what this cost will be, officials from the National Industries for the Blind estimate capitalization to be approximately one million dollars for the first year with additional appropriations for the subsequent five to six years. The total amount needed will be approximately five to six million dollars.
- Adequate planning must go into determining a long-term funding base for the private organization from non-state resources.
- Personnel issues must be resolved, including the status of current personnel and employees' wages and fringe benefits. This issue is of particular interest due to recent legislation which converted Industry employees to an exempt classified status. For privatization to occur, this legislation would have to be repealed.
- A qualified board of directors would have to be developed.
- Qualified management staff with the appropriate credentials will have to be hired.
- Development of supportive commitment by key parties such as the legislature, the business community, the state agency, the current work force, and consumers is crucial.

Consumer organizations' opposition to privatization, along with other considerations, makes conversion difficult. The selection of an appropriate agency which has the best interests of the blind population at heart is a vital decision because it goes directly to the question of what is best for the client. If such an attempt to convert fails, then a substantial number of blind and multihandicapped blind persons would lose their jobs, and many of these individuals would not qualify for placement in competitive employment. Privatization would, however, remove some of the complications imposed by the current operation of a sheltered industry within the framework of state personnel and purchasing regulations.

RECOMMENDATION: That the Industries for the Blind program remain under the Department for the Visually Handicapped. The state has a commitment to provide adequate services to handicapped and disabled citizens and can presently be best served under the current structure. The General Assembly will continue to monitor and evaluate the Industry program, which will enable it to make future decisions about the provision of services to the blind population and determine the appropriate structure within which such services are provided.

DEVELOP A QUASI-PUBLIC STRUCTURE

A quasi-public structure for the Industries program provides state support and legal authority while eliminating many of the inherent problems associated with state operation.

The Blind Industries and Services of Maryland (BISM) is authorized in state code and receives an annual state appropriation. Its management, however, is vested in a board appointed by the Governor. This board has the authority to hire and fire its chief executive officer, who in turn supervises all other staff. Placement of the Industries outside of the state organization removes many of the constrictions on its operation, such as personnel rules and procurement regulations, which inhibit actions and responses of a purely business nature. At the same time, the state still maintains control over services provided to blind and visually impaired clients. Responsibility is never relinquished to the private sector.

RECOMMENDATION: That the Industries for the Blind program remain under the Department for the Visually Handicapped until further study can be reviewed. A quasi-public structure has many apparent advantages, but such a change cannot be made in haste without an in-depth examination of all aspects of such a system. Both the fiscal health of the state and the Industries and the well-being of the workers must be considered before such a recommendation could be made. In light of the time constraints placed upon any interim study committee and the obvious fiscal situation of the state at the present time, no change is recommended.

SUGGESTIONS FOR FUTURE STUDY

Members of the joint subcommittee have expressed interest in examining in further detail various facets of industrial operation, as well as federal law, which might make management of the Industries more efficacious. Topics include further explanation of strategies and cost of privatization of Industries facilities, examination of the effects of the 1990 federal disability rights act, and continued evaluation of consolidation of workshops for the disabled.

Respectfully submitted,

Delegate Mitchell Van Yahres, Chairman
Senator W. Onico Barker
Delegate Edward R. Harris, Jr.
Senator J. Granger Macfarlane
Delegate S. Vance Wilkins, Jr.*

* Letter attached



COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

S. VANCE WILKINS, JR.
ROUTE 1
AMHERST, VIRGINIA 24521
TWENTY-FOURTH DISTRICT

COMMITTEE ASSIGNMENTS:
PRIVILEGES AND ELECTIONS
GENERAL LAWS
LABOR AND COMMERCE

May 11, 1990

Ms. E. Gayle Nowell
Division of Legislative Services
General Assembly Building, 2nd Floor
910 Capitol Street
Richmond VA 23219

Dear Gayle:

I concur with the finding that at this time it may not be feasible to combine the blind workshops with the workshops of other agencies which provide for people with other handicaps. However, I can see the potential for large economies and better service in combined settings and feel very strongly that this option should be studied and pursued further.

Yours truly,

S. Vance Wilkins, Jr.

SVWjr/mlb

APPENDIX A

GENERAL ASSEMBLY OF VIRGINIA -- 1989 SESSION

HOUSE JOINT RESOLUTION NO. 418

Establishing a joint subcommittee to study structure and management options for the Virginia Industries for the Blind Program.

Agreed to by the House of Delegates, February 24, 1989

Agreed to by the Senate, February 23, 1989

WHEREAS, the Virginia Department for the Visually Handicapped directly operates a Virginia Industries for the Blind Program consisting of sheltered workshops in Charlottesville and Richmond; and

WHEREAS, over several decades the workshops provided employment opportunities for the blind and visually impaired individuals who might not have had such opportunities; and

WHEREAS, concerns have been raised regarding the economic self-sufficiency of the workshop program and its employees, the compensation, benefits, and advancement available to workers and the continuing viability of product lines; and

WHEREAS, in Virginia and other states, workshop services may be operated by state or local entities, contracted from proprietary or nonprofit providers, or supported through purchase of service or grant mechanisms; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study structure and management options for the workshops in Charlottesville and Richmond. The study shall include but not be limited to the benefits and problems associated with maintaining current operations, contracting for workshop services or management, merger with other existing workshops, and introduction of new product lines and service models such as off-site enclaves or supported employment, and on-site work activities.

The joint subcommittee shall be composed of one member of the House Committee on Health, Welfare and Institutions, one member of the House Committee on Labor and Commerce, and one member of the House at-large, all to be appointed by the Speaker of the House of Delegates; and one member of the Senate Committee on Commerce and Labor and one member of the Senate Committee on Rehabilitation and Social Services, both to be appointed by the Senate Committee on Privileges and Elections. The joint subcommittee shall complete its study and shall make its recommendations to the 1990 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

The indirect costs of this study are estimated to be \$10,860; the direct cost of this study shall not exceed \$3,600.

APPENDIX B

VIRGINIA INDUSTRIES FOR THE BLIND

STRATEGIC PLAN

VIRGINIA INDUSTRIES FOR THE BLIND

STRATEGIC PLAN

The following plan will provide direction for the Virginia Industries for the Blind Program. This plan is focused on fulfilling the obligation of the Virginia Department for the Visually Handicapped to a specific segment of the blind and visually impaired population of the state whose employment needs are appropriately met through a protected work environment. The goals and objectives of this plan are directed to the fulfillment of the following mission.

"The mission of the Virginia Industries for the Blind is to provide rehabilitation and employment services for those blind and visually impaired residents of the Commonwealth who need and desire transitional industrial employment."

Strategic Management Plan

September 1, 1989

GOAL 1

To provide industrial employment opportunities for blind and visually impaired Virginians.

Objective 1

To maintain the two existing Virginia Industries for the Blind programs.

Strategies

1. The Industry Managers, assisted by the Vocational Rehabilitation Program, shall identify and place blind and visually impaired persons in all levels of employment in the Industries.
2. The Deputy Commissioner for Enterprises and Industry Managers shall ensure that sufficient work is available to maintain employment of all workers.

3. The Deputy Commissioner for Enterprises, Assistant Deputy Commissioner for Marketing and Product Development, and Industry Managers shall develop marketing plans by January 1, 1990, in order to increase sales.
4. The Industry Managers shall utilize the most appropriate industrial technology when introducing new product lines.
5. The Industry Managers shall develop incentive plans and employee recognition activities by March 1, 1990, to increase worker productivity and reward outstanding work performance.
6. The Deputy Commissioner for Enterprises, Human Resources Director, and Industry Managers shall develop an employment progression process to allow qualified workers the opportunity for upward mobility.

Objective 2

To develop and maintain an appropriate mix of products and services.

Strategies

1. The Deputy Commissioner and Industry Managers shall continually evaluate the profitability of existing product lines and services, as well as the ability of the Virginia Industries for the Blind work force to meet required production and delivery schedules.
2. The Industry Managers shall renegotiate or discontinue contracts on (a) non-profitable items or services, (b) products or services for which there is insufficient work force, or (c) products or services which no longer have sufficient demand.
3. The Deputy Commissioner and Industry Management shall research new products and services to be added to the federal procurement list and the state use list or to be provided directly to public or private entities. A balance between these products will be maintained which will prevent over-reliance on any particular entity.

4. The Deputy Commissioner and Industry Managers shall add new products and services when justified by research and analysis.
5. The Deputy Commissioner and Industry Management shall maintain good working relationships with National Industries for the Blind, federal contractors, Division of Purchases and Supplies, state agencies, subcontractors, and other customers.

Objective 3

To establish and maintain an appropriate state personnel classification for Industries workers.

Strategies

1. The Deputy Commissioner for Enterprises and the Human Resources Director will develop a plan for making the employees exempt State employees, including a benefits package and pay scale.
2. The Commissioner will submit the plan to the Secretary of Health and Human Resources and to the Director of Personnel and Training.

3. The Director of Legislative and Media Services will submit the plan as a legislative package when it is approved by the Secretary of Health and Human Resources and the Director of Personnel and Training with an implementation date of July, 1989.

Objective 4

To maintain a comfortable work environment for workers.

Strategies

1. The Supervisor of Buildings and Grounds shall develop and maintain preventive maintenance schedules at both facilities. Maintenance schedules will be fully implemented by December 31, 1989.
2. The Supervisor of Buildings and Grounds shall improve the appearance of both facilities through maintenance, cleanup, painting, etc.

3. The Supervisor of Buildings and Grounds shall ensure that rest and lunch areas are clean, comfortable, and adequately equipped.
4. The Industry Managers, Assistant Managers and Foremen shall ensure that workers participate in maintaining the facility and personal work stations in order to promote pride in the work place.
5. The Industry Manager and Supervisor of Buildings and Grounds shall evaluate current heating, air conditioning, and insulation of the Charlottesville plant to determine the feasibility of installing updated heating and air conditioning equipment. The evaluation will be completed by November 1, 1989.

GOAL 2

To develop, implement, and maintain work adjustment and trial work services.

Objective 1

To expand and improve the working relationship between the Virginia Industries for the Blind and the Vocational Rehabilitation Program of the agency.

Strategies

1. The Deputy Commissioners for Services and Enterprises shall establish an Industry Evaluation and Monitoring Team consisting of vocational rehabilitation counselors, the Virginia Rehabilitation for the Blind work evaluator, and Virginia Industries for the Blind management to initiate and review planning and evaluate the work adjustment program.
2. The Deputy Commissioners for Services and Enterprises shall develop joint training in work adjustment services and trial work for vocational rehabilitation staff and Virginia Industries for the Blind management.
3. The Deputy Commissioner for Services and Vocational Rehabilitation Program and Policy Specialist shall provide training to the Virginia

Industries for the Blind management staff in funding, restrictions, and overall goals of vocational rehabilitation.

Objective 2

To enhance the working relationship between the Virginia Rehabilitation Center for the Blind and the Industries program.

Strategies

1. The Industry Evaluation and Monitoring Team will include the work evaluator from Virginia Rehabilitation Center for the Blind.
2. The Director of the Virginia Rehabilitation Center for the Blind will expand the trial work program to include potential Virginia Industries for the Blind employees by December 31, 1989.

Objective 3

To hire a vocational services specialist at each Virginia Industries for the Blind facility to implement work adjustment, trial work, and upward mobility programs.

Strategies

1. The Deputy Commissioner for Enterprises shall work with the Commissioner to establish a vocational services specialist position for each facility.
2. The Industry Managers will ensure that within three months of the end of the recruitment period, the vocational services specialist will be on staff and ready to implement work adjustment, trial work, and upward mobility services at both facilities.

Objective 4

To provide trial work and work adjustment to ten blind, visually impaired, and multi-handicapped individuals annually.

Strategies

1. Vocational Rehabilitation Counselors will refer appropriate individuals to the Virginia Industries for the Blind and the Virginia Rehabilitation

Center for the Blind for work adjustment and trial work services.

2. The Virginia Rehabilitation Center for the Blind staff shall utilize work evaluation and trial work services at the Center to identify potential clients for industrial training and/or employment.
3. Within 90 days of date employed, the Vocational Services Specialists shall implement work adjustment, trial work and upward mobility programs at both industries.

GOAL 3

To provide on-the-job training in industrial employment for blind and visually impaired individuals.

Objective 1

To provide a continuum of training for work adjustment clients to include trial work and on-the-job training which will lead to industrial employment in the Virginia Industries for the Blind.

Strategies

1. The Industry Evaluation and Monitoring Team shall develop a training module by July 1, 1990, for supervisors and foremen of the two Industries programs to assist them in working with blind, multi-handicapped/low functioning trainees.
2. The Deputy Commissioner for Enterprises and Vocational Rehabilitation Program and Policy Specialist shall establish a training wage for employees in work adjustment training or trial work. The training wage will be reviewed annually.

Objective 2

To monitor the on-the-job training program.

Strategies

1. The Industry Evaluation and Monitoring Team with input from the Department's Employer Advisory Committee shall establish a well-defined monitoring system which includes a methodology for

testing productivity rate, personal adjustment, and work habits.

2. The Industry Evaluation and Monitoring Team shall meet at least quarterly to monitor on-the-job training services.

GOAL 4

To provide outward placement into competitive employment for Virginia Industries for the Blind workers who have achieved competitive employment levels.

Objective 1

To provide vocational counseling to workers who have achieved competitive employment status in the sheltered workshops.

Strategies

1. The Deputy Commissioner for Services and the Deputy Commissioner for Enterprises will jointly develop a memorandum of understanding between the Virginia Industries for the Blind and Vocational

Rehabilitation programs to be completed by September 30, 1989.

2. The memorandum of understanding will require Virginia Industries for the Blind management to refer all workers who have achieved competitive employment status and desire competitive placement to the Vocational Rehabilitation program.

3. The Industry Managers, Vocational Services Specialists, and supervisory staff will inform all new trainees and employees of the transitional nature of employment at Virginia Industries for the Blind. The objective of outward placement will be an integral part of performance reviews and counseling sessions with all trainees and employees.

Objective 2

To develop placement opportunities for workers who have achieved competitive employment status in the Virginia Industries for the Blind.

Strategies

1. Vocational Rehabilitation counselors will provide vocational counseling, job development and placement services for all eligible individuals referred from the Industries program for competitive placement.
2. The Vocational Rehabilitation Program will arrange specialized training and services for individuals referred from the Industries program, including orientation and mobility remediation, community referral, assistance with housing, and personal grooming.
3. The Virginia Rehabilitation Center for the Blind will give priority consideration to individuals who are referred from the Industries for competitive placement who need remediation in personal care skills, communication skills, or other skills essential to successful adjustment to competitive employment.
4. The Assistant Deputy Commissioner for Marketing and Product Development will represent the

Virginia Industries for the Blind on the Agency's Marketing Task Force.

Objective 3

To develop a process for monitoring workers who are placed in competitive employment.

Strategies

1. Vocational Rehabilitation Counselors shall ensure that all individuals who are placed from the Industries program into competitive employment will be provided post-employment services as needed.
2. Each individual placed in competitive employment from the Industries program will be followed for a period of not less than four months in post-employment status following closure from active status by the Vocational Rehabilitation Counselor who makes the initial placement. Follow-up will include contact with the employer, contact with the individual, and assessment of the placement.

3. For each individual placed in competitive employment, the Program Evaluation and Support Team of the Division of Services will periodically assess the individual's satisfaction with the placement, the employer's satisfaction with the employee, and the general success of the placement. This assessment will be completed annually for two years following the placement.

GOAL 5

To ensure effective and efficient management of the Virginia Industries for the Blind.

Objective 1

To provide training to existing management and supervisory staff in the Virginia Industries for the Blind.

Strategies

1. The Deputy Commissioner for Enterprises will develop training for Industry Managers and supervisors stressing the interdependence between the missions of the Virginia Industries for the

Blind and the other agency programs. This training will be completed by December 31, 1989.

2. The Deputy Commissioner for Enterprises and Industry Managers, with the assistance of Personnel, shall conduct a skills inventory of existing supervisors to assess capabilities in the areas of personnel, supervision, and financial resources management. Skills inventories will be completed by December 31, 1989.
3. The Deputy Commissioner for Enterprises and the Industry Managers, with the assistance of Personnel, shall identify or develop appropriate training to address deficiencies.
4. The Industry Managers shall develop annual training plans beginning January 1, 1990, for second level management; i.e., Assistant Plant Managers and Foremen.

Objective 2

To establish and maintain sound fiscal management of the Industries program.

Strategies

1. The Deputy Commissioner for Administration, Deputy Commissioner for Services, and Deputy Commissioner for Enterprises shall monitor the fiscal needs, policies and procedures for the Industries program each quarter.
2. The Deputy Commissioners will perform an annual assessment of the financial status of the program and report findings and recommendations to the Operations Management Team.
3. The Deputies will identify needed staffing and other resources required to address deficiencies.

Objective 3

To develop an annual budget for the Industries program to include expenditures of existing Industries funds prioritized as follows:

1. Renovation and maintenance of existing facilities
2. Replacement and maintenance of equipment

3. Pursuit of new product lines

Strategies

1. The Industry Accounting Manager shall develop operating budgets for each workshop based on anticipated revenues and expenditures for each state fiscal year.
2. Industry Managers shall perform an annual assessment of manufacturing equipment to determine replacement and maintenance needs. The initial assessment will be completed by October 1, 1989.
3. The Deputy Commissioner for Enterprises and Deputy Commissioner for Administration will consult with staff of the Department of Planning and Budget and Division of Engineering and Buildings to develop a capital plan and set priorities to use available reserve funds over a three-year period.

Objective 4

To develop a marketing and sales plan for the Industries program.

Strategies

1. The Deputy Commissioner for Enterprises and the Assistant Deputy Commissioner for Marketing and Product Development will develop a marketing and sales plan by January 1, 1990. The plan will be updated annually.
2. The Deputy Commissioner, Assistant Deputy Commissioner, and consultants shall visit other enterprise operations (i.e., Department of Corrections) to review their structure for sales and marketing. Schedule of visits will be developed by December 31, 1989, with all visits completed by June 30, 1990.
3. The Deputy Commissioner of Enterprises, Assistant Deputy Commissioner, and consultants shall identify staffing and other resources required to implement the sales and marketing plan.

GOAL 6

To pursue economic independence of the Virginia Industries for the Blind.

Objective 1

To seek funding for work adjustment, trial work, and upward mobility services.

Strategies

1. The Deputy Commissioners for Services and Enterprises shall investigate the availability of Section 110 funds, State appropriations, and other funding sources to support a work adjustment and trial work program.
2. The Deputy Commissioner and Industry Managers shall develop subcontracts, when appropriate, to help support work adjustment and trial work.
3. The Deputy Commissioner for Enterprises and Industry Managers shall ensure that appropriated funds are used in the most economical and efficient manner and all reporting requirements are met.
4. The Industry Managers shall ensure each product or service is produced in the most economical and efficient manner.

Objective 2

To include product lines for the Industries Program which will result in profit.

Strategies

1. The Deputy Commissioner, Industry Managers, Industry Accounting Manager, and consultants shall continually evaluate existing product lines and services as to profitability.
2. The Industry Managers shall renegotiate contracts on existing product lines that are not profitable or when contracts cannot be appropriately renegotiated, discontinue the product line.
3. The Industry Managers shall add new products and services only after research and cost analysis has indicated the product line or services are profitable and have been approved by the Deputy Commissioner for Enterprises.
4. The Deputy Commissioner for Enterprises and Assistant Deputy Commissioner for Marketing and Product Development shall increase marketing

efforts for all existing product lines and services.

5. The Assistant Deputy Commissioner and Industry Managers shall ensure that a marketing plan accompanies the introduction of any new product line or service.

6. The Industry Managers shall ensure that products and services are delivered on schedule and meet all quality specifications.

APPENDIX C
1990 SESSION
ENGROSSED

HP0369586

HOUSE BILL NO. 304

House Amendments in [] - January 26, 1990

A BILL to amend and reenact § 63.1-73 of the Code of Virginia, relating to workshops employing blind persons.

Patrons—Harris, E.R., Wilkins and Van Yahres; Senators: Barker and Macfarlane

Referred to the Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:

1. That § 63.1-73 of the Code of Virginia is amended and reenacted as follows:

§ 63.1-73. Establishment of schools and workshops; expenditures; advisory boards.— A. The Department may establish, equip and maintain schools for industrial training and workshops for the employment of suitable blind persons, pay the employees suitable wages, and devise means for the sale and distribution of the products thereof ; provided, that . However, any expenditures made under §§ 63.1-70 to 63.1-75 shall not exceed the annual appropriation or the amount received by way of bequest or donation during any one year ; , and provided further, that no part of the funds appropriated by the Commonwealth for the purposes of §§ 63.1-70 to 63.1-75 shall be used for solely charitable purposes, the object and purpose of such sections being to encourage capable blind persons in the pursuit of useful labor , and to provide for the prevention and cure of blindness.

B. The Board shall establish an advisory board for each of the workshops established pursuant to this section. Each board shall consist of nine persons, at least two of whom shall be blind persons or parents of blind persons, at least two of whom shall represent human service agencies, and the remainder of whom shall represent local business and manufacturing entities and other employers. The Board shall initially appoint the members of each advisory board, three of whom shall serve a term of three years, three of whom shall serve a term of two years, and three of whom shall serve a term of one year. As each member's term expires, the advisory board shall itself make subsequent appointments for terms of three years. No member shall serve for more than two [consecutive] three-year terms. [The General Assembly members representing the jurisdiction of the jurisdictions served by the advisory board shall serve ex officio on the board.] The powers and duties of each advisory board shall include but not be limited to advising managers of the workshops on business trends, product development, contract opportunities, and other business matters and reviewing and commenting on fiscal and budgetary matters concerning the operations of the workshops.

Official Use By Clerks

Passed By

The House of Delegates
without amendment
with amendment
substitute
substitute w/amdt

Passed By The Senate
without amendment
with amendment
substitute
substitute w/amdt

Date: _____

Date: _____

Clerk of the House of Delegates

Clerk of the Senate

1990 SESSION

LD4107586

1 HOUSE JOINT RESOLUTION NO. 73

2 Offered January 22, 1990

3 *Continuing the Joint Subcommittee to Study Structure and Management Options for*
4 *Virginia Industries for the Blind Program.*

5
6 Patrons—Van Yahres, Wilkins and Harris, E.R.; Senators: Barker and Macfarlane

7
8 Referred to the Committee on Rules

9
10 WHEREAS, the Joint Subcommittee to Study Structure and Management Options for
11 Virginia Industries for the Blind Program was created pursuant to House Joint Resolution
12 418 by the 1989 Session of the General Assembly to evaluate the benefits and problems
13 associated with maintaining current operations of the workshops under the Industries for
14 the Blind, the concept of contracting for workshop services or management, merger with
15 other existing workshops, and the introduction of new product lines and services models
16 which will enable the Industries to operate at a higher efficiency level and provide
17 services to additional blind individuals; and

18 WHEREAS, the joint subcommittee proceeded to review the operations of the Industries
19 for the Blind program and has made a number of recommendations for implementation,
20 such as eliminating unprofitable lines of products and replacing them with lines which not
21 only are more profitable but which may expand to provide more training to additional
22 clients, restructuring the goals of the Department for the Visually Handicapped to
23 emphasize vocational rehabilitation and transitory training of appropriate clients, and
24 re-emphasizing the service nature of the Industries; and

25 WHEREAS, it was recommended that, given the implementation of recommended
26 changes by the Department, the structure of the Industries program remain the same, and
27 an update analyzing the progress of the program during the coming year be provided to
28 the joint subcommittee in order that it may evaluate the progress and make appropriate
29 recommendations; and

30 WHEREAS, in order to receive such report and take any actions necessary, the joint
31 subcommittee has recommended that it be continued as an oversight entity; now, therefore,
32 be it

33 RESOLVED by the House of Delegates, the Senate concurring, That the Joint
34 Subcommittee to Study Structure and Management Options for Virginia Industries for the
35 Blind Program be continued. The membership of the joint subcommittee shall remain the
36 same, and vacancies shall be appointed in the manner provided in the enabling resolution.
37 The joint subcommittee shall complete its work in time to submit its findings and
38 recommendations to the Governor and the 1991 Session of the General Assembly as
39 provided in the procedures of the Division of Legislative Automated Systems for processing
40 legislative documents.

41 The indirect costs of this study are estimated to be \$2,395; the direct costs of this study
42 shall not exceed \$900.

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APPENDIX E

**Legally Blind and Visually Handicapped in Virginia
by Locality and Age Group**

APPENDIX A

LEGALLY BLIND AND VISUALLY HANDICAPPED ON VIRGINIA REGISTER
FOR THE BLIND

LOCATION	LEG BLIND	VIS HAND	MULTI-HAND LEG BLIND OR VIS HAND
ACCOMACK	160	63	39
ALBEMARLE	118	58	49
ALLEGHENY	29	8	5
AMELIA	30	13	18
AMHERST	92	35	26
APPOMATTOX	50	30	19
ARLINGTON	430	212	137
AUGUSTA	107	87	75
BATH	22	15	5
BEDFORD	133	72	52
BLAND	12	10	4
BOUTETOURT	47	46	27
BRUNSWICK	77	39	54
BUCHANAN	156	72	32
BUCKINGHAM	45	21	20
CAMPBELL	144	63	39
CAROLINE	58	26	36
CARROLL	81	86	17
CHARLES CITY	30	12	17
CHARLOTTE	48	40	29
CHESTERFIELD	164	95	127
CLARKE	26	13	10
CRAIG	15	3	3
CULPEPPER	83	59	65
CUMBERLAND	26	15	12
DICKENSON	49	44	17
DINWIDDIE	40	18	26
ESSEX	35	30	27
FAIRFAX	827	518	433
FAUQUIER	82	44	35
FLOYD	26	22	8
FLUVANNA	43	18	16
FRANKLIN COUNTY	83	58	36
FREDERICK	43	29	21
GILES	60	26	16
GLOUCESTER	72	41	48
GOOCHLAND	37	20	20
GRAYSON	50	32	16
GREENE	18	15	9
GREENSVILLE	54	33	26

HALIFAX	127	70	59
HANOVER	121	68	82
HENRICO	440	258	289
HENRY	124	71	50
HIGHLAND	11	8	5
ISLE OF WIGHT	78	68	30
JAMES CITY	36	6	22
KING AND QUEEN	29	10	12
KING GEORGE	20	16	13
KING WILLIAM	37	19	19
LANCASTER	70	26	30
LEE	101	146	32
LOUDOUN	134	53	56
LOUISA	80	35	23
LUNENBURG	42	21	25
MADISON	42	21	25
MATHEWS	43	21	17
MECKLENBURG	142	76	84
MIDDLESEX	57	24	28
MONTGOMERY	117	73	33
OUT OF STATE	1	0	0
NELSON	60	36	30
NEW KENT	21	19	13
NORTHAMPTON	86	48	29
NORTHUMBERLAND	41	35	28
NOTTOWAY	67	38	30
ORANGE	83	36	38
PAGE	84	36	33
PATRICK	55	16	26
PITTSULVANIA	220	138	99
POWHATAN	29	14	19
PRINCE EDWARD	68	38	39
PRINCE GEORGE	22	10	20
PRINCE WILLIAM	200	142	124
PULASKI	95	49	23
RAPPAHANNOCK	16	12	11
RICHMOND COUNTY	44	21	22
ROANOKE COUNTY	199	95	77
ROCKBRIDGE	67	49	16
ROCKINGHAM	139	130	84
RUSSELL	93	72	27
SCOTT	80	76	31
SHENANDOAH	64	54	31
SMYTH	108	97	36
SOUTHAMPTON	63	50	22
SPOTSYLVANIA	48	28	28
STAFFORD	60	29	29
SURRY	26	9	12
SUSSEX	56	19	16
TAZEWELL	131	111	36
WARREN	75	27	30
WASHINGTON	157	184	36
WESTMORELAND	61	28	35
WISE	136	115	51

WYTHE	96	84	33
YORK	66	35	34
CAPE CHARLES	0	0	0
COLONIAL BEACH	0	0	0
FRIES	1	0	0
WEST POINT	2	1	2
ALEXANDRIA	365	181	153
BEDFORD	14	9	5
BRISTOL	125	94	25
BUENA VISTA	36	23	23
CHARLOTTESVILLE	328	152	140
CHESAPEAKE	381	149	179
CLIFTON FORGE	34	16	9
COLONIAL HEIGHTS	37	28	30
COVINGTON	23	19	7
DANVILLE	320	153	143
EMPORIA	12	14	11
FAIRFAX	18	5	3
FALLS CHURCH	114	56	32
FRANKLIN	61	36	10
FREDERICKSBURG	129	51	65
GALAX	32	21	8
HAMPTON	367	157	163
HARRISONBURG	89	75	45
HOPEWELL	69	29	46
LEXINGTON	38	29	15
LYNCHBURG	468	214	214
MANASSAS	43	19	19
MANASSAS PARK	1	2	2
MARTINSVILLE	96	43	38
NEWPORT NEWS	451	248	207
NORFOLK	1081	519	477
NORTON	14	8	5
PETERSBURG	242	90	153
POQUOSON	10	3	5
PORTSMOUTH	392	205	197
RADFORD	39	16	6
RICHMOND CITY	1660	756	928
ROANOKE CITY	598	385	203
SALEM	76	43	45
SOUTH BOSTON	47	23	35
STAUNTON	150	107	85
SUFFOLK	276	225	128
VIRGINIA BEACH	584	333	273
WAYNESBORO	88	60	46
WILLIAMSBURG	82	54	32
WINCHESTER	107	45	34
OTHER	47	25	9

TOTAL

17617

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APPENDIX B

VA DEPT FOR THE VISUALLY HANDICAPPED
NUMBER OF LEGALLY BLIND

AGE RANGE	# OF LEGALLY BLIND
0 - 10	496
11- 20	624
21- 30	1001
31- 40	1217
41- 50	1161
51- 60	1501
OVER 60	11115
AGE UNKNOWN	502
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TOTAL	17617