

**INTERIM REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**The Virginia Public Procurement
Act and the Regulations Adopted
by the Division of Purchases
and Supply for Procurement**

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



HOUSE DOCUMENT NO. 77

**COMMONWEALTH OF VIRGINIA
RICHMOND
1993**

Members of the Subcommittee

The Honorable Joan H. Munford, Chairman
The Honorable Madison E. Marye, Vice Chairman
The Honorable George W. Grayson
The Honorable Mitchell Van Yahres
The Honorable Harry R. Purkey
The Honorable Robert E. Russell, Sr.
The Honorable Walter A. Stosch
Ann N. Anderson
Charles A. Brown
Gilliam M. Cobbs, Sr.
William E. Haas
Charles D. Layman
Donald F. Moore
James J. Roberts

Staff

Division of Legislative Services

Eddie T. Conley, Staff Attorney
Maria J.K. Everett, Staff Attorney
Jane C. Lewis, Senior Executive Secretary

House Committee Operations

Anne Howard, Clerk

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	E. Report to the Joint Subcommittee: The Virginia Association of Rehabilitation Facilities.	
	F. House Joint Resolution No. 695 (1993).	
	G. House Joint Resolution No. 694 (1993).	

**Interim Report of the
Joint Subcommittee Studying
The Virginia Public Procurement Act
and the Regulations Adopted by the
Division of Purchases and Supply for Procurement**

**To
The General Assembly of Virginia**

Richmond, Virginia
April 1993

To: The General Assembly of Virginia

I. Authority For Study

The 1992 Session of the General Assembly passed House Joint Resolution No. 106 (see Appendix A), patroned by Delegate Joan H. Munford of Blacksburg, requesting that a joint subcommittee be established to study the Virginia Public Procurement Act (VPPA) and the regulations, adopted by the Department of General Services' Division of Purchases and Supply, for procurement. The subcommittee was charged with studying the Act and the regulations to ensure that the policies of the Act and the intent of the General Assembly in approving the Act were being carried out in a fair, impartial and cost-beneficial manner.

The membership of the joint subcommittee was appointed as follows: the Speaker of the House appointed Delegates Joan H. Munford, George W. Grayson, Mitchell Van Yahres, and Harry R. Purkey. The Senate Committee on Privileges and Elections appointed Senators Madison E. Marye, Robert E. Russell, Sr., and Walter A. Stosch. The Governor appointed William E. Haas to represent institutions of higher education, Donald F. Moore to represent the Department of General Services, Ann N. Anderson to represent the business community, Gilliam M. Cobbs, Sr., to represent local government, James J. Roberts to represent general contractors, Charles D. Layman to represent sheltered workshops, and Charles A. Brown as the citizen-at-large.

Delegate Munford was elected Chairman of the joint subcommittee, with Senator Marye acting as Vice Chairman.

II. Background

Senate Joint Resolution No. 148, adopted by the 1979 Session of the General Assembly, authorized a study of the laws on public procurement in the Commonwealth. The product of that study was a final report and proposed legislation. (See Virginia Procurement Law Study, Final Report, November 1, 1980.) Thus, in 1982, by Chapter 647 of the 1982 Acts of

Assembly, the General Assembly created and adopted the Virginia Public Procurement Act (VPPA) in Chapter 7 of Title 11 of the *Code of Virginia*. The legislation clearly states that the purpose of the VPPA is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources. It was the intent of the General Assembly in adopting the VPPA that public bodies in the Commonwealth would obtain high quality goods and services at reasonable costs, that all procurement procedures would be conducted in a fair and impartial manner and that all qualified vendors would have access to public business.

Section 11-35 of the *Code of Virginia* further enunciates the Commonwealth's procurement policy:

... [I]t is the intent of the General Assembly that competition be sought to the maximum feasible degree, that individual public bodies enjoy broad flexibility in fashioning details of such competition, that the rules governing contract awards be made clear in advance of the competition, that specifications reflect the procurement needs of the purchasing body rather than being drawn to favor a particular vendor, and that purchaser and vendor freely exchange information concerning what is sought to be procured and what is offered.

In 1992, 10 years after the VPPA was enacted, the General Assembly chose to revisit the Act by appointing this joint subcommittee to review the Act in accordance with today's markets and budgetary constraints and to make recommendations for improvements to the governmental procurement process. The General Assembly also desired to ensure that the intent of the Act was still being adhered to by both governmental purchasers and nongovernmental vendors.

III. Work of the Subcommittee

A. Deliberations

During the course of its study, the joint subcommittee received testimony from both governmental purchasers and governmental and nongovernmental vendors or suppliers.

Representatives from at least five of the Commonwealth's public universities addressed the subcommittee, over a period of several months, regarding their procurement needs and the purchasing problems they are currently encountering. They expressed concern over three problem areas that arise in their mandated dealing with Virginia Correctional Enterprises (VCE) and Virginia Industries for the Blind (VIB):

- Price -- VCE and VIB prices are not competitive with the private sector's prices;
- Quality -- goods produced by VCE and VIB are not as good as those produced by the private sector; and
- Service -- deliveries by VCE are not made in a timely manner and the flow of information is slow or nonexistent.

Each of the educational institutions gave specific examples, such as furniture upholstered incorrectly, deliveries delayed, and computer software prices that far exceed those of their college bookstores. VCE received the most criticism, and representatives from that organization, as well as VIB and the Department of Information Technology (DIT), presented the subcommittee with information to support the maintenance of mandatory sources for state purchasing.

The Division of Purchases and Supply (DPS) attempted to address the educational institutions' concern with mandatory state contracts. A number of the institutions would prefer optional, rather than mandatory, use of state contracts. These institutions maintain that they can purchase goods at lower prices and with faster delivery if they purchase outside of the state contracts, especially with purchases of computer hardware and software, which are regulated by DIT, not DPS.

DPS enters into state term contracts for goods when standardization and the consolidation of requirements into a single contract will result in reduced administrative effort and lower costs. The contracts are mandatory for use by state agencies with certain exceptions, such as purchases below or above specific dollar limits. However, if an agency or institution needs a product exceeding the quality or performance of the contract item, or requires one that is of a lesser quality or capability, an exception may be requested. Exceptions are granted on a case-by-case basis.

According to two recent surveys conducted by DPS, if state term contracts were made optional, and educational institutions established their own contracts for the same goods, volume on state contracts would be reduced. This reduction would cause an increase in prices and in procurement and contract administration costs for the Commonwealth. (See Appendix B.)

During the subcommittee's deliberations, all of the Commonwealth's mandatory procurement sources urged the subcommittee to maintain the state's mandates. These included VCE, VIB, DPS and DIT.

The subcommittee also surveyed 66 higher education institutions concerning their procurement policies and practices, in an attempt to address the concerns of Virginia's educational institutions. Forty-three institutions responded, and their responses can be found in Appendix C.

At its second meeting of 1992, the subcommittee received testimony from representatives of the state's mandatory sources for procurement: VIB, the sheltered workshops, VCE, and DIT.

Don Cox, Commissioner of the Virginia Department for the Visually Handicapped, which oversees VIB, and Joseph A. Bowman, his executive assistant, presented a written report to the subcommittee (see Appendix D) as well as an oral overview of VIB, including the fact that it has been in operation for over 50 years, providing employment opportunities for blind persons and enabling them to lead productive and independent lives. They also noted that § 2.1-450 of the *Code of Virginia* requires that the Commonwealth purchase from VIB.

Mr. Bowman provided data on current staff at VIB at Richmond and VIB at Charlottesville, including the number and age of workers and average earnings. Due to legislative initiatives in 1989, VIB production workers were added to the state's "excepted" category of state employees. Along with this classification came the responsibility for VIB to offer competitive wages and benefits, without additional general funds to provide them. Benefits to full-time employees include hospitalization, vacation leave, sick leave, educational and rehabilitation leave, and civil leave. Other state programs such as the SEAS program, Credit Union membership, direct deposit, and the purchase of U.S. Savings Bonds are available to these employees. Production workers enjoy the same 11 state holidays as other state employees, and hospitalization programs include life insurance and cancer intensive-care provisions.

Many of the blind or visually impaired VIB workers have secondary disabilities, such as diabetes, mental retardation, substance abuse, and other disabling conditions. Many of these workers have combinations of disabilities, or a combination of age and disability, making it extremely difficult for them to find outside employment in an atmosphere where statistics tell us that 70 percent of all blind people of working age are either unemployed or underemployed. Efforts are made to place workers whose skills are competitive with the general workforce in outside employment, but the worker must be trained to a point where he is capable of outside employment, outside employment must be available, and most of all, the blind worker must want to seek outside employment.

One of the items VIB provides for the Commonwealth is writing instruments. Due to complaints from users regarding the quality and selection of pens, the Division of Purchases and Supply (DPS) has established, at VIB's request, a "writing instrument users committee" to advise VIB on issues of concern. The price of stick pens is one of the first issues to be addressed by this committee, which first met in mid-October 1992.

Another mandatory source for state purchasing is the sheltered workshops, also called rehabilitation facilities, in which mentally retarded adults benefit by performing useful, remunerative, productive work. Wes Ferington, President of the Virginia Association of Rehabilitation Facilities (VARF), explained to the subcommittee that people with mental retardation receive the following benefits from working:

- ◆ increased self-esteem, self-reliance and self-image;
- ◆ skill acquisition;
- ◆ opportunities for socialization;
- ◆ economic empowerment; and
- ◆ opportunity to model appropriate behaviors.

Thus, the mission of VARF is "to promote valued employment options for Virginians with disabilities."

A 1991 study commissioned by the Department of Rehabilitative Services and performed by an independent firm hired by VARF revealed that 4,000 people with disabilities are employed by these providers, with an additional 1,397 people on waiting lists for service. Also, from 1988 to 1991, these providers placed 1,783 people with disabilities in competitive jobs in private industry.

Mr. Ferington urged the subcommittee to be cognizant of the value of the state procurement mandate for his organizations and to maintain the current law as it pertains to sheltered workshops. He also submitted a report prepared by his association. (See Appendix E.)

John W. McCluskey, Chief Deputy Director for the Department of Corrections, presented several television news clips, entitled "Factory Behind the Fences," to the subcommittee. These clips displayed the furniture and license plate operations in Virginia's prisons, which are a major part of VCE, another mandatory state contracting source.

After the viewing, Mr. McCluskey elaborated on VCE, which has been in operation for 58 years. VCE's facilities are geographically dispersed throughout the Commonwealth at 12 different sites and provide in excess of 600 products and services, including wood and metal furniture, signs, tags and plates, seating, systems furniture, clothing, and footwear. Services such as printing, silkscreening, data entry, meat processing, and laundry are also performed by VCE, which currently employs 1,417 inmates and in fiscal year 1992 had sales of \$20.6 million. (See Illustrations A and B.)

Illustration A

GEOGRAPHICALLY DISPERSED LOCATIONS

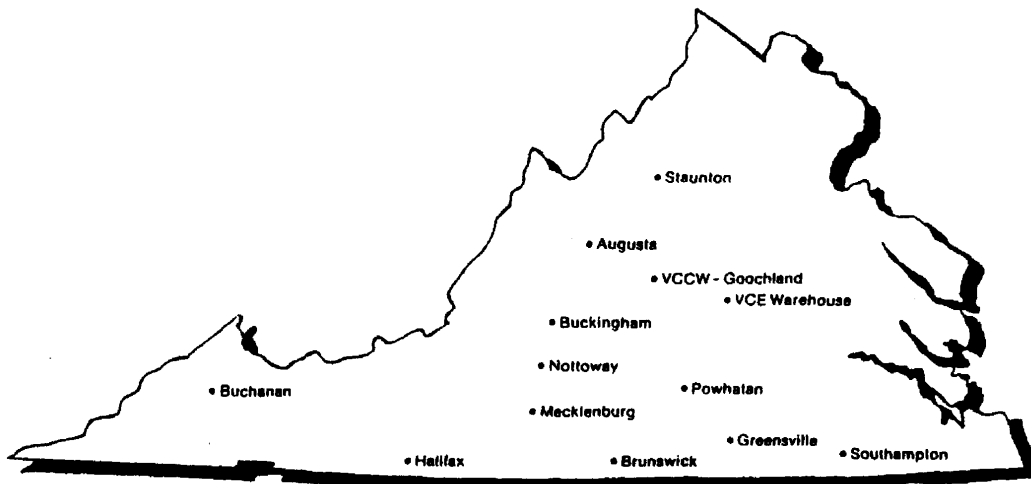
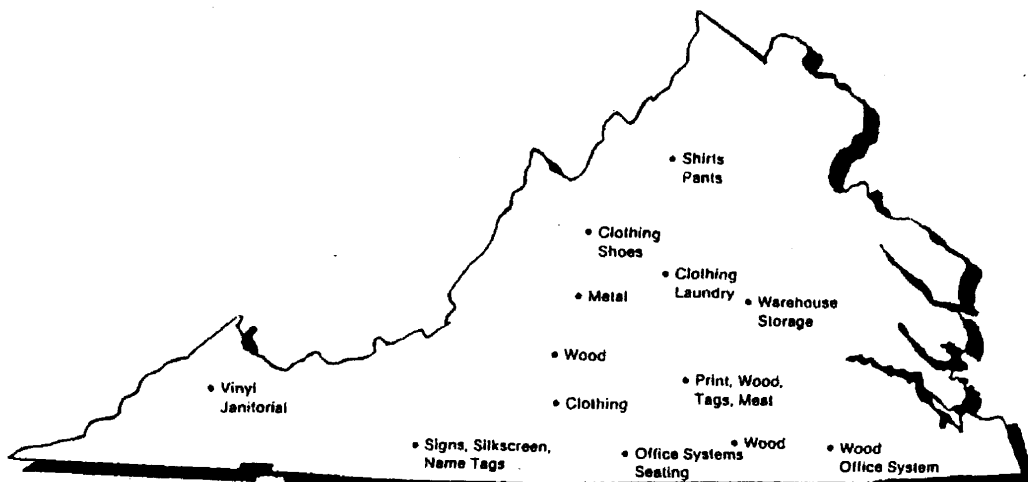


Illustration B

DIVERSE PRODUCTS



According to Mr. McCluskey, VCE offers service, quality, and fair prices to its customers as well as being a critical management tool for the Department of Corrections (DOC). He noted that the number of customer complaints is small in comparison to the number of shipments. (See Illustration C.) He also supplied graphics depicting that VCE's prices are lower than the average market product prices for a variety of goods. (See Illustrations D and E.) VCE also provides inexpensive inmate activities for DOC while it pays its own way. The inmates benefit from the program as they learn to work in an environment that emulates the outside world. Research by the Department of Justice reveals that inmates who work obtain jobs faster upon release, start at higher salaries, and are less likely to be incarcerated again.

Illustration C

SHIPMENTS vs CUSTOMER COMPLAINTS

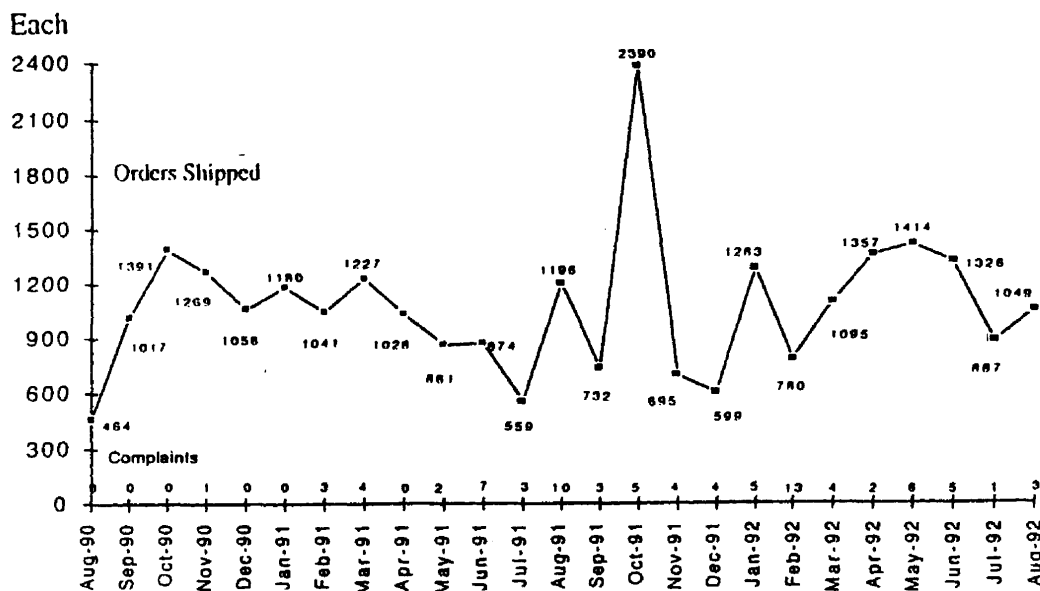


Illustration D

AVERAGE MARKET PRODUCT PRICES vs VCE PRICE

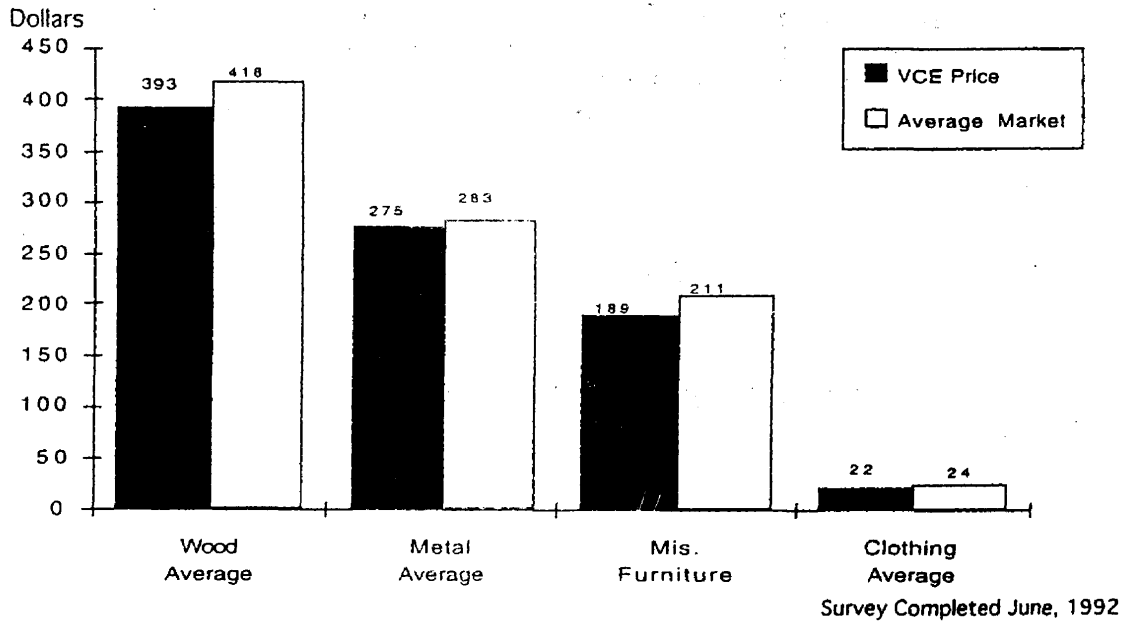
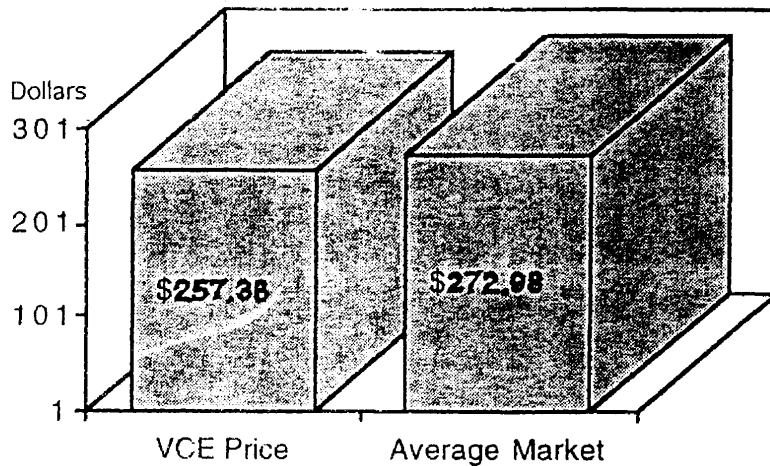


Illustration E

MARKET vs VCE PRICE



Thus, Mr. McCluskey asked the subcommittee to consider the value of VCE to the prison environment, as well as to the Commonwealth, and to maintain VCE as a mandatory source for state purchasing.

Mandatory state contracts for computer hardware and software were addressed by J. Westwood Smithers, Director of DIT, and Thomas L. Goodbody, DIT's Director of Procurement and Contracting. Both emphasized that the mandatory nature of these contracts result in the Commonwealth's receiving the best possible pricing for the total government structure and that these contracts should, therefore, remain mandatory.

Procurements of real estate were also addressed by the subcommittee. Senator Russell and Peter Clay, President of DPC Development, explained that real estate transactions are expressly excluded from the Virginia Public Procurement Act. This has resulted in a system that is often unfair to offerors and does not produce competitive prices for the Commonwealth.

In October 1992, the joint subcommittee held a public hearing at Virginia Tech to receive comments regarding the Commonwealth's procurement policies and procedures. Nine interested persons, including representatives of the University of Virginia, Radford University, Virginia Tech, Cobb Office Products, Inc., vanBlaircom Designs, Anderson Furniture, New River Office Supply, Herman Miller and Harris Office Furniture, addressed the subcommittee on a number of issues, including the benefits of mandatory contracts, the problems with mandatory contracts, the operations of VCE and VIB, concerns with procurement policies implemented by DPS, and the most beneficial use of state purchasing dollars.

The subcommittee also held a meeting at Greensville Correctional Center in order to allow the members to get a firsthand look at VCE's furniture-making operations. Following a tour of the facilities, VCE addressed the subcommittee on the success of its operation, and the Director of the Department of General Services discussed the Commonwealth's response to Senator Russell's earlier concerns, a new policy for procuring real estate via lease.

B. Recommendations and Proposed Legislation

Due to the conflicting nature of the testimony received by the subcommittee from both the purchasers and the vendors, the group recommended that the study be continued for another year to allow the subcommittee to address additional procurement issues such as the disposal of surplus property by governmental entities, exemptions from the competitive process for goods and services provided by institutions such as sheltered workshops and correctional facilities, and the results of allowing such exemptions, including whether VCE actually produces skilled employees for the business community. (See Appendix F.)

The subcommittee discussed the possibility of the Joint Legislative Audit and Review Commission (JLARC) conducting an in-depth study of VCE, as it was the entity which received the most criticism during testimony; however, a motion to that effect was eventually defeated. The approach adopted by the subcommittee was to introduce legislation directing the Division of Purchases and Supply (DPS) of the Department of General Services to develop and organize an advisory group to evaluate and make recommendations concerning the services, operation, and performance of Virginia Correctional Enterprises. The membership of the group will be determined by the joint subcommittee, in conjunction with DPS. The advisory group's review will include evaluation of the planning, budgeting, staffing, procurement, policy development and service functions of VCE and shall be completed prior to November 1, 1993, so that recommendations may be submitted to the joint subcommittee prior to December 1, 1993. (See Appendix G.)

As for the leasing of real estate, which is not covered by the Act, the subcommittee agreed that it may desire to appoint a subcommittee in 1993 to examine the issues relating to the procurement of real property via lease.

IV. Conclusion

The members of the subcommittee established pursuant to House Joint Resolution No. 106 believe that the procurement process for governmental entities must continue to be examined to ensure that the policies of the Virginia Public Procurement Act and the intent of the General Assembly in adopting the Act are being administered in a fair, impartial and cost-beneficial manner.

The testimony given and the materials provided to the subcommittee by various public and private sector groups, as well as individuals, were invaluable to the joint subcommittee in understanding and evaluating the issues and formulating the legislation. The subcommittee expresses its gratitude to all participants for their hard work, support and dedication.

Respectfully submitted,

Joan H. Munford, Chairman
Madison E. Marye, Vice Chairman
George W. Grayson
Mitchell Van Yahres
Harry R. Purkey
Robert E. Russell, Sr.
Walter A. Stosch
Ann N. Anderson
Charles A. Brown
Gilliam M. Cobbs, Sr.
William E. Haas
Charles D. Layman
Donald F. Moore
James J. Roberts

V. Appendices

- A. House Joint Resolution No. 106 (1992).
- B. Summaries of Study of Mandatory or Optional Contracts.
- C. Survey of Institutions of Higher Education Relating to Procurement Practices.
- D. Virginia Industries for the Blind: Presentation to the Joint Subcommittee.
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- F. House Joint Resolution No. 695 (1993).
- G. House Joint Resolution No. 694 (1993).

APPENDIX A

House Joint Resolution No. 106 (1992)

HOUSE JOINT RESOLUTION NO. 106

Establishing a joint subcommittee to study the Virginia Public Procurement Act and the regulations adopted by the Department of General Services, Division of Purchases and Supply, for procurement.

Agreed to by the House of Delegates, March 5, 1992
Agreed to by the Senate, March 3, 1992

WHEREAS, by Chapter 647 of the 1982 Acts of Assembly, the General Assembly created the Virginia Public Procurement Act in Chapter 7 of Title 11 of the Code of Virginia; and

WHEREAS, the purpose of the Virginia Public Procurement Act is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources; and

WHEREAS, it was the intent of the General Assembly in approving the Act that public bodies in the Commonwealth would obtain high quality goods and services at reasonable cost, that all procurement procedures would be conducted in a fair and impartial manner, and that all qualified vendors would have access to public business; and

WHEREAS, in this time of budget constraints, all public bodies must be free to purchase goods and services of the best quality at the lowest price; and

WHEREAS, certain provisions of the Virginia Public Procurement Act may adversely affect purchasers, vendors and the general public, since public bodies are forced to accept goods which are inferior in quality or higher in price than those which they could have obtained had it not been for the Act; and

WHEREAS, certain other provisions of the Virginia Public Procurement Act require the Division of Purchases and Supply to exempt from the competitive process materials, supplies, services and equipment produced by schools or workshops under the supervision of the Virginia Department for the Visually Handicapped or by inmates confined in state correctional institutions; and

WHEREAS, other nonprofit organizations are seeking similar exemption; and

WHEREAS, the Department of General Services through its Division of Purchases and Supply has established mandatory state contracts for certain items, resulting in some public bodies not having a contracting vendor accessible to meet their goods and services needs; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be requested to study the Virginia Public Procurement Act and the regulations adopted by the Department of General Services, Division of Purchases and Supply, for procurement to ensure that the policies of the Act and the intent of the General Assembly in approving the Act are being carried out in a fair, impartial and cost-beneficial manner.

The joint subcommittee shall consist of 14 members to be appointed as follows: four members of the House of Delegates to be appointed by the Speaker of the House; three members of the Senate to be appointed by the Senate Committee on Privileges and Elections; and seven members to be appointed by the Governor as follows: one representative of a state institution of higher education, one representative of the Department of General Services, one representative of the business community, one representative of local government, one representative of general contractors, one representative of the Sheltered Workshops associated with the Virginia Association of Rehabilitation Facilities and one citizen at large.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1993 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of this study are estimated to be \$11,070; the direct costs of this study shall not exceed \$10,080.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

APPENDIX B

Summaries of Study of Mandatory or Optional Contracts



COMMONWEALTH of VIRGINIA


DEPARTMENT OF GENERAL SERVICES

October 21, 1992

DIVISION OF PURCHASES AND SUPPLY

805 EAST BROAD STREET
POST OFFICE BOX 1199
RICHMOND, VIRGINIA 23209
(804) 786-3842

TO: HJR 106 Subcommittee

FROM: Donald F. Moore 
Director
Division of Purchases and Supply

RE: **Mandatory/Optional Contracts**

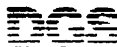
This issue has been raised, not only by this subcommittee, but also in the State Council of Higher Education proposal for decentralization. In both studies, the proponents of optional contracts are, for the most part, UVA, VPI and VCU.

My position on this issue is the same as it would be on any other procurement matter; that is, flexibility as long as the facts support a decision that will not provide an advantage to an individual or group of agencies at the expense of other state agencies or institutions.

The DPS Contract Section is doing an in-depth study of the Mandatory/Optional issue. Although it is not yet complete, I believe the information gathered to date is evidence that volume is a key factor in price and the removal of significant usage will adversely affect contract prices.

- 21 contracts were randomly selected for review of optional use potential.
- 54 contractors involved in these contracts were questioned re mandatory vs optional use contracts.
- 42 contractors, or 77.8%, favored keeping the mandatory use requirement.
- 39 or 72% of vendors contacted said increases would range from 5% to 60%; the majority of projections fall in the 15% to 35% range.
- Examples of completed contract reviews and estimated annual dollar impact:

• Carpet	+ \$840,000
• Fine Paper and Envelopes	+ \$560,000
• Air Filters	+ \$ 40,000
• Hospital/Institutional Uniforms	+ \$120,000
• Office Supplies	+ \$350,000
- Prices on contracts involving low volume usage by the colleges and universities, i.e., 5% - 10% of the contract volume would not be affected.





COMMONWEALTH of VIRGINIA

DEPARTMENT OF GENERAL SERVICES

DIVISION OF PURCHASES AND SUPPLY

November 12, 1992

805 EAST BROAD STREET
POST OFFICE BOX 1199
RICHMOND, VIRGINIA 23209
(804) 786-3842

MEMORANDUM

TO: Members of the Joint Subcommittee Studying the Virginia Public Procurement Act (HJR 106 - 1992)

FROM: Donald F. Moore *DFM*
Director, Division of Purchases and Supply

SUBJECT: Mandatory or Optional Contracts

Mandatory state contracts result from standardizing product specifications and consolidating requirements of the Commonwealth's agencies and institutions. As a result contract prices are, on the average, 15% to 35% lower than one-time or spot purchases. DPS has established 320 goods contracts which have total annual expenditures that exceed \$150,000,000.

Volume is a key factor in reducing unit prices. Optional use by the educational institutions would significantly reduce the usage and cause a substantial increase in costs. A random review of 20 contracts in which the 54 contractors involved were asked to indicate the impact on price if the educational institutions were permitted to selectively use the contracts indicates the following:

<u>Contract</u>	<u>Anticipated Annual Increase</u>
Laboratory Apparatus	+ \$1,800,000
Carpet	840,000
Fine Paper and Envelopes	560,000
Photocopiers	419,976
Office Supplies	350,000
Hospital/Institutional Uniforms	120,000
Audio Visual Equipment	120,000
Facsimile Equipment	106,870
Filing Supplies	105,416
Data Processing Supplies	59,277
Photographic Film and Papers	47,746
Photographic Lamps	41,863
Air Filters	40,000
Dictation Equipment	15,000
Cellular Telephones	4,000
Commercial Lawn Mowers	none
Work Gloves	none
Computer Tapes	none
Dry Cell Batteries	none
Large Lamps	none
	<u>\$4,630,148</u>



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DPS believes that if each of the 320 contracts were analyzed for cost effectiveness, it would be reasonable to expect prices to increase by at least 10%, or \$15,000,000 annually, if educational usage was removed. In several cases where the use of a given contract by the colleges and universities is relatively low (5-10% of the contract volume), the contractor said the prices would stay the same: state contracts for Dry Cell Batteries and Large Lamps are examples. This is further evidence that volume is a determining factor in price and the removal of significant usage will adversely effect state prices.

Examples of contractor responses:

- **Contractors With Few Awards**

In two instances where photocopier contract vendors were surveyed, these vendors indicated that prices would not change. Upon further investigation, it was determined that these two contractors had not been awarded many benchmarks on the contract and were not seeing much business from state agencies. Therefore, optional use contracts would enhance their ability to increase their sales.

- **Use of DPS' Special Pricing Clause**

Another photocopier contractor stated that prices would remain the same. But this is a company which has already made special pricing available to the educational institutions through a clause allowing this in the state's contract. This clause has been part of the General Terms and Conditions in DPS contracts for two years.

- **Undermining State Contract Awards**

One of the contractors we contracted with regard to the impact of the decentralization proposal on the Audio Visual Equipment contract stated that once a contract is established on an optional use basis, the pricing becomes a target to shoot at and any vendor interested in sales to state agencies need only undercut it by a small margin to get state awards.

This is a primary argument for maintaining mandatory use contracts: upon award of a state contract the pricing becomes available to the public and any vendor can access this information. If contracts are optional use, the sales pitch then becomes one of "I can beat the state contract price if you give me your business." Many of the items on state contract carry unit prices of less than \$1000, the single quote limit. An agency can make purchases from a vendor who is willing to undercut contract prices and do this within the rules established in the state system. However, the effect of this practice over time is disillusionment on the part of the state contractor and other participating bidders. The result is the lack of incentive for bidders to give their best price on solicitations for state contracts. Why give your best

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price when your competitor can undercut you beginning with the effective date of the contract. Competition for state business will become soft and the promise of state business will hold little credibility.

- **Carpet Contract.** Contractors on the state's carpet contract had the following comments.

The manufacturer's price to dealers might increase as much as 50% if the contract was optional use and the colleges and universities chose not to participate.

Some dealers stated that they would not bid small jobs (the contract now requires them to do so) or if they took small jobs it would be at a substantially higher profit margin.

One said he would not take jobs on the Eastern Shore.

It would take a major effort on the part of some schools to bid all the jobs now done on the contract which was established by one bid process.

Schools would pay higher prices on a spot basis.

- **Office Supply Contract.** Contractors on the Office Supply Contract had the following comments:

Because of the quantities on the state bid, the manufacturers give the dealers better prices than the dealers can get on their own.

Only large agencies with large volumes would get good prices without the contract. Small agencies would not get favorable discounts because of their low usage.

All of the dealers contacted stated that as taxpayers they felt the contract offered the best prices available but as businessmen they would be better off with a lot of small contracts or spot purchases because they could get a much higher markup.

- **UHC Contracts**

The Division of Purchases and Supply has approved the use of seventy-four (74) University Hospital Consortium contracts for use by the University of Virginia Medical Center and the Medical College of Virginia. These approvals were given under authority vested in DPS by the cooperative procurement section of the Virginia Public Procurement Act. Twelve (12) UHC contracts have been approved for use by other state agencies such as the Department of Health, the Department of Mental Health, Mental Retardation and Substance Abuse Services, and the Department of Corrections. The UHC contractors agreed to supply these agencies at the UHC prices.

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The use of these contracts have saved the state millions of tax dollars. DPS contacted three contractors on two major UHC contracts which impact the non-teaching hospitals: X-Ray Film and Needles and Syringes. Becton Dickinson (Needles and Syringes) stated that if the decentralization proposal jeopardized the participation of non-teaching hospitals in the contracts, then prices would increase to these institutions. The Fuji Regional Sales Manager (X-Ray Film) stated that if the contract was not available to other state agencies, their discounts would be reduced approximately 43% off Fuji's list prices to 25% off list.

- **Dictation Equipment**

Dictaphone stated that prices would be significantly higher if the contract was made optional use and cited the following example as substantiation. The portable unit currently on contract costs the state \$150. The best pricing on Dictaphone's current contracts with several hospital purchasing groups is \$350.

Summary

DPS has provided the educational institutions, especially VPI, UVA, GMU, JMU and VCU, with the authority to buy off the state contract without DPS approval if the product quality on contract does not meet their need or if the contractor is unable to meet delivery requirements.

The universities mentioned are to be commended for their cost reduction interests. DPS is sympathetic to their concerns, however, the bottom line effect on the state as a whole has to be considered. Reduced costs to one group will mean increased costs to another and likely would require an increase in appropriated funds. It should be noted that few, if any, "apple to apple" examples have been provided that supports the universities assertion that they can buy "cheaper". Attempts to establish a realistic reduction threshold have not been successful. Any price differential must include the cost of handling the procurement cycle for single orders. Efforts are continuing between DPS and the institutions.

DFM:so

APPENDIX C

**Survey of Institutions of
Higher Education Relating to
Procurement Practices**

**The Following is a list of institutions surveyed.
Asterisk (*) indicates
those institutions which did not respond.**

University of Alabama--Birmingham
Appalachian State University
University of Arizona
Baylor University*
Boston University*
Bowling Green State University*
California State University--Chico
California State University--Fresno
California State University--Sacramento
University of California--Los Angeles*
University of Southern California
University of Cincinnati
University of Connecticut
Cornell University
University of Delaware
Eastern Washington University*
Illinois State University
Northern Illinois University*
University of Illinois--Chicago*
University of Illinois--Urbana
Western Illinois University
Indiana State University
Iowa State University
University of Iowa
University of Kansas
University of Kentucky
Louisiana State University
University of Maryland--College Park
University of Massachusetts--Amherst
Miami University of Ohio*
University of Miami*
Michigan State University*
University of Michigan

Middle Tennessee State University
Western Michigan University
University of Minnesota*
University of New Mexico--Main Campus
New York University--Buffalo
University of North Carolina--Charlotte*
University of Southern Mississippi
North Carolina A&T State University*
Ohio State University
University of Oklahoma
Pennsylvania State University
University of Pennsylvania
University of Pittsburgh*
Portland State University*
Purdue University
Saint Cloud State University*
Suny College--Brockport*
Suny College--Plattsburgh
Suny College--Oswego*
Temple University*
University of Tennessee*
University of Tennessee--Chattanooga*
Texas A&M University
University of Texas--Austin
University of Utah
University of Washington
Wayne State University
West Virginia University
University of Wisconsin--Madison
Western Washington University*
University of Wisconsin--Eau Claire
University of Wisconsin--La Crosse
University of Wisconsin--Oshkosh*

QUESTIONS TO UNIVERSITIES AND INSTITUTIONS OF HIGHER EDUCATION RELATING TO PROCUREMENT PRACTICES

[43 out of 66 Institutions Surveyed Responded]

1. Is your university appropriated monies by your state's legislature?

42 of the 43 institutions that responded receive appropriated monies.

If yes, what percentage does the appropriation represent v. the total university budget? ____%

Responses ranged from one percent to 100%, with 20% to 40% most common.

2. Is your university required to adhere to your state's procurement laws?

74% Yes 21% No

3. Is your university required to adhere to your state's procurement regulations?

30% Yes 23% No 37% Partially

If partially, please explain the nature and extent.

A number of institutions stated they had autonomy up to a certain dollar amount, such as \$100,000

4. Does your state have a central purchasing office?

95% Yes 2% No

If yes, do the institutions of higher education meet regularly with the central purchasing office?

44% Yes 56% No

If yes, how often?

*7% Monthly 9% Quarterly
2% Semi-annually 2% Annually*

5. If the answer to 4 above is yes, does the central purchasing office establish statewide contracts for goods?

91% Yes 0% No

If yes, does your university have access to these contracts?

95% Yes 5% No

Does the central purchasing office establish statewide contracts for services?

77% Yes 21% No

If yes, does your university have access to these contracts?

74% Yes 2% No

6. Are the contracts mentioned above mandatory for use by your university?

16% Yes 79% No 5% Partially

If yes, what are the benefits of this mandatory contract program?

- ✓ Eliminates the bid process for individual requests.**
- ✓ Immediate, unlimited purchasing ability.**
- ✓ Prices remain the same for the contract term of one year or more.**
- ✓ Volume discounts.**

What are the disadvantages?

- ✗ Do not always receive the best price.**
- ✗ Delivery times are not always adequate.**
- ✗ Leadtime is greater.**

If yes, do you have the ability to waive the use of a contract?

37% Yes 9% No

If yes, what documentation do you have to put in the file when you waive use of the contract?

- Outline of procedures followed in the purchasing transaction.**
- Document that price was better than state contract or that delivery time was crucial and could not be met by state contract.**

If not mandatory, are these contracts optional for your university?

91% Yes 5% No

If yes, what are the benefits of the optional contract program?

- ✓ *Have the advantage of using the contract if it is in the institution's best interest.*
- ✓ *Eliminates duplication of effort in soliciting bids.*
- ✓ *Some universities formulate consortium contracts to get more favorable prices on items related to academic operations.*

What are the disadvantages?

- X None*
- X Logistical and coordinating difficulties*

7. Does your state have prison industries which employ prisoners to manufacture goods or provide services for use by state agencies/institutions of higher education?

95% Yes 5% No

If yes above, is your university required to purchase the goods produced by the prison industries?

49% Yes 47% No 4% By Regulation 26% By Law

If yes, what types of goods and services?

Furniture, cleaning supplies, highway signs, specialty clothing, tire recapping, furniture refinishing, paint, upholstery, automobile reconditioning

If you are required to use prison industries, does prison industries' price have to be within a certain percentage of the low bid?

5% Yes 51% No

If yes, what is the percentage? _____%

No institution gave a percentage.

8. Does your state have industries for the visually handicapped which produce goods or services?

74% Yes 26% No

If yes, is your university required to purchase from this source?

33% Yes 37% No 2% By Regulation 16% By Law

If yes, what types of goods and services?

Pens, pencils, lab coats, safety signage, some furniture, mattresses, brooms, mops, rubber stamps, vending services, linens and bedding

In general, is the quality

14% Good 37% Average 2% Poor

If yes, does visually handicapped industries' price have to be within a certain percentage of the low bid?

7% Yes 35% No

If yes, what is the percentage? _____%

15% was given by one institution.

9. Is your institution heavily involved in government and/or private sector research?

88% Yes 12% No

If yes, do you have separate laws governing procurement for research?

26% Yes 63% No

If no, do you have different, more flexible regulations to cover purchase of goods and services for research?

14% Yes 54% No

10. Does your university have a medical school?

58% Yes 42% No

A teaching hospital?

56% Yes 44% No

If yes, do you have separate laws governing procurement for the medical school and/or the hospital?

7% Yes 56% No

If no, do you have different, more flexible regulations to cover purchase of goods and services for your medical school or hospital?

7% Yes 58% No

#

APPENDIX D

**Virginia Industries for the Blind:
Presentation to the Joint Subcommittee**

VIRGINIA INDUSTRIES FOR THE BLIND

Presentation

to the

Joint Subcommittee Studying the Virginia Public Procurement Act

September 24, 1992

INTRODUCTION AND MISSION

Thank you for the opportunity to provide information about the Virginia Industries for the Blind (VIB). We hope this information will be helpful in your deliberations regarding state purchasing.

The mission of the Virginia Industries for the Blind is to enhance the quality of life for blind and visually impaired individuals by providing an opportunity for career development and gainful employment in a safe, clean, productive and cost efficient environment.

The Virginia Industries for the Blind provide quality products in a timely manner. We also provide a livelihood for blind workers, many of whom would have difficulty obtaining employment outside the VIB.

During today's presentation we will tell you about our workers and staff, and about the products and services we provide. We will provide you with brief responses to the concerns about some of our products which were raised at your August meeting; we will identify improvements we have made in the Virginia Industries for the Blind; and we will share with you some suggestions we have to address the concerns of our customers.

VIB Workforce & Services Provided

Virginia Industries for the Blind at Richmond currently employs thirty-seven full-time industry workers, three temporary part-time workers, and one trainee. Thirty-one production workers and one trainee are blind; fifteen employees who are blind are over the age of 55. The average age of blind workers is 51 years. The average earnings of full-time production workers at our Richmond plant are \$4.56 per hour.

Virginia Industries for the Blind at Charlottesville currently employs seventy-four full-time industry production workers, three temporary workers, and three trainees. Fifty-four of these individuals are blind, including the three trainees. Nineteen of the blind workers are over the age of 55, with the average age being 44. The average earnings of full-time employees at our Charlottesville plant are \$5.08 per hour.

Due to legislative initiatives in 1989, VIB production workers were added to the state's "excepted" category of state employees. Along with this excepted classification came the responsibility for VIB to offer competitive wages and benefits. It is important to note that we did not receive any additional general funds to provide these expanded benefits. Benefits to full-time employees include hospitalization, twelve days vacation leave, and fifteen days sick leave annually. Educational and Rehabilitation leaves are available, as well as civil leave. Other state programs such

as the SEAS program, Credit Union membership, direct deposit, and the purchase of U. S. Savings Bonds are available to these employees. Production workers enjoy the same eleven state holidays as other state employees, and hospitalization programs include life insurance and cancer intensive care provisions.

Many of the workers who are blind or visually impaired have secondary disabilities such as diabetes, mental retardation, substance abuse, and other disabling conditions. Many of these workers have combinations of disabilities, or a combination of age and disability making it extremely difficult for them to find outside employment in an atmosphere where statistics tell us that 70% of all blind people of working age are either unemployed or under employed. Efforts are made to place workers whose skills are competitive with the general workforce in outside employment, but certain factors must be present for this to be successful. The worker must be trained to a point where he/she is capable of outside employment, outside employment must be available, and most of all, the blind worker must want to seek outside employment.

Most persons who have been referred to the industries have received prior training through the Department for the Visually Handicapped (DVH) to help them adjust to their loss of vision. DVH provides a comprehensive array of services to help individuals who are blind or visually impaired to adjust to their blindness. These services are not only available to individuals prior to entering the industries but can be arranged during a person's training period or can be obtained for employees with specific needs. The blind and visually impaired individuals working at the industries take tremendous pride in their work and workplace, as was evidenced in 1991, when the industries had an opportunity to support the conflict in the Middle East through the manufacture of 9,600 mattresses. If the federal inspectors had allowed us, many of the workers probably would have written personal messages on these mattresses to the soldiers who they anticipated would use them.

Classified Personnel Within the Industries

The VIB's employ twenty-five individuals in state classified positions. Five of these are designated as administrative - the Deputy Commissioner for Enterprises, the Director of Marketing & Sales, the Director of Manufacturing, the Industry Financial Manager, and one Executive Secretary. The other twenty (20) positions are divided among the plants, with seven (7) positions at Richmond, twelve (12) positions at Charlottesville, and one (1) position (Supervisor of Buildings & Grounds) travelling between the two plants. The breakdown of the positions includes: two (2) Managers, two (2) Assistant Managers, one (1) Supervisor of Buildings & Grounds, three (3) Fiscal Assistants, two (2) Vocational Evaluators, seven (7) Supervisors, two (2) Senior Secretaries, and one (1) Electrical Foreman. These positions do

not cover all areas of a business, but we are limited by our maximum Manpower Employment Levels (MEL) and our ability to fund new positions from earned revenue.

The Director of Marketing & Sales is the only sales person on the staff, limiting the number and frequency of direct sales calls. The Supervisor of Buildings & Grounds has maintenance responsibility for two (2) plants. No one is specifically dedicated to product development, engineering, advertising, purchasing, human resources, industrial relations, customer service, and other business activities. Current staff handle these activities as time allows.

All classified positions are funded from the earned revenue of the industries. It is important to note that the Industries receive no state funding for any of its operations.

Background & Recent Improvements

The Virginia Industries for the Blind was founded in Charlottesville in 1924 by a group of businessmen wanting to create employment opportunities for blind Virginians. In 1929 they built the building you see in the slide. The original three-story structure was doubled in size through expansion in the 1940's. In the 1950's, a metal, detached warehouse was added as a temporary facility; and in the early 1970's, the current warehouse was added. Although not totally conducive to a modern manufacturing environment, this facility has served the needs of the industries for over sixty (60) years.

The Industries for the Blind at Richmond was built in 1969. It is a one-story facility and has adequate space in all areas: manufacturing, storage, shipping and receiving, parking, to meet current needs.

Due to the reluctance of prior management to invest resources in routine maintenance and upkeep of VIB facilities, by 1986 they had deteriorated to the point that their appearance was not only a distraction, but an embarrassment. Many safety features and comforts were overlooked.

This next section of slides shows the conditions of both facilities under former management and some of the changes that have been made to upgrade both plants since 1986. Highlights of improvements are: air conditioning has been added at Charlottesville and improved at Richmond; both buildings have been repainted on the inside and the outside of the Richmond plant has been painted. Electrical service has been upgraded; handicapped accessibility ramps have been added at both facilities. Most bathrooms have been adapted to accommodate the handicapped, and storage space is better utilized through the use of racks. Landscaping has been improved. Most of this work has been accomplished by the VIB staff. The resulting affect is a

safer, cleaner, plant more conducive to a productive manufacturing environment.

The Vice President of Government Affairs for National Industries for the Blind has stated that the turn-around at VIB-Richmond was the greatest change he had seen during his tenure with the National Industries.

PRODUCTS, CUSTOMERS & SALES
(slides showing products)
(overheads showing sales figures)

As you can see from the sales charts, as our federal sales are decreasing our sales to state government customers are increasing.

Code of Virginia Requirements for Price and Quality of VIB Products

(overhead)

At your August meeting you were told that "There is nothing in the Code of Virginia which sets forth any standard for price, quality, or service which must be followed by...VIB for the goods and services which they produce and sell."

The General Assembly recognized the importance and value in providing employment for blind people by establishing the Virginia Industries for the Blind as a mandatory purchase source.

Section 2.1-450 of the code of Virginia specifically addresses the issue of quality and price stating that: "...all such services, articles and commodities as (1) are required for purchase from the Department for the Visually Handicapped (VIB)... must (4) conform to the standards established by the Division and shall be purchased from the Department at the fair market price without competitive procurement." As you can see, the Department must meet standards established by DPS and must sell products at fair market prices.

Responses to Concerns Raised at August Meeting

PRICES

Stick Pens: At your August meeting you heard concerns raised about the price of stick pens. We have researched this concern within our limited resources and have a suggestion on how this issue could be effectively addressed. We have recommended to the Division of Purchases & Supply that a Writing Instrument Users

Committee be established to advise the VIB's on issues of concern. The price of stick pens could be one of the first issues addressed by this committee. This committee would involve our state customers as the driving force as to preference and quality, and thus impact prices. Our staff have met with DPS and it appears that the first meeting of this committee will be held in mid-October.

VIB is also investigating methods in which we can purchase component parts directly from the fabricator without going through distributors in order to bring down the price of writing instruments.

It is important to recognize that the VIB's do not control a substantial portion of the market in any product we sell. For example, we do not offer a complete line of office supplies, therefore, we cannot offer one line of writing instruments at a substantially reduced price and make up for it in volume of sales or sales of other office supply items. The same thing applies to latex gloves. Gloves are the one (1) medical item which we carry. We cannot reduce glove prices and make up the difference in another medical product line that we sell to the same customer. As you are undoubtedly aware, this practice is common in the private sector.

Latex Gloves: At your last meeting you also heard a concern raised about the cost of latex gloves. Earlier this year, the Chief Buyer of this product with the Division of Purchases & Supply conducted a price survey on this product with the following results:

Prices ranged from \$4.24/100 to \$5.00/100. The study also noted that one medical publication indicated that some purchases might be possible at \$3.50/100. The VIB price is \$4.15/box of 100, and for agencies buying in quantities of 40 cases or more, the price is \$3.88/box of 100. "In that the product being supplied by the Virginia Industries for the Blind is of quality and the price falls well within the price range of the open market, I recommend that this division renew the contract one additional year."

As you can clearly see from this study conducted independently of the Industries for the Blind by DPS, our price to major purchasers of \$3.88 per box is well within the lower ranges of price in the DPS study. The company from which we purchase this glove for repackaging enjoys an excellent reputation in the field. Hypoallergenic testing on these gloves should be available by the end of November allowing us to use hypoallergenic labelling on our packaging. Hypoallergenic gloves should resolve another concern you heard at your August meeting.

Our glove boxes are color coded making it easier for the user to distinguish, at a glance, what size glove is in the box. This saves the end user considerable time and trouble.

Another distinguishing advantage of our gloves is that they are sealed in plastic inside a dispenser box. No other manufacturer that we are aware of does this. This keeps the gloves cleaner and adds to the shelf life, keeping the gloves undisturbed to the end-user.

Latex gloves may be available through a hospital consortium for the price of \$3.25, plus shipping, as someone suggested at your August meeting. However, to obtain this price, the consortium will probably be shopping the market for gloves available at the lowest price. When searching for the lowest price it will be difficult, if not impossible, to control the quality of gloves. The gloves may come packed in a major manufacturer's container, but they may not be made by that manufacturer.

STATE WORKERS CAN NOT GET THEIR PERSONAL PREFERENCE IN WRITING INSTRUMENTS

At your August meeting you heard that some state employees wanted the flexibility to purchase their personal preference of writing instruments. It is the VIB's understanding that it was never the intent of the state to give each employee working for the Commonwealth of Virginia their individual choice of writing instrument. In an attempt to meet the varying needs of state agencies, we provide a wide variety of writing instruments which we have improved over the past several years. Recent improvements have included changes in style, quality, design, and other specifications. We have switched to brass cartridges whenever possible in order to provide a longer life cycle for the writing instrument. We have even attempted to upgrade the aesthetic quality of the writing instrument line. We recognize that while our writing instrument line meets usual demands, there are some unusual demands which our products do not satisfy. Because we cannot meet all user demands, the 1992 contract contains blanket exemptions for some writing instruments.

We believe that the wide variety of writing instruments currently available meets the needs of the vast majority of state employees.

CUMBERSOME PAPERWORK

You were also told at your August meeting that the process for requesting waivers for purchasing VIB products is cumbersome. To request a waiver a letter must be directed to the Commissioner for the Department for the Visually Handicapped stating the justification for purchasing off state contract. Over the last two years, the average response time from the Commissioner to all state agencies making waiver requests is 12.7 days. The average response time to colleges and universities is 7.1 days. Frequently individuals are given oral approval of their request or receive prompt waivers through FAX transmission.

Information on Waiver Requests

From January 1, 1991 through August 31, 1992 there were seventy (70) requests for waivers by colleges and universities, including UVA Health Sciences and MCV. Sixty-eight (68) requests dealt with writing instruments, one (1) was for latex gloves and one (1) was for spices. Of the seventy (70) requests, sixty-four (64) were granted; and six (6) were denied.

During that same time period there were twenty-five (25) waiver requests by all other state agencies. Twenty-one (21) were granted, and four (4) were denied. Of these requests, twenty (20) were for writing instruments, and five (5) were for latex gloves. In total, there were ninety-five (95) requests for waiver, eighty-five (85) of which were granted. Eighty-eight (88) of these requests were for writing instruments.

The major reason for denying waiver requests was failure by the requesting agency to demonstrate that the need to purchase off contract was justified. Waiver request information will be reviewed again prior to re-establishing our writing instrument contract with the state, at which time, if we find significant requests for any particular writing instrument which we do not manufacture, those items may be added to the list of automatic exemptions in the state contract.

Quality & Replacement

Both industries are MIL-"I" shops, meaning they have obtained a high level of federal government certification of quality control. Federal product lines are inspected by a Quality Assurance Representative (QAR) of the federal government prior to shipping. The industries has its own internal procedures to assure quality on federal, state, and private products and services. The VIB's stand behind their products guaranteeing replacement of any defective item.

Recent Changes in Production & Manufacturing

The Industries continually seek to identify new and profitable products and services that can be manufactured or provided by our workforce. Since 1989, the Industries at Richmond has added two new product lines; spices and mailing services. The Spice Department currently provides thirty-five (35) spices and seasonings to state agencies. In February, 1991, instant tea was added as a new product.

A full contingent of mailing services, bulk and first-class, was initiated in the fall of 1990. The Industries uses state-of-the-art equipment.

The Spice Department is run by two (2) blind individuals; and mailing services has helped employ blind people. This is particularly important at a time when federal government sewn product purchases have decreased.

On July 1st, the Industries initiated an Alternative Media Service. Through this service the VIB's will be able to offer other governmental agencies, federal, state, and local, a means by which they can meet the Americans with Disabilities Act requirement to provide blind and visually handicapped employees with information in the person's medium of choice. This service can also be provided to private enterprises.

This summer, the Richmond plant began producing shower curtains of mildew resistant fabric, plus jail garment bags. It is yet to be determined if these products will develop into full lines.

Pre-production plans for three (3) federal mailing service jobs were completed and approved by the Presidents Committee on Purchases from the Blind and Severely Handicapped for addition to the federal set-aside program this year. The industries is scheduled to begin a contract with the U. S. Government Printing Office in February, 1993. VIB at Charlottesville has added two (2) new products and expanded the production of one (1). The re-packaging of latex gloves for selling to state entities and Veterans Administration Hospitals is an area of production utilizing all blind labor.

Sweatshirts are made for the U. S. Army. These sweatshirts must pass strenuous governmental specifications.

For several years, the VIB's have provided janitorial mops to the state. When a blind industries in New York failed, the Charlottesville plant took over the manufacture of federal mops being done by that shop.

The VIB's continually look at their existing lines such as mattresses and writing instruments to try to meet customer demands and needs within the industries resources and capabilities.

Over the past two (2) years, the Industries have implemented a cost accounting system. As Industries staff become more sophisticated in its use, it will provide vital financial information for the operation of the industries.

**Legislative Sub-committee studying Management Options for the VIB
HJR 418**

(overhead)

CONCLUSION

We hope that our presentation has given you a good picture of Virginia Industries for the Blind. We invite any or all of you to visit either of our plants to learn more about us. We hope that we have shown you today that we are foremost an entity established and maintained to train and employ blind and visually impaired individuals who in many cases have additional disabilities that make it difficult, if not impossible, for them to work in the private marketplace.

We are a self-supporting business. We are customer driven and attempt to respond to our customers' needs within our limited resources. We have made significant improvements and continue to make improvements as our resources allow. Thank you for your support of our program. We will be glad to respond to any questions you may have.

Virginia Industries for the Blind

Mission Statement

The mission of the Virginia Industries for the Blind is to enhance the quality of life for blind and visually impaired individuals by providing an opportunity for career development and gainful employment in a safe, clean, productive and cost efficient environment.

Administrative H/Q

**Deputy Commissioner of Enterprises
Director of Manufacturing
Director of Sales & Marketing
Industry Financial Manager
Executive Secretary Senior**

Richmond

**Industry Manager
Fiscal Assistant
Supervisors (3)
Vocational Coordinator
Senior Secretary**

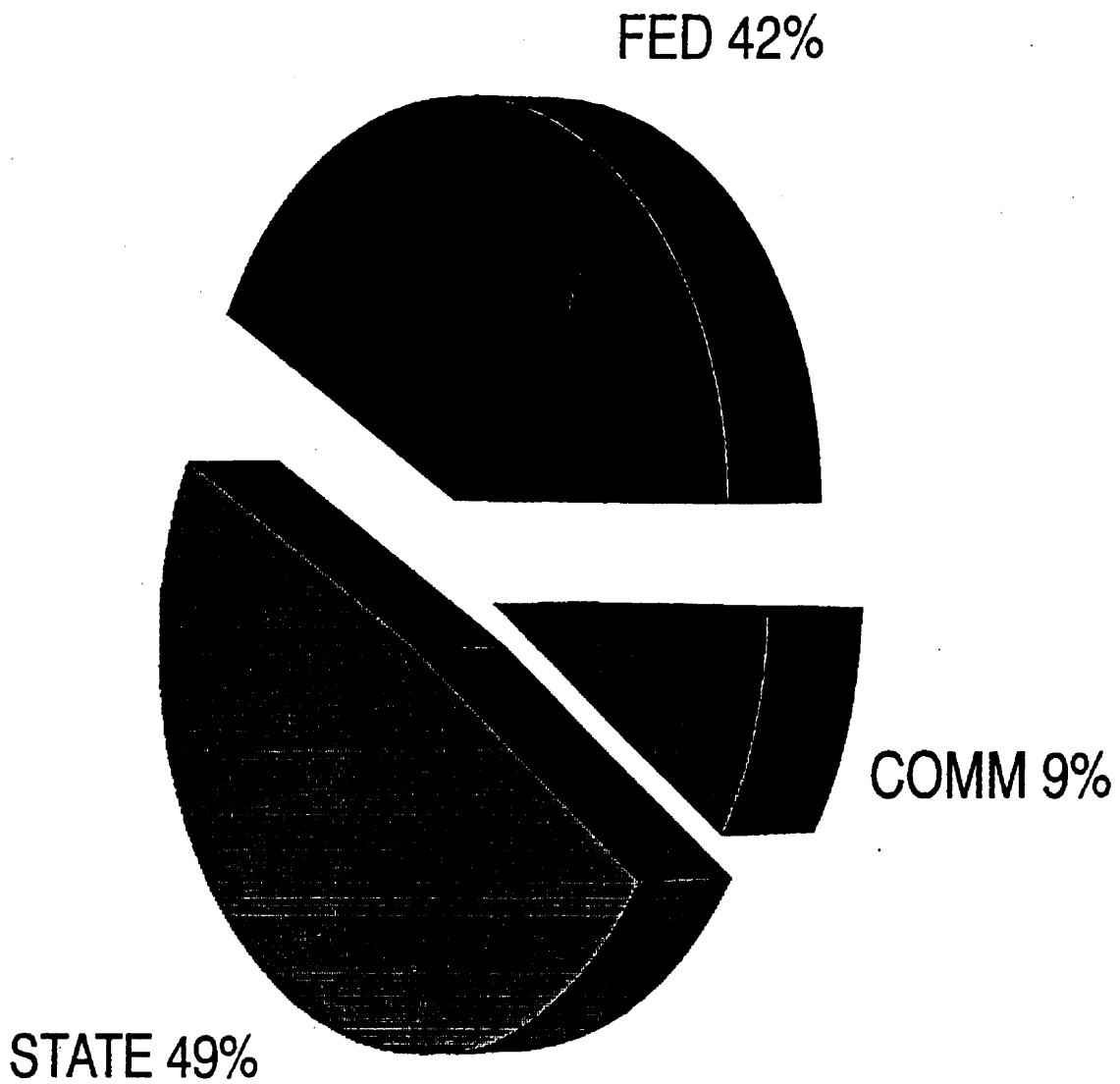


**Supervisor
Buildings & Grounds**

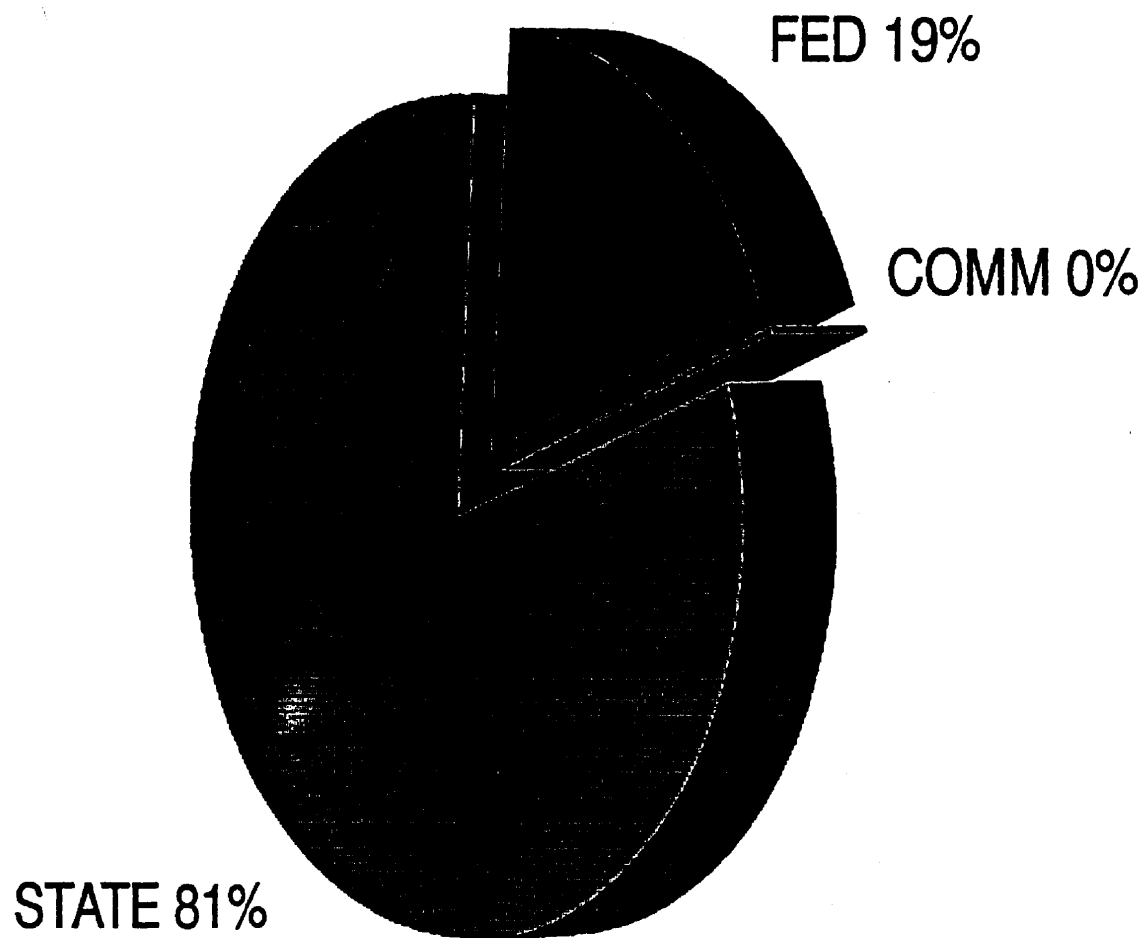
Charlottesville

**Industry Manager
Ass't. Industry Manager
Fiscal Assistants (2)
Supervisors (4)
Vocational Coordinator
Senior Secretary**

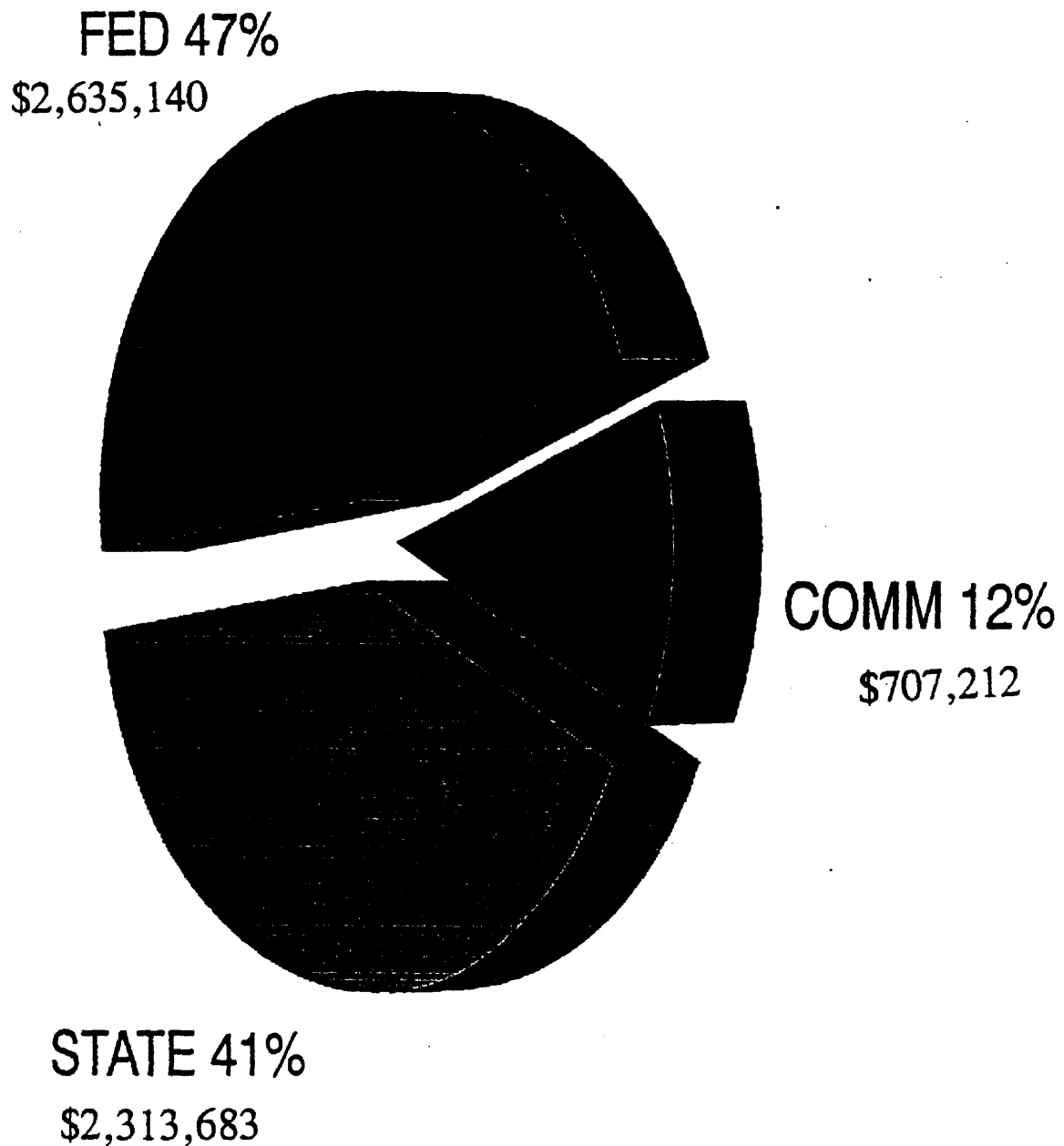
Charlottesville F.Y. 1992 Sales %



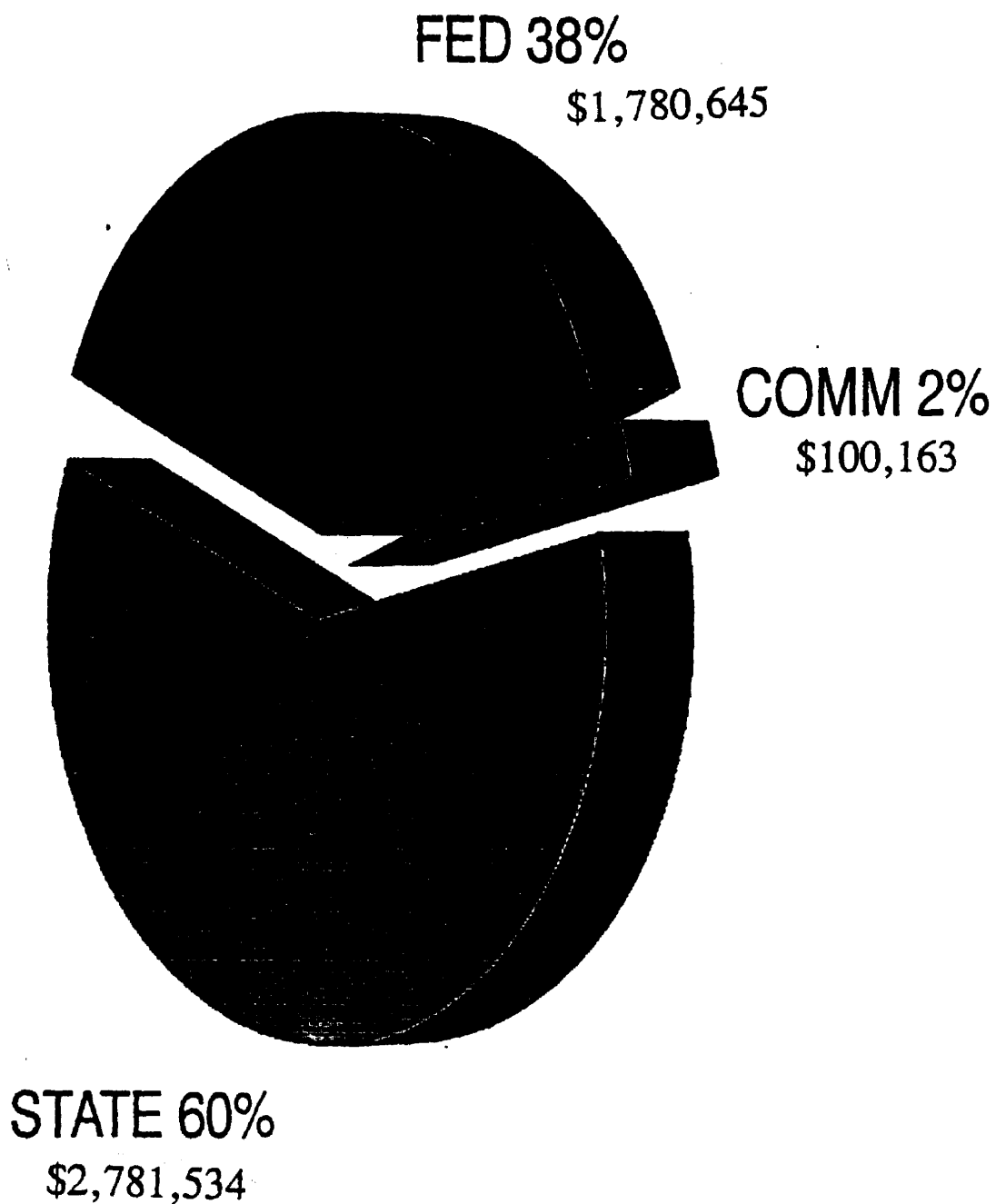
Richmond F. Y. 1992 Sales %



F. Y. 1991 Total Industry Sales %

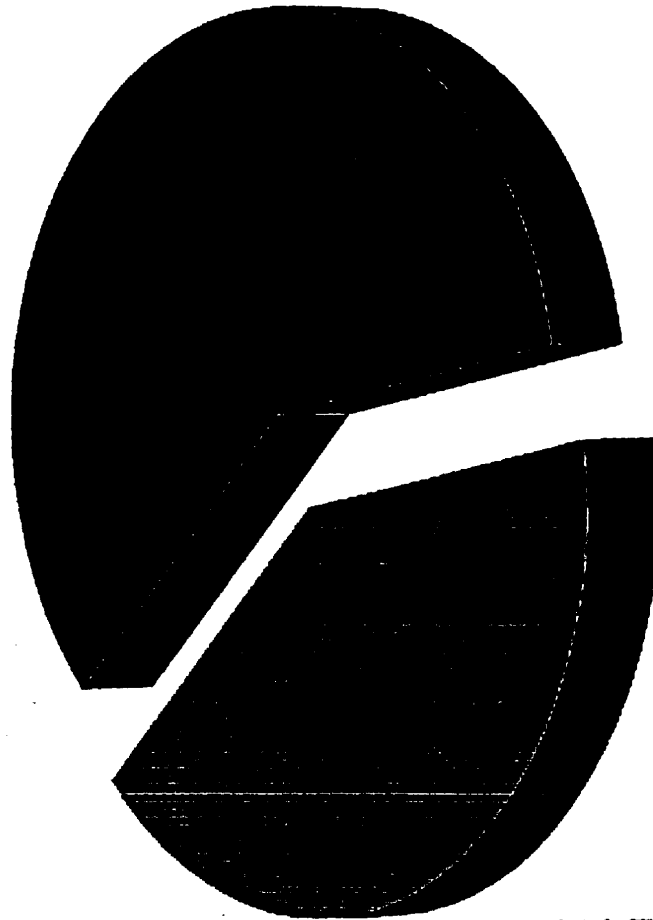


F.Y. 1992 Total Industry Sales %



F.Y. 1992
Total State/College Sales

TOTAL \$ 2,781,534



COLLEGE \$ 1,133,992
41%

Code of Virginia

Section 2.1-450. Purchases from Department for Visually Handicapped; violation.--

Unless exempted by the Division, all such services, articles and commodities as (1) are required for purchase by the Division or by any person authorized to make purchases in behalf of the Commonwealth and their departments, agencies and institutions, (2) are performed or produced by persons, or in schools or workshops, under the supervision of the Virginia Department for the Visually Handicapped, (3) are available for sale by the Department, and (4) ***conform to the standards established by the Division shall be purchased from the Department at the fair market price*** without competitive procurement. When convenience or emergency requires it the Commissioner of the Department may, upon request of the purchasing officer, release the purchasing officer from the obligations of this section. Any purchasing officer who violates its provision shall be guilty of a misdemeanor and upon conviction shall be punished accordingly. (Code 1950, Section 2.1-285; 1966, c.677; 1977, c.672; 1982, c.647; 1984, c.498)

Information for Waiver Request

Direct request to Donald L. Cox, Commissioner, VDVH

List

Name of End User & Department if different from requesting party

Name of item (product) being requested

- Brand name if possible

Specific reasons for request

- Personal preference is not acceptable reason
- Give specific requirement & describe why VIB product is not acceptable

Anticipated usage

Person Requesting, Title & Department

COMMONWEALTH OF VIRGINIA

Virginia Department for General Services

1 NORTH VIRGINIA STREET
RICHMOND, VA 23221

September 24, 1992

Donald L. Cox, Commissioner
Virginia Department for the Visually Handicapped
397 Azalea Avenue
Richmond, VA 23227-3697

Re: Waiver request for writing instruments

Dear Commissioner Cox:

I am writing to request a waiver for an annual supply of 12 dozen black and 12 dozen blue solvent-based markers for Ms. Jones of the Quick Laboratory a Department of General Services, a division of Consolidated Laboratories.

The lab requires markers that endure 2 different chemicals on plastic slides that do not fade after multiple washing and exposure to the elements.

If you have any questions about the markers needed, please call me at 555-5555.

Thank you for your consideration of this request.

Sincerely,

John D. Smith
Laboratory Assistant

/JDS

***Joint Subcommittee Studying
Structure & Management Options
for
Virginia Industries for the Blind***

October, 1989

<i>Recommendation:</i>	<i>Result:</i>
VIB remain a vital part of VDVH	Accomplished
General Assembly reinstate funding to the industries for rehabilitation & training.	Not done because of Commonwealth's economy
Fund two (2) Marketing Specialists	Not Done; No MEL; No State Funding
Create Business Advisory Boards	Created in November, 1990; still functioning today
Fund two (2) Vocational Coordinators	<p>Received MEL and Funding. Funding was a victim of budget cuts</p> <p>Hired one (1) at Richmond June 1, 1992; one (1) at Charlottesville August 1, 1992 with Revenue Funding</p>
Implement Cost Accounting System	Completed in 1992
Secure a loan to cover possible negative cash flow	Currently have \$250,000 loan through Department of Accounts

VIB Products

Mattresses & Mattress Renovation

School Dormitory Mattress:

**VPISU UVA
JMU
VCU/MCV
GMU**

Prison Mattresses:

**VA Correctional System
Greensville
Staunton
Mecklenburg**

Navy Neoprene Shipboard Mattresses:

**USS Enterprise
USS Constellation
Department of the Navy**

Felt Mattresses:

**General Services
Administration**

Jail Mattresses:

**Piedmont Regional Jail
Richmond City Jail
Williamsburg Jail**

Military Mattresses:

**Fort Dix
Aberdeen Proving Ground
Cape May
Quantico**

Hospital Mattresses:

**UVA
Department of Mental Health
Veterans Administration**

VIB Products

Sweatshirts:

U. S. Army

Wet Mops & Handles:

Central State Warehouse

Latex Gloves:

**UVA
Dept. of Mental Health
Veterans Administration
Health Department**

Spices & Tea:

**State Central Warehouse
City of Richmond**

Pillows:

**UVA
MCV**

Pillow Cases:

**General Services
Administration**

Mats & Pads:

**Veterinary Hospitals
Norfolk Public Schools**

Food Handler Caps:

**General Services
Administration**

Mailing Services:

**VCU/MCV
VA Retirement System
Game & Inland Fisheries
Criminal Justice
Chesapeake Corporation**

Writing Instruments:

**Dept. of Motor Vehicles
Health Department
State Police
VDOT**

APPENDIX E

**Report to the Joint Subcommittee:
The Virginia Association of Rehabilitation Facilities**

A REPORT
TO THE

JOINT SUBCOMMITTEE TO STUDY THE VIRGINIA PUBLIC
PROCUREMENT ACT AND THE REGULATIONS ADOPTED BY THE
DEPARTMENT OF GENERAL SERVICES FOR PROCUREMENT

(Pursuant to HJR 106)

BY:

THE VIRGINIA ASSOCIATION OF REHABILITATION FACILITIES

NOVEMBER 16, 1992

P.O. Box 36417
Richmond, VA 23235
(804) 744-7117

REPORT TO THE JOINT SUBCOMMITTEE - HJR 106

As indicated in our presentation to this committee on September 23, 1992, The Virginia Association Of Rehabilitation Facilities, does have some ideas on how severely disabled persons working for member organizations might better participate in provision of goods and services procured by the Commonwealth. Members of the Association have long had a vision of increased participation in the Commonwealth's procurement activities to decrease the 75% unemployment which exists among individuals with disabilities. Members have wistfully viewed the mandatory procurement legislation enjoyed by other agencies and coveted their position.

Based on presentations and comments by and to the Joint Subcommittee to Study the Virginia Public Procurement Act and the Regulations Adopted by the Department of General Service for Procurement Committee (HJR 106), we recognize that mandatory procurement from Community Rehabilitation Programs (note: the Rehabilitation Act changed the terminology from Rehabilitation Facilities to Community Rehabilitation Programs) would probably not be favorably viewed. Not at this time, perhaps never.

Also predicated on the presentations and comments, our members are concerned that the benefits to society of gainful employment, especially for disabled and disadvantaged citizens, might be lost.

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Systemic or administrative problems that may occur in any mandatory or preferred procurement are far outweighed by the benefits of creating and maintaining employment options for disabled and disadvantage citizens. We are concerned the committee is being distracted by "what" is being done rather than the "why". There is value in any employment.

VaARF believes that a solution is not mandatory procurement but rather a structured, preferred procurement code that ameliorates the ineffectiveness of the current system and could be highly beneficial to disabled citizens of the Commonwealth. A structured, preferred procurement code could greatly expand employment options and allow disabled individuals to become taxpayers.

There have been a number of issues raised during the course of this committee's hearings. VaARF proposes these issues would be addressed by structured preferred code for Community Rehabilitation Programs in the following ways:

- o establish a fair market price based on an agreed upon formula or methodology;
- o VaARF would provide central administrative contact point to:
 - o determine acceptable quality specifications,

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- o provide prompt and decisive resolution to any contract performance issue,
- o assure capabilities and delivery schedules,
- o establish a repricing methodology to eliminate costly bidding / re-bidding activities,
- o allow Community Rehabilitation Program the assurance to invest in capital projects and start up costs to employ people with disabilities,
- o most importantly, provide expanded, long term employment options to disabled individuals

To best understand how a structured, preferred procurement would provide these benefits, we offer The Javits-Wagner-O'Day Act, PL 92-28, 1971 (commonly referred to as JWOD), as a basis of a model of the benefits to both the public and private sectors. As part of the Javits-Wagner-O'Day Act, the Committee for Purchase from the Blind and Other Severely Handicapped (CPBOSH) was established and is appointed by the President to administer the Act. In 1974, the National Industries for the Severely Handicapped (NISH) was established to provide technical assistance to producing work centers (today - Community Rehabilitation Programs). Additional and more detailed information is available in Attachment 1, pages 7 & 8, regarding the structure of CPBOSH and NISH assistance.

There is a critical issue involved regarding the continued refinement of the process established by JWOD. CPBOSH was

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established to resolve the Administrative issues of the Act and a Central Non Profit Agency (NISH) was established to resolve systemic difficulties for the service and product providers. The combination of these two organizations, one government and one private has been able to assure quality products and services which employ over sixteen thousand persons with disabilities in the US. Rather than arbitrarily dissolve or rescind a socially worthwhile institution, Congress and the President continued to refine the implementation and operation of the JWOD Act until the systemic and administrative problems were resolved.

VaARF, respectfully submits there exist an obvious parallel. If the members of the committee value employment for persons with disabilities, then some type of compromise should be able to be effected between VaARF, members of this committee, representatives of the Department of Purchasing and Supply, procuring agencies and other interested parties. A compromise might be modeled on the structure of Javits-Wagner-O'Day Act. A compromise would provide for more services and more options for people with disabilities. The Virginia Association of Rehabilitation Facilities (VaARF) remains willing to work to effect a preferred procurement for individuals served by Community Rehabilitation Programs.

Attachment 1 is an independently prepared report with accompanying recommendations to the Commonwealth's Secretary of

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Health and Human Services to employ NISH as consultant to provide technical assistance to establish a "state level set aside initiative _ _ . _ _ analogous to the CPBOSH" (page 9). While this report is in the process of being analyzed and reviewed, it contains many interesting statistics.

Table 5: "Current Unmet Needs for Day Support Services" (page 4, Attachment 1) indicates that there are currently 3,143 people with disabilities with unmet needs as of August of 1992. Table 7, "Special Education Graduates" (page 5, Attachment 1) reveals that the unmet need will increase by 15.6% (489/3143) by June of 1993, with projections that Special Education Graduates will increase by 20% per year. Table 8, page 5 reveals that current programs are utilized over 100%.

The readily evident message is:

- o a large, currently unserved disabled population,
- o programs that are at capacity,
- o the population exiting school and requiring employment services is expanding at a tremendous rate,
- o little evidence of increases in Human Service Funding for employment options for disabled individuals.

One of the most significant areas of growth for survival and expansion of services by Community Rehabilitation Programs must be in provision of additional goods and services. One very attractive

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area of service expansion is provision of goods and services to the State government.

With fifteen (15) of Community Rehabilitation Programs (Attachment 1, page 8) currently producing products or services under the JWOD Act, we believe VaARF is uniquely positioned to assist in the design and implementation of some form of preferred procurement activity with the Commonwealth.

Included in this presentation is the NISH Newsletter of October, 1992 (Attachment 2). This Newsletter is an excellent presentation on the demographics of the JWOD program. We would like to highlight what we feel is some very pertinent information to this committee. The Newsletter represents a survey of people with disabilities employed under the auspices of the JWOD program (page 1). Table 4, page 5 of the Newsletter reflects the advantage to the tax base a program such as this provides to taxing authorities. 50% of the individuals employed under the JWOD program were at home, not in school, prior to becoming employed under the JWOD program (Table 3, page 5).

The Conclusion on page 7 of the Newsletter represents what VaARF members and participants have long known. "The JWOD program is benefitting those individuals it was designed to serve".

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The analogies are self evident. The Commonwealth has a inordinate number of unserved individuals with that number growing at an alarming rate. There exists a basis of a model at the Federal level of a program that serves people with disabilities and allows them to become contributing members of society in their communities.

VaARF remains ready to continue to work with all interested parties to make a difference in Quality of Life for People with Disabilities. Through our association with the JWOD program, and our members' long participation in the program, we would be happy to facilitate with NISH on a presentation to either the full committee or, should it be preferred, a work group to further develop possible future direction or recommendations.

We appreciate the Committees' attention to this report and its' consideration of our position. We will look forward to the Committee response and indication of interest.

Mental Retardation Day Support Services

Overview

Services and supports for Virginians with mental retardation are undergoing dramatic changes. The Mental Retardation System Review: Directions for the Year 2000 identifies a policy focus of responding to individual needs in a range of environments and life situations. The focal point of services must be individuals and their families. These services and supports must:

- * be flexible and responsive to those needs through formal and informal means;
- * be no more intrusive in the lives of individuals and their families than is necessary to provide services;
- * be outcome oriented and based on current service technologies;
- * be accessible, individualized, and coordinated; and
- * provide the opportunity for choice among available and needed options.

The 1992-2000 Comprehensive State Plan identified individuals with the most severe or complex disabilities, difficulties or challenges as priority populations for service development. Specific priorities will vary by community, from one population group to the next, and across levels of mental retardation.

The Plan established day support services as a major emphasis. People with mental retardation need a range of work and educational opportunities. Holding a job or doing productive work is the most visible means by which individuals with disabilities can feel like full participants in their communities. Identity as a worker or employee is at the base of self esteem and social acceptance in this culture. This provides the person with the opportunity to demonstrate that he or she is more like than unlike the rest of us. Service priorities in the Plan included:

- * providing additional supported employment opportunities and
- * offering center-based day support programs for people whose health or need for supervision precludes less restrictive options.

Service development trends over the last six years reflect these priorities. Employment services continue to shift from traditional sheltered workshops to various supported employment models. Adult developmental programs have become much more intensive and structured, particularly with the advent of Medicaid coverage for day health and rehabilitation services.

Existing Mental Retardation Day Support Services

Core Services Taxonomy IV describes the following day support services for people with mental retardation.

- * **Psychosocial Rehabilitation** programs provide basic opportunities and services - assessment, medication education, opportunities to learn and use independent living skills and to enhance social and interpersonal skills, family support and education, vocational and educational opportunities, and advocacy - within a supportive environment in the community focusing on normalization.
- * **Sheltered Employment/Work Activity** programs provide remunerative employment as one option in the rehabilitative process for people who cannot be readily integrated into the competitive labor market.
- * **Day Health and Rehabilitation Services/Developmental Day** programs offer planned combinations of individualized activities, supports, training, supervision, and transportation provided to people with mental retardation to improve their condition or maintain an optimal level of functioning as well as ameliorate their disabilities or deficits by reducing the degree of impairment or dependency. Specific components of this service include self care and hygiene, eating, toilet training, task learning, community awareness and participation, environmental, and behavior skills; medication management; and travel and related training.
- * **Supported Employment** provides ongoing supervision, periodic training, counseling, advocacy, and other supports needed to maintain the individual in paid employment for an average of 20 hours or more per week in an integrated setting. In Group Models, integrated setting means clients are part of a small work group of not more than eight co-workers with disabilities and opportunities exist in the immediate work setting for regular contact with non-disabled individuals who are providing support services. Models include mobile and stationary crews, enclaves, and small businesses. In Individual Placement Models, integrated setting means most co-workers are not disabled or opportunities exist in the immediate work setting for regular contact with non-disabled individuals who are not providing support services. Individuals receive at least two supported employment service contacts per month to maintain employment.
- * **Education/Recreation** programs provide education, leisure, enrichment, and recreation activities. Programs can consist of daily, weekly or monthly activities that are carried out during the summer or throughout the year.
- * **Alternative Day Support Arrangements** are activities not included in the other day support subcategories. They assist the individual in locating day support settings and may provide program staff, follow along or assistance.

The FY 1991 fourth quarter CSB Performance Reports contain the most current actual data about day support services provided by the 40 CSBs, directly and by contract, to people with mental retardation. This information is presented in the tables on the next page.

FY 1991 Mental Retardation Day Support Services

Table 1: Services and Clients

Day Support Service	Clients Served	Units of Service Provided	Units Per Client
Psychosocial Rehabilitation	46	8,319 DOS	180.8
Sheltered Employment/Work	2,761	455,035 DOS	164.8
Day Health & Rehabilitation	944	151,370 DOS	160.3
Supported Employment	1,649	540,450 Hrs	327.7
Education/Recreation	3,069	66,996 Hrs	21.8
Alt Day Support Arrangements	642	57,504 Hrs	89.6
TOTAL	9,111	614,724 DOS	163.9
		664,950 Hrs	124.1

Table 2: Client Characteristics - Age

Day Support Service	0 - 18	19 - 64	65 +	Unknown
Psychosocial Rehabilitation	1	45	-0-	-0-
Sheltered Employment/Work	23	2,649	31	58
Day Health & Rehabilitation	-0-	888	49	7
Supported Employment	11	1,586	13	39
Education/Recreation	1,187	1,817	52	13
Alt Day Support Arrangements	219	363	34	26
TOTAL	1,441	7,348	179	143

Table 3: Client Characteristics - Level of Disability

Day Support Service	Mild	Moderate	Severe	Profound	Unk
Psychosocial Rehabilitation	12	18	14	-0-	2
Sheltered Employment/Work	1,018	1,010	400	71	262
Day Health & Rehabilitation	132	342	319	86	65
Supported Employment	808	443	116	16	266
Education/Recreation	586	1,015	206	39	1,223
Alt Day Support Arrangements	250	238	105	27	22
TOTAL	2,806	3,066	1,160	239	1,840

Table 4: Service Costs

Day Support Service	Total Cost	Avg Cost Per Unit	Avg Cost Per Client
Psychosocial Rehabilitation	\$336,831	\$40/DOS	\$7,322
Sheltered Employment/Work	22,414,856	49/DOS	8,118
Day Health & Rehabilitation	6,439,720	43/DOS	6,822
Supported Employment	8,206,656	15/Hr	4,977
Education/Recreation	990,611	15/Hr	323
Alt Day Support Arrangements	1,124,519	20/Hr	1,752

- Notes: 1. DOS means days of service, Hrs means service hours.
 2. The total cost of sheltered employment includes expenses related to workshop sales (\$8,081,459).

Unmet Need For Mental Retardation Day Support Services

There are many ways to document the significant unmet needs for additional day support services experienced by individuals with mental retardation. In the latest Comprehensive State Plan, CSBs indicated that 7,326 additional people would need day support services between 1992 and 2000. In that Plan, CSBs also reported that 1,284 individuals were currently (in FY 1991) on waiting lists for day support services.

The Comprehensive State Plan included \$5,986,169 in the 1992-1994 biennium to provide day support services for 1,486 individuals on an annual basis. This initiative would have expanded the service system's day support capacity by 480 slots, 108,112 days of service, and 128,533 service hours.

Recently, the Department surveyed CSBs to update the unmet needs identified in the Comprehensive State Plan. Table 5 summarizes the results of that survey and portrays the number of people with unmet day support service needs at all 40 CSBs.

Day Support Service	FY 1991 Clients Served	People With Unmet Needs As of 8/92
Psychosocial Rehabilitation	46	NA
Sheltered Employment/Work	2,761	1,139
Day Health & Rehabilitation	944	530
Supported Employment	1,649	805
Education/Recreation	3,069	581
Alt Day Support Arrangements	642	88
TOTAL	9,111	3,143

Waiting list numbers are often conservative indicators of the need for services for several reasons. Many CSBs do not maintain waiting lists for services that are needed by clients if they are not offered by the CSB. Also, some individuals live at home or participate in family businesses and may never have requested services from the CSB; thus they are not included in counts of unmet service needs. Some people may not contact their CSBs because they fear losing benefits such as SSDI. They remain at home and may not be known to the CSB until a crisis occurs. They too would be excluded from the numbers of people identified as needing services. Thus, the actual number of individuals needing mental retardation day support services is probably greater than is indicated in table 5.

Another indicator of the need for additional day support services is the numbers of residents at the five mental retardation training centers who are on waiting lists for discharge because of the lack of day support and residential services in their communities.

Table 6: Training Center Waiting Lists

Central Virginia Training Center	200
Northern Virginia Training Center	100
Southeastern Virginia Training Center	40
Southside Virginia Training Center	65
Southwestern Virginia Training Center	6
TOTAL	411

A third indicator of the unmet need for increased day support services for people with mental retardation is the number of people projected to graduate from special education programs in Virginia. These individuals will need placements in day support programs to prevent the loss of skills acquired in special education programs.

Table 7: Special Education Graduates

Age	Projected	
	1991 Graduates	1993 Graduates
18	26	37
19	78	112
20	46	66
21	17	24
22	34	49
TOTAL	201	288

The Department of Education provided the 1991 figures. The 1993 projections are based on that Department's estimates that graduates would increase by 20 percent per year.

Examining the utilization of existing services further documents the need to expand their availability. Table 8 presents information for day support services prioritized in the Comprehensive State Plan: employment and more intensive center-based programs for people whose health or need for supervision precludes less restrictive options.

Table 8: Need For Services
Comparison of Contract and Actual Clients Served in FY 1991

Day Support Service	Projected in Performance Contract	Actual in 4th Quarter Perf. Report	Utilization Percentage
Sheltered Employment/Work	2,662	2,761	103.7%
Day Health & Rehabilitation	857	944	110.2%
Supported Employment	1,578	1,649	104.5%

The extremely high utilization rates in Table 8 demonstrate the great demand for these services. This in turn substantiates the unmet need for the services reported by the CSBs in the Plan and follow up survey.

Finally, while the Medicaid State Plan Option initiative expanded Medicaid coverage for some community services, including day health and rehabilitation, many families, advocacy groups, and community services boards continue to express concerns about the limited availability of day health and rehabilitation services for individuals who are not enrolled in Medicaid.

Innovative Approaches and Models

It is critically important that State monies fund supports and services that are technologically current and expand choices and service options for people with mental retardation. In the last ten years, major technological innovations have occurred in the areas of systematic instructional strategies and technology utilization.

Systematic instruction teaches people new and adaptive skills. It has two key characteristics. First, training goals and objectives are based on community-oriented requirements; that is, skills are chosen for instruction that are required specifically in the immediate locale of the client. Second, training is provided in the settings in which the skills must ultimately be performed. Training is offered in real work and living environments to decrease difficulties in transferring skills from one task to another. Systematic instruction is a key part of supported employment programs.

The catering service of the Virginia House, a Goochland Powhatan CSB service, is an example of a systemic instruction program. Workers learn cooking, serving, and public relations skills in the food service environment where they are used. Supported employment enclaves offer people with mental retardation the opportunity to work and socialize with non-disabled co-workers, performing like tasks in a regular job setting. The enclave at Wella Industries in Henrico County is a notable example this type of supported employment service.

Community-based instruction has a number of beneficial outcomes. Along with being more effective, it enhances community participation by people with mental retardation and allows them to develop meaningful relationships with others. Further, this increased community presence demonstrates to neighbors without disabilities that individuals with mental retardation can learn and use new skills and engage in socially significant activities.

Numerous other exemplary supported employment programs exist across the state. Virginia has been a national leader in developing and expanding these programs. The Rehabilitation, Research, and Training Center (RRTC) and the Department of Mental Health, Mental Retardation and Substance Abuse Services stimulated the conversion of many traditional sheltered workshop slots to supported employment programs. Table 9 provides dramatic evidence of that fundamental realignment of the mental retardation services system.

Table 9: Shift in Employment Services

Service	Clients Served		Total Expenditures	
	FY 1986	FY 1991	FY 1986	FY 1991
Sheltered Employment	2,959	2,761	\$13,463,445	\$22,414,856
Supported Employment	379	1,649	757,048	8,206,656

Another innovative approach in employment services is the federal program to identify and encourage the procurement of goods and services from Work Centers for people with severe handicaps. The Javits-Wagner-O'Day (JWOD) Act, PL 92-28 (1971), amended the Wagner-O'Day Act (1938), which directed government agencies to purchase, under specified conditions, products from work centers employing people who were blind. JWOD added centers employing people with severe disabilities and created the Committee for Purchase from the Blind and Other Severely Handicapped (CPBOSH) to administer the Act. The CPBOSH Board of Directors, which is appointed by the President, determines what products and services are suitable for procurement, directs agencies to purchase approved items, and determines the prices they pay for those items.

The JWOD Program enables the federal government to purchase 2,000 different approved products and services from work centers at more than 500 locations throughout the country. It offers quality products and services at fair market prices and provides an opportunity for people with severe disabilities to reduce their need for government benefits; they become tax payers rather than tax recipients.

The National Industries for the Severely Disabled (NISH) was established in 1974 and designated by the CPBOSH to provide technical assistance to the work centers. The National Industries for the Blind is a sister agency. The NISH Board of Directors includes representatives from six national non-profit agencies: the National Association of Rehabilitation Facilities, the Arc (formerly the Association for Retarded Citizens), National Association of Jewish Vocational Services, United Cerebral Palsy Associations, National Easter Seal Society, and Goodwill Industries.

The National Industries for the Severely Handicapped provides a variety of assistance to work centers:

- * works with federal procurement agencies to identify products and services suitable for work centers,
- * offers engineering assistance on manufacturing products and providing services (e.g. time and motion studies, performing custodial work),
- * helps centers with costing assistance by analyzing financial data to make decisions about providing products or services,
- * delivers training to provide capabilities in a variety of areas (e.g. compliance with laws and regulations, costing and pricing, contract administration, commissary shelf stocking, custodial),
- * provides ongoing administrative assistance through Contract Administration and Compliance Assistance Departments, and
- * represents work centers to other organizations such as the CPBOSH, the Departments of Labor and Education, and Congress.

The NISH receives a fee of four percent of the value of each contract for these services from the work centers. Examples of the 2,000 plus different products and services obtained from work centers include:

- carpet cleaning
- catering
- commissary stocking/warehousing
- computer tape verification
- document destruction
- dormitory furniture
- food service
- grounds maintenance
- hospital gowns
- janitorial/custodial services
- laundry services
- mailing/mail rooms
- microfilm reproduction
- photocopying
- tables
- towels

In 1989, JWOD activities at 298 work centers and 1,359 associated work centers, all affiliated with the NISH, employed 14,580 people with severe disabilities, paid \$43.5 million in direct wages at an hourly average of \$4.62, and produced \$160.1 million in annual sales, \$64.7 million worth of commodities and \$95.4 million of services. In 1989, 15 work centers in Virginia participated in the JWOD program.

- * Association for Retarded Citizens - Peninsula, Hampton
- * Colonial Workshop, Williamsburg
- * Community Alternatives, Inc., Virginia Beach
- * Didlake, Inc. Manassas
- * Every Citizen Has An Opportunity, Purcellville
- * Fairfax Opportunities Unlimited, Inc., Fairfax
- * Goodwill Industries of Tidewater, Norfolk
- * Goodwill Industries, Richmond
- * Lynchburg Sheltered Industries
- * Mount Rogers MH & MR Services Board, Wytheville
- * Lewis B. Puller Center, Inc., Gloucester
- * Rappahannock Rehabilitation Facility, Inc., Fredericksburg
- * Sheltered Occupational Center, Alexandria
- * Sheltered Workshop of Bedford, Inc.
- * Workshop V, Charlottesville

The NISH has regional offices across the United States. It is currently working with State of New York to establish a program like JWOD at the state level.

Performance Measures

The Research, Rehabilitation, and Training Center has accumulated significant amounts of longitudinal data that conclusively document the efficacy of supported employment services. This information includes wages earned, hours worked, integration into the workplace, and job placement longevity. Performance measures for sheltered employment services include production rates, wages paid, and other data related to Department of Labor time and wage studies. Performance measures also exist for day health and rehabilitation services, based on the level of functioning assessments in the individual service plans maintained on each client in the programs.

Prioritized Proposals to Expand Mental Retardation Day Support Services

1. Supported Employment Set Aside Contract Project:

Research, develop, and implement a state-level contract set aside initiative, similar to the JWOD/NISH program at the federal level, to increase supported employment opportunities for individuals with mental retardation, as well as people with mental illnesses and alcohol or other drug problems. This initiative would establish a state system to identify current functions, activities, services, and products which could be designated or set aside for contracting to qualified private not-for-profit agencies that are capable of providing the same activity, function, product or service employing a mixed work force of people with and without disabilities.

This initiative would address two Administration interests:

- * expanding services in the most cost-effective way possible and
- * privatizing state governmental operations, where appropriate and feasible.

The federal JWOD/NISH program has conclusively demonstrated the practicality of this initiative and technical assistance is available from NISH to replicate the program at the state level. Once this initiative is fully implemented, services, functions, and products suitable for procurement that are now provided by state agencies would be contracted to work centers and other supported employment programs. This would enable a substantial expansion of supported employment opportunities for individuals with mental retardation and other disabilities at virtually no cost to the Commonwealth. Further, appropriate activities now carried out by the public sector could be transferred to a part of the private sector committed to the same service goals as state government.

Implementation Steps:

- a. Establish the Governor's Committee for Purchase of Goods and Services From Work Centers (CPGSWC), analogous to the CPBOSH at the federal level and with the same functions, using technical assistance and consultation from the NISH.

Estimated costs: \$ 141,732

- b. Contract with the NISH for consultation and technical assistance for the Committee and for implementing a pilot implementation of the state level program with a small number of state agencies and work centers. Potentially, this activity could result in supported employment placements for up to 200 individuals.

Estimated costs: \$ 90,000

Total State Funds for item 1: \$ 231,732

2. Day Health and Rehabilitation Services Expansion for non-Medicaid Enrolled Individuals:

The most recent need data indicates 530 people were identified as needing this service. It is estimated that 40 percent of these clients would be eligible for Medicaid, thus 60 percent would need to be supported with State funds. The request proposes meeting 50 percent of this need, providing services to 159 individuals. It is estimated that 10 percent of the costs for these clients would be paid with local matching funds and 25 percent would be absorbed with client fees.

Total State Funds for item 2: \$ 769,958

3. Day Health and Rehabilitation Services Expansion for Medicaid Enrolled Individuals:

The most recent need data indicates 530 people were identified as needing this service. It is estimated that 40 percent of these clients would be eligible for Medicaid, thus half of their costs would be provided by the Federal Financial Participation from DMAS. The request proposes meeting 25 percent of this need, providing services to 53 individuals.

Total State Funds for item 3: \$ 197,425
Federal Financial Participation: \$ 197,425

4. Supported Employment Services:

The most recent need data indicates 805 people need supported employment services. The request proposes meeting 25 percent of this need, providing services to 201 individuals. It is estimated that local match and fee collections can supply 25 percent of the cost for these services. These expanded services would provide supported employment opportunities in addition to the contract set aside proposal described in item 1. The net effect of the two proposals if funded would be to address half of the need identified in the most recent data.

Total State Funds for item 4: \$ 819,326

Grand Total of State Funds for all items: \$ 2,018,441
Medicaid Federal Financial Participation: 197,425

DEMOGRAPHIC PROFILE OF THE JAVITS-WAGNER-O'DAY POPULATION:

A NATIONAL SURVEY

Introduction

If you're a producing Work Center under the Javits-Wagner-O'Day (JWOD) Program, your agency has just received (or will soon be receiving) a copy of the study, "Demographic Profile of the Javits-Wagner-O'Day Population: A National Survey," published by the Committee for Purchase from People Who Are Blind or Severely Disabled (the Committee). The Committee worked closely with Research and Evaluation Associates, Inc., the firm that actually conducted the research.

Despite the fact that the JWOD Program has been in existence over 50 years, limited formal research has been undertaken relating to the population the Program serves. While there exists a plethora of data dealing with persons with disabilities, there had never before been a study that specifically examined the JWOD population.

The purpose of the survey was to gather and analyze basic demographic data and other characteristics on persons with severe disabilities who are employed under the JWOD Program in order to better understand and address the needs of those individuals. In addition, the Committee needed basic demographic information that documented who the Program specifically serves for use in its dealings with Congress, federal agencies, and other interested organizations.

Survey Methodology

To obtain the information, two surveys were conducted: a mail survey of 1,657 JWOD employees (i.e., about 10% of the JWOD population at the time the survey was conducted) and on-site interviews with 218 JWOD employees at 17 JWOD producing agencies (i.e., 11 NISH and 6 National Industries for the Blind). The response rate to the mail survey was 95%. General statistics from the Census Bureau, Bureau of Labor Statistics, Social Security Administration and other sources were also consulted and used where appropriate.

The study examined a number of different areas which will be highlighted in this article.

Demographic Characteristics

Gender Composition/Age Individual Became Disabled

Almost two-thirds (64%) of individuals employed in the JWOD Program are males, 36% are females. This is not too surprising as the global incidence rates of neurological disorders are higher for males. Developmental disabilities are more common among males (by a three-fold factor) due to the fragile X chromosome.

Of the JWOD employees for which information was available, nearly three-fourths (74%) were born with their primary disability. For the remaining fourth, the age at which individuals acquired their primary disability is unknown.

Ethnicity

The largest percentage (63%) of JWOD employees

Continued on page 3

POST-ANDREW MOP UP CONTINUES

Help Still Needed

In last month's NISH Newsletter, we reported the status of Goodwill Industries of South Florida, Inc., in Miami, following the devastating hurricane, Andrew. Inside this month's issue you'll find photos which graphically illustrate the storm's tragic impact on Homestead Air Force Base, the site for a number of GISF's JWOD projects and the source of employment for hundreds of people with severe disabilities.

The Hurricane took minutes to undermine many people's lives and livelihood. The clean-up and restoration could take years. This Work Center still needs our support. If you'd like to help, you may send donations to: Goodwill Industries of South Florida, Inc., Mr. Dennis Pastrana, President, 2121 N.W. 21st Street, Miami, Florida, 33142.

See page 11





PRESIDENT'S CORNER

Daniel W. McKinnon, Jr.
President, NISH

ARE YOU STUCK IN A SILO?

A recent article in *Production and Inventory Management* magazine by manufacturing consultant Dave Garwood asked this intriguing question. Now the silo he was talking about was not one in Missouri storing corn, but those that inhabit some large businesses. ...tall dark organizational silos wherein people work diligently but often don't see the light of day. Many large post industrial revolution manufacturing organizations were built on highly structured models where skilled functional departments were created to handle the ever-increasing complexities of manufacturing, finance, marketing, personnel, and on and on. As organizations became larger, functional specialists gained comfort in working in their "silos." As they sought sunlight from the top, their vision and working relationships became vertical. Neck strain was commonplace! Often, vertically integrated organizational divisions developed rules, procedures and loyalties of their own without regard to the other silos around them. Emphasis was often inward on silo success and not outward where it should be.

Today, silos are tumbling down. Certainly the old organizational silos always had to work together and indeed many did and frequently very well. But today's emphasis on organizational flattening and the evaluation of all the "processes" that make up a business has brought people out of their dark silos so they can see all of the processes at work and where they fit. This is sunlight and lots of it.

A Common Vision and common objectives are much easier to see when we have a clear view of each other and what we do. Remember what I said last month about when you start to ask, "who is your customer?" In an organization you wind up answering, "each other."

Work Centers and indeed the entire rehabilitation movement could consist of silos. In my visits to Work Centers I often hear "they" being referred to as causing some impediment to a community rehabilitation program or a client's or employee's well being. Those who chose a career in vocational rehabilitation, or otherwise in service to persons with disabilities, have common goals ... a common purpose ... hopefully a common Vision about the futures we want for those we serve. If we aren't careful, silos can restrict that Vision. Let's not let them.

"It is hard to see eye to eye with others if you are looking down on them."

Continued from page one

are non-Hispanic White individuals, the second largest group (28%) consists of non-Hispanic Black individuals. The remaining are Hispanic individuals. The JWOD workforce differs from the civilian workforce in that there is a significantly higher percentage of blacks (28% vs. 11% in the civilian workforce) in the JWOD population.

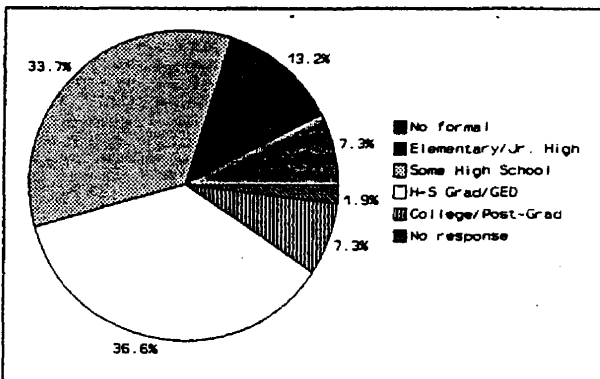
Educational Background

More than 90% of all JWOD employees have had some formal schooling (see Figure 1). More than one-third (37%) have earned a high school diploma (or passed General Educational Development tests); another third (34%) have had some high school.

Vocational Training Received Before Entering the JWOD Agency

Perhaps one of the most significant findings of the survey and evidence that the JWOD Program meets an otherwise unfulfilled need in society is that over one half of the JWOD employees did not receive any vocational training before entering the agency (see Figure 2). Most of those who did receive vocational training obtained it in high school.

Figure 1 Education

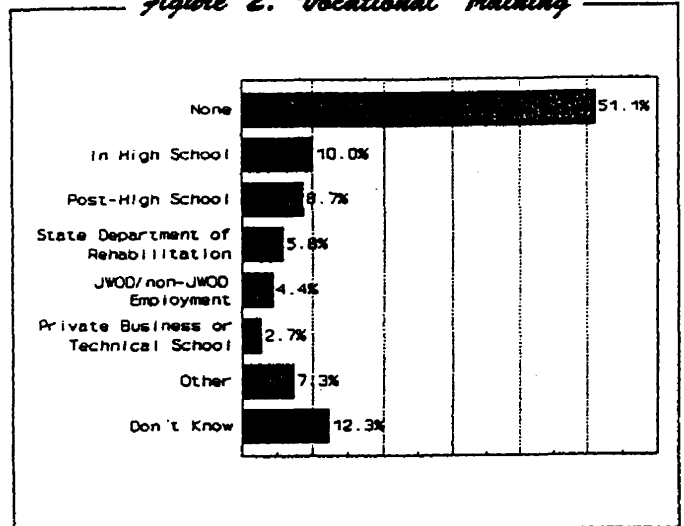


We can't assume that individuals who didn't receive vocational training prior to their JWOD employment would not have utilized other services at some point in their lives. However, it may be safe to say that these individuals' chances for training or meaningful employment would have been significantly less had the training and employment opportunities at the JWOD agencies not been available.

Disabilities in the JWOD Population

All JWOD employees are legally blind or have a disability which prevents them from finding and maintaining competitive employment over an extended period of time. Many employees have more than one disability. As previously mentioned, most JWOD employees are born with their disability.

Figure 2. Vocational Training

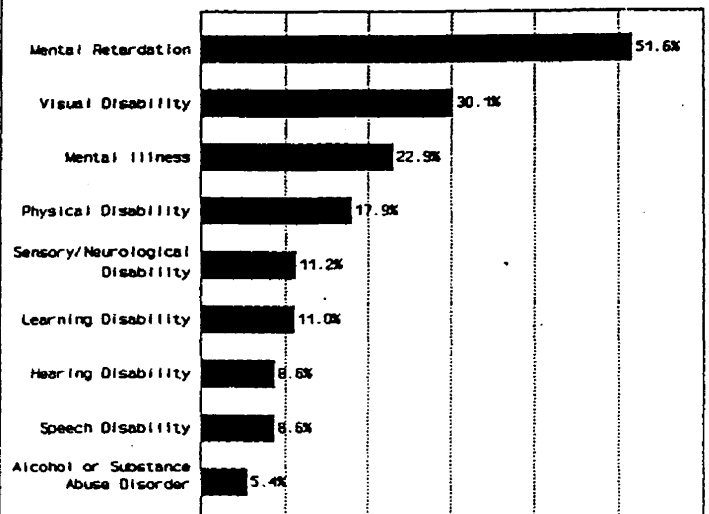


Note: Totals more than 100 percent because some employees received vocational training from more than one organization.

The four types of disabilities most prevalent in the JWOD workforce are mental retardation, visual disabilities, mental illness and physical disabilities.

Within the JWOD population, 51% of the employees are persons with mental retardation (see Figure 3). Among individuals with mental retardation, a third (33%) are persons with mild retardation (see Figure 4). Persons who are blind or visually impaired make up the second largest group of employees (30%) in the JWOD workforce. Persons with mental illness comprise just under a quarter (23%) of the JWOD workforce. The fourth largest group (18%) are people with physical disabilities.

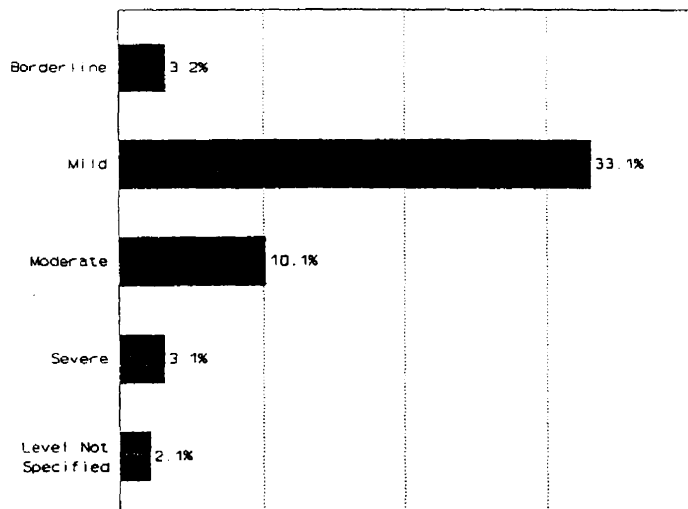
Figure 3. Type of Disability



Note: Totals more than 100 percent because some employees have multiple disabilities.

Continued on next page

Figure 4. Level of Mental Retardation

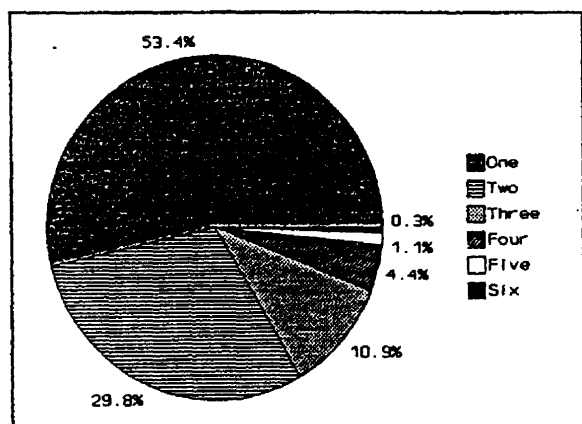


It is important to note that the JWOD Program provides training not only for those individuals with one disability but also for individuals with multiple disabilities. While more than half (53%) have one disability (see Figure 5), many employees have two or more disabilities.

Multiple Disabilities in the NISH-Affiliated JWOD Population

Individuals employed at NISH-affiliated agencies have a variety of severe disabilities. The most frequent primary disabilities within the NISH agencies are mental retardation, mental illness and physical disabilities. More than half (57%) of NISH's JWOD employees have more than one disability. Table 1 provides specific information about the nature of the multiple disabilities served in NISH Work Centers.

Figure 5. Multiple Disabilities



Note: Totals less than 100 percent due to rounding.

Table 1. Multiple Disabilities/
JWOD Population

Mentally Retarded + Other Disability Specified	Percent
Physical Disability	10.1
Mental Illness	9.7
Speech Disability	8.4
Sensory/Neurological Disability	8.4
Learning Disability	7.7
Visual Disability	6.8
Hearing Disability	4.8
Alcohol or Substance Abuse Disorder	1.2
Mentally Retarded Only	26.4

Mental Illness + Other Disability Specified	Percent
Learning Disability	4.0
Sensory/Neurological Disability	2.9
Alcohol or Substance Abuse Disorder	2.8
Visual Disability	1.3
Hearing Disability	1.0
Speech Disability	1.0
Mental Illness Only	12.0

Physical Disability + Other Disability Specified	Percent
Mental Illness	3.8
Learning Disability	2.5
Speech Disability	2.4
Visual Disability	2.0
Sensory/Neurological Disability	1.9
Hearing Disability	1.4
Alcohol or Substance Abuse Disorder	1.3
Physical Disability Only	4.7

Notes: Three tables combined total more than 100 percent because some individuals specified more than one disability. Also, those individuals with several disabilities were counted more than once, e.g., an individual with mental retardation, speech disability, and learning disability is reported on Table 1 under mentally retarded and speech disability, and mentally retarded and learning disability. Estimated total population (n = 11,686).

Pre-JWOD Employment and Referral Sources

Most JWOD employees were referred (see Table 2) to a JWOD agency by the State Department of Vocational Rehabilitation (58%) or the State Agency for Developmental Disabilities (20%). At the time of their referral, half were not in the labor market, but were at home and not in school (see Table 3).

Table 2. Referral Sources

Source	Percent
State Department of Vocational Rehabilitation	58.2
State MR/MH/DD Agency	19.7
Relative(s)/Guardian(s)/Self-referred	9.1
State Department of Education	3.7
Current or another Agency/Other Nonprofit	2.6
Welfare Agency	1.3
Community Programs	1.0
Job Training Partnership Act Program	0.7
State Department of Employment Compensation/Human Resources	0.5
MR/MH/DD Residential Center	0.4
Employee's Compensation Center	0.4
Correctional System	0.3
Veterans Administration	0.1
Unknown/No-response	2.0
Estimated total (n = 15,119)	100.0

Table 3. Activity Before JWOD

Status	Percent
At home, not in school	50.0
At home, in school	16.0
In a rehabilitation agency	15.2
In a hospital	4.0
In a correctional institution	0.6
In a nursing home	0.5
In a homeless shelter	0.4
No activity specified/don't know	13.3
Estimated total (n = 11,452)	100.0

JWOD Employment and Compensation

Most individuals employed at JWOD agencies work full-time in service, manufacturing or assembly related jobs. Most were not employed or had never worked full-time before entering the JWOD agency.

Types of JWOD Jobs

The types of jobs performed most often by the JWOD employees who were surveyed include assembly/packaging, janitorial/custodial, machine operation and food service.

Employment Status

The majority of JWOD employees are employed full-time. The reasons given most often for only working part-time included not enough work at the agency, personal choice, or receiving other services such as training or therapy.

JWOD Wages Compared to the Federal Minimum Wage

More than half of JWOD employees (56%) are earning the current federal minimum wage (\$4.25) or more. Wage levels for many JWOD jobs are so much higher than the minimum wage that even an individual who works at less than a 100% percent productivity level has the opportunity to make the minimum wage or more.

JWOD Wages Compared to Non-JWOD Wages

In JWOD participating agencies, wages earned from JWOD contracts are substantially higher than wages earned from non-JWOD contracts. Average gross earnings (hourly rate) employees received (in their first four weeks at the JWOD agency) on JWOD contracts exceeded \$4.00; from non-JWOD contracts, only \$2.54. During the four weeks preceding the survey, JWOD employees earned \$5.19 per hour on JWOD contracts; from non-JWOD contracts, \$3.80 per hour.

Concern About Loss of Benefits

In response to comments made about employees who might purposely want to limit their JWOD income (which were previously heard only anecdotally), the study examined whether or not JWOD employees made a conscious decision to limit the number of hours they work, or refuse to apply for some kinds of benefits for which they qualify, in order to remain eligible for other benefits. An overwhelming majority (95%) of JWOD employees interviewed said they did not limit their job related income in this way. The 5% who do limit the amount of time worked said they did so because they fear losing Social Security or other benefits.

Table 4. Federal Income Tax Status

Status	Percent
Not paying Federal income taxes before entering agency but now paying them	66.8
Paying Federal income taxes before entering agency and still paying them	28.7
Paying/not paying Federal income taxes before entering agency and not paying them now	4.5

Notes: Many JWOD employees, depending on their tax status, income, disability credit, and benefits (e.g., SSDI), receive refunds of Federal income taxes paid. Actual total population (n = 202).

Paying Uncle Sam

One of the obvious benefits of the JWOD Program is that it puts people to work and, once working, these individuals become taxpayers. Prior to this survey, however, there were not any statistics that documented who paid taxes specifically within the JWOD population. Most employees (95%) reported they pay federal income tax. As noted in Table 4, over two-thirds of the JWOD employees interviewed were not paying federal income taxes before entering the agency, but are now paying them. (Note, however, that some individuals who have tax withheld may have part or all of the amount returned at the end of the year, depending on their total income.)

On the flip side of the coin, there has never before been any documentation of the benefits received by JWOD employees. Almost 72% of the employees who responded to this question currently receive some type of federal government benefit (see Table 5).

Of this group, one-third receive Supplemental Security Income (SSI) and nearly one-fifth receive Social Security Disability Insurance (SSDI).

Benefit	Percent Receiving	Average Amount Received (\$)
Supplemental Security Income (SSI)	33.0	290 ^a
Medicaid/Medicare or Other Health Benefits	28.5	---
Social Security Disability Insurance (SSDI)	19.7	435 ^b
Food Stamps	4.6	127 ^c
Other Social Security Benefits (Including retirement and survivor's benefits)	2.0	375 ^d
Veteran's Benefits	1.1	124 ^e
Aid to Families with Dependent Children (AFDC)	1.0	247 ^f
Other (Miscellaneous)	28.5	393 ^g

^aOnly 40.2 percent of those receiving Supplemental Security Income (SSI) reported an amount.

^bOnly 52.3 percent of those receiving Social Security Disability Insurance (SSDI) reported an amount.

^cOnly 22.1 percent of those receiving Food Stamps reported an amount.

^dOnly 73.3 percent of those receiving other Social Security benefits reported an amount.

^eOnly 42.1 percent of those receiving Veteran's Benefits reported an amount.

^fOnly 52.9 percent of those receiving AFDC assistance reported an amount.

^gOnly 32.4 percent of those receiving other benefits reported an amount.

Table 5. Financial Benefits/JWOD Employees

Change in Financial Benefits Received

JWOD employees were asked about the financial benefits received at the time they entered the JWOD agency compared to the financial benefits they currently receive. It was found that 29% of these employees have reduced the number of benefits they receive since entering the JWOD agency, 52% receive the same number of benefits and 15% have increased the number of benefits they receive. This increase is probably attributable to the information provided by JWOD agency personnel regarding additional benefits for which the employees were eligible.

Work-Related Support or Assistance

Providing job training to persons with severe disabilities is one of the primary functions of Work Centers participating in the JWOD Program. Of all of the different types of 'support' a Work Center provides, almost all employees (91%) interviewed have received job training. One-fifth (20%) received help with transportation, 20% received counseling and only 3% interviewed required a job coach or needed constant supervision.

Need for Increased Emphasis on Competitive Placement

The purpose of the JWOD Program is to provide training and employment opportunities for people who are blind or have other severe disabilities and whenever possible, prepare them for employment in the competitive marketplace. Over the past several years, JWOD

agencies have annually placed an average of 1,300 to 1,600 JWOD employees into competitive employment.

Due to the methodology used (i.e., only current JWOD employees were surveyed), the survey results tend to understate the achievements of JWOD employees who have been placed and who have successfully retained jobs in the competitive marketplace (Table 6). The results, however, suggest a need for an increased emphasis on placement.

JWOD Employees Who Have Been Placed and Returned to the Agency

Of those employees who returned to the agency after being competitively placed, many returned because they preferred working at the JWOD agency while some lost their jobs when their employers experienced financial difficulties or went out of business. Others lost their jobs because of inappropriate social behavior or poor performance--outcomes possibly attributable to the absence of the types of support provided by the JWOD agency.

Unsuccessful Placement Attempts

The three reasons cited most often for unsuccessful competitive placements were employee lack of interest, a shortage of suitable jobs in the community, or the JWOD agency job was the best job for the employee available in the community.

Residential Living Arrangements

The survey also examined the JWOD employees'

Table 6. Competitive Placement Attempts

Attempt to Place JWOD Employee in a Competitive Job?	Percent
Yes, placement was made	11.7
Yes, but placement was not made	17.6
No placement attempt has been made	69.4
No response	1.3
Estimated total (n = 15,119)	100.0

Note: Table excludes successful placements since such individuals are no longer employed by the agencies.

residential living arrangements. It was found that most JWOD employees live with their relatives. Approximately one-third (30%) had changed to a more independent living arrangement since entering the JWOD agency. For example, some employees moved from living with parents or other family members to living with spouse and/or children, or friends/roommates or living alone. Still others moved from a nursing home or other long term care facility to living with family members or roommates.

Sixty-three percent of those surveyed did not experience a change in living arrangements. A small percentage have moved to a less independent living situation (7%) since entering the JWOD agency.

Awareness of the ADA

The final area the study examined was the JWOD employees' awareness of the Americans with Disabilities Act (ADA). The ADA guarantees equal opportunities for individuals with disabilities in such areas as employment, public services (such as transportation), public accommodations and services of private entities and telecommunications. Fewer than 17% of the JWOD employees interviewed were aware of the ADA. Of those who were aware of it, some did not know how it would affect their employment goals. Only a few employees knew that the ADA protected the rights of persons with disabilities.

These statistics present a special challenge to agencies participating in the JWOD Program, one that requires wearing many hats. To the extent that it is possible, the Work Center has both the opportunity and responsibility to educate employees about what the ADA guarantees its employees as citizens of this country. Educating others in the community about the provisions of the ADA is also another critical role Work Centers can play. Only as awareness is heightened will the ADA open doors for people with disabilities (see NISH NEWSLETTER, August 1992, for more detail

on ADA resources) and create new employment opportunities.

Conclusion

This study provides the evidence for what many of you have known for a long time. The JWOD Program is benefitting those individuals it was designed to serve. We now have more data about the people who work on JWOD contracts than was available in the past.

The Program provides job training and employment for many people who were unemployed or underemployed prior to obtaining their JWOD job. Once employed on a JWOD contract, individuals with disabilities have the potential to earn higher wages than what would be otherwise possible. The JWOD Program is a link in the chain to more independent living arrangements and higher wages for persons with disabilities. In addition, the federal government is paying fewer benefits to individuals who work on JWOD contracts.

This information will be helpful to the Committee, NISH, NIB, and the agencies that participate in the JWOD Program in communicating who the Program serves and the benefits of JWOD jobs to federal/local governments and other organizations. The Committee anticipates the data will be particularly useful to share with Congressional officials, the Office of Management and Budget, and others.

If you would like a complete copy of the survey report, please contact Jeff Kurtz, at the Committee, (703) 557-1145.

COMMITTEE'S NAME CHANGED

Two new laws have provided for a name change for the President's Committee. For some time, members and staff of the "Committee for Purchase from the Blind and Other Severely Handicapped" have recognized that semantic stereotypes reinforce barriers for people with disabilities. The Committee also faced a barrier, however, in that the name of the Committee was specified in the Javits-Wagner-O'Day Act.

The current Congress, recognizing this problem, amended the Committee's name in both the new Rehabilitation Act and the law which appropriates funds for the Committee. The new name: Committee for Purchase from People Who Are Blind or Severely Disabled.

NISH BOARD OF DIRECTORS TO MEET IN CALIFORNIA

The NISH Board of Directors will meet in San Francisco, California, Saturday, December 5, 1992. All Board meetings are open to the public, and representatives of Work Centers and rehabilitation agencies are especially encouraged to attend and provide input to the Board.

The Board meeting will begin at 8:00 a.m. at the Hyatt at Fisherman's Wharf, 555 North Point Street, San Francisco. Guests are invited to join the Board for a continental breakfast beginning at 7:30 a.m. For questions concerning the agenda or administrative arrangements, call Elaine Kopf, 703/641-2740. Room reservations should be arranged directly with the Hyatt, 415-563-1234.

NOMINATIONS SOUGHT FOR NISH BOARD OF DIRECTORS

The Nominating Committee of the NISH Board of Directors is seeking outstanding candidates to nominate for Board membership. The election will be held at the Board meeting, May 16, 1993, in Phoenix, Arizona, site of the 1993 NISH National Training Conference.

In recommending candidates for nomination to the Board, the Nominating Committee gives special consideration to geographic representation, individuals representative of the interests of Work Centers, individuals with technical and professional competence needed by the Board, and consumers of Work Center services and/or persons with disabilities.

Board members meet three times a year at locations throughout the United States. They are appointed by the Board Chairperson to serve on at least one of the Board committees. Members determine policies and adopt an annual operating budget related to NISH's goals and objectives. Each member is expected to stay abreast of the issues affecting persons with severe disabilities, become familiar with federal procurement policies and practices, participate actively in NISH's annual training conference, and provide public leadership on behalf of the NISH community. Members are reimbursed for travel and meeting expenses. In the event a person with a disability who requires an attendant is elected to the Board, the attendant's expenses will also be reimbursed.

Copies of the "Application for Nomination to NISH Board" were recently mailed to all Work Centers producing under the JWOD Program. (If additional nomination forms are required, telephone Elaine Kopf at (703) 641-2740 or write her at NISH, 2235 Cedar Lane, Vienna, Virginia, 22182-5200). Five copies of the form and your resume with five copies of your facility's most recent annual report (if associated with a

Work Center) must be received at the address indicated on the form NO LATER THAN NOVEMBER 18, 1992.

HEARD THE WORD ON METRIC CONVERSION?

In accordance with Public Law 100-418, the "Omnibus Trade and Competitiveness Act of 1982" and an Executive Order issued subsequent to that law calls for Federal agencies to use the metric system in their procurements by the end of FY1992. According to the President's Committee, the General Services Administration's Federal Supply Service (FSS) has stated they are working to meet the legal requirements by individually examining each item they acquire for conversion to metric specifications. This approach involves negotiations with suppliers and a determination, based on conversion cost estimates and other information, whether to convert to actual metric dimensions or to metric equivalents.

Items purchased by the Defense Logistics Agency for the military services have not yet been affected, but may undergo the same conversions in the future.

The President's Committee advises, "If a nonprofit agency receives an inquiry from a Government agency concerning metric conversion, such as a request for a cost estimate for the conversion or a statement of problems that a conversion might entail, the agency should cooperate with the request and furnish the information requested. That way, nonprofit agencies will be active partners in assuring that the conversion takes a form that will be most acceptable to them, rather than being the passive recipient of perhaps unrealistic new metric specifications.

"GET THE NEWS DIRECT FROM RSA!

The Rehabilitation Services Administration (RSA) publishes a periodical newsletter entitled, Rehabilitation Communicator. This publication contains items of interest to parties that deal with RSA, covering such areas as grant notices, regulations, RSA sponsored conferences, and RSA policies and practices. Those interested in getting on the mailing list to receive this free publication can make requests to: Rehabilitation Communicator; Rehabilitation Services Administration; U.S. Department of Education; 400 Maryland Ave., SW; Washington, DC 20202-2531; Attention: Martha Silva.

HAPPY (FISCAL) NEW YEAR

What a way to begin a New Year... A tremendously productive period with terrific results. A total of 436 people with severe disabilities will be employed through these new set-asides and an amazing \$6,436,200 in projected annual sales will be generated from these services and products. As usual, our thanks to all of those in the Javits-Wagner-O'Day (JWOD) community who have contributed to these new additions.

<u>Work Center</u>	<u>Item</u>	<u>Procurement Agency</u>
<i>New Services</i>		
A.C.E. Industries, Inc. Exton, PA	Janitorial/ Custodial	Internal Rev. Serv.
Alaska Spec. Ed. & Training Services, Inc. Anchorage, AK	Janitorial/ Custodial	GSA
Brevard Achievement Ctr., Rockledge, FL	Switchboard Operation	Patrick AFB
Cattaraugus County Chp. NYSARC, Olean, NY	Microfilming of EEG Records	Dept. of Vet. Affairs
Clay County Assn. for Retarded, Inc., Green Cove Springs, FL	Janitorial/ Custodial	Defense Commissary Agency (DeCA)
Coastal Enterprises of Jacksonville, Inc. Jacksonville, NC	Commissary and Custodial Services	DeCA
Community Connections, Inc. Yarmouth Port, MA	Janitorial/ Custodial	Air National Guard Base
Easter Seal Society of New Hampshire, Inc. Manchester, NH	Janitorial/ Custodial	Portsmouth Naval Shipyard
Federation of the Handicapped, NY, NY	Comm. Shelf Stocking/Cust.	DeCA
Goodwill Industries, Inc. Omaha, NE	Janitorial/ Custodial	GSA
Goodwill Industries of Central Pa., Harrisburg, PA	Grounds Maintenance	Ft. Indiantown Gap
Goodwill Industries of El Paso, El Paso, TX	Janitorial/ Custodial	GSA
Goodwill Industries of Mobile Area, Inc. Mobile, AL	Janitorial/ Custodial	Naval Air Station
Goodwill Industries of Pittsburgh, Pittsburgh, PA	Warehousing	U.S. Army Corps of Eng.

<u>Work Center</u>	<u>Item</u>	<u>Procurement Agency</u>
Goodwill Industries of South Mississippi Gulfport, MS	Commissary Shelf Stocking & Janitorial	DeCA
Goodwill Industries of Southeastern La., New Orleans, LA	Janitorial/Custodial	DeCA
Juniata Branch, PA Assn. f/t Blind, Lewistown, PA	Janitorial/Custodial	Fort Indiantown Gap
Louise W. Eggleston Ctr., Norfolk, VA	Food Service Attendant	Naval Supply Center
Mobile Assn. f/t Blind Mobile, AL	Grounds Maintenance	Naval Air Station
New Horizons of Oakland County, Pontiac, MI	Comm. Shelf Stock.,Cust.	DeCA
Nueces Cty. MH/MR Comm. Ctr., Corpus Christi, TX	Comm. Shelf Stocking	DeCA
Pride Industries, Roseville, CA	Commissary Shelf Stocking Warehousing/Cust.	DeCA
Redwoods United, Inc. Arcata, CA	Janitorial/Custodial	U.S. Dept. Agr./For.Serv.
Seagull Industries for Disabled, Inc., Riviera Beach, FL	Janitorial/Custodial	GSA
Suburban Adult Serv. Inc. Sardinia, NY	Janitorial/Custodial	U.S. Army Eng. Dist.
<i>New Products</i>		
Custom Manufacturing Services, Inc., Louisville, KY	Portable Tool Box Ctr.,	Intl. Tools & Appliances GSA
Goodwill Industries - Knoxville, Inc. Knoxville, TN	Parts Kit Auto. Trans. Filter	Defense Construction Supply Center
Mt. Rogers Comm. MH MR Serv. Board, Wytheville, VA	Barracks Trunk Locker	Defense Personnel Support Center
UCP of King-Snohomish Counties, Seattle, WA	Loop Clamp	Defense Ind. Supply Ctr.



The JWOD food service program continues in tents!



GISF food service employees cleaning up the mess (tent) in the new post-hurricane accommodations.

ANDREW'S WRATH (Part Two)

Air Force Support -- According to Dennis Pastrana, President, Goodwill Industries of South Florida, Inc., the Air Force support has been "fabulous." "They have been helpful in keeping the mess attendant program running in the tents and helping us with the continuation of our janitorial/custodial services locally. Fifty-two people with severe disabilities are employed at the base working in shifts starting at 2 in the morning. The Air Force has given our clients every opportunity. They have bent over backward and even provided psychiatric services through grief counseling to some of our employees. "

The Commissary at Homestead

Air Force Base before



and after

Post Hurricane Conditions - According to Goodwill representatives, there are still no public street lights in the South Dade area. So, in order to pick up JWOD employees at 2 in the morning to make their early shifts in the mess attendant service, GISF staff had to mark the homes with flourescent tape in order to find them!

IBM CAN HELP!

Since 1985, IBM has successfully operated the National Support Center for Persons with Disabilities. This information and referral center located in Atlanta, Georgia, has provided information to thousands of people. Starting in early August, the Center's toll-free telephone number (1-800-426-2133) was automated. Certain information requests previously handled in Atlanta are now forwarded to State and local agencies involved with people with disabilities.

In 1990, IBM announced the Disabilities Assistance Network (D.A.N.), which loans equipment and provides information about services and assistive technology at the local level. The National Support Center will now refer people to the D.A.N. or other agency in their state most able to help them. For information on the IBM Independence Series call toll-free 800-426-4832 or 800-426-4833 (TDD).

NEED MONEY?

The advertisement from Research Grant Guides which arrived in our in-box last week tells us that the seventh edition of the Handicapped Funding Directory is now available, with profiles on more than 1,200 foundations and corporations and 32 federal sources of support. The guide can be purchased by writing Research Grant Guides, P. O. Box 1214, Loxahatchee, FL 33470. Enclose \$39.50 per copy, plus \$4.00 shipping, and 6% sales tax for Florida residents. There's a \$5 administrative fee for orders not prepaid.

HATS OFF

Congrats go to the folks at **Portland Habilitation Center, Inc.** ! If cleanliness were indeed next to godliness, they would be in a religious fervor after the recent General Services Administration (GSA) Field Office re-

port. GSA issued its bi-annual field office evaluation scores, and Pat Sherry, Field Office Manager, reported that "the custodial score went from 75 two years ago to 90 out of a possible 100. This success reflects the PHC's employees efforts and hard work. Thank you and all of the PHC employees for their hard work." One building, the Pioneer Courthouse, received a 100% rating! A special thanks to the two JWOD workers responsible: Tammy Mallory and Betty Thaxton. Nice going PHC'ers!

###

The *Navy Public Works Center at Norfolk Naval Base* has been awarded the Rear Admiral Christian J. Peoples Plaque for supporting the Javits-Wagner-O'Day Program. The Center's support includes the two custodial set-asides to two Work Centers handling the local Navy commissaries there. Forty people with severe disabilities are employed on the project.

###

Four employees with developmental disabilities from the *Melwood Horticultural Training Center* in Maryland recently returned from a trip to the Sunrise Community in Homestead, Florida, where they participated in the clean-up operation following Hurricane Andrew. The four men are part of a crew from Melwood that is contracted to do landscaping and maintenance work at the Indian Head Naval Surface Warfare Center. Some of the tasks that they undertook in Florida included removal of debris, unloading supplies and distributing food and water. David Shelton, Louis Bell, John Boswell and Melvin Cobey were among those who lived out of a tent for the six days they were on the scene. Melwood also contributed cleaning supplies and donations toward the relief fund.

###

Scott Simpson, Deputy Director for the Marine Corps Air Station at El Toro in Santa Ana, California, has been selected to receive an award for "outstanding contributions in increasing employment opportunities for persons with psychiatric disabilities." Mr. Simpson was nominated by JWOD Work Center *Mental Health Systems, Inc.* in San Diego, California, for the support given to the employees in the JWOD Program. The presentation of the award took place at the Second Annual Employment Partnership Conference of Consumers, Employers and Service Providers held in late September in San Mateo, California. Our collective hats are off to Mr. Simpson and all of the crew at the Marine Corps Air Station!

###

The FAA Cleveland Center management and staff sponsored a "*Murray Ridge (Center for Adult Services) Appreciation Day*" to recognize employees for their good work. Many of the staff and in particular, those JWOD employees who work at the FAA community employment site, received letters of commendation and certificates of appreciation in recognition for their efforts to provide a clean and safe working environment for the professionals employed at the FAA site in Oberlin. FAA spokesman, Steve Walters, said "I don't think we've ever seen the place cleaner. It's spotless."

Chairperson, NISH Board of Directors: H. Dwight Whittaker
President: Daniel W. McKinnon, Jr.



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 Vienna, VA 22182-5200
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Serving Work Centers Serving Persons with Severe Disabilities

APPENDIX F

House Joint Resolution No. 695 (1993)

GENERAL ASSEMBLY OF VIRGINIA--1993 SESSION

HOUSE JOINT RESOLUTION NO. 695

Continuing the Joint Subcommittee Studying the Virginia Public Procurement Act and the Regulations Adopted by the Department of General Services, Division of Purchases and Supply, for Procurement.

Agreed to by the House of Delegates, February 9, 1993

Agreed to by the Senate, February 16, 1993

WHEREAS, House Joint Resolution No. 106, adopted by the 1992 Session of the General Assembly, established a joint subcommittee to study the Virginia Public Procurement Act and the regulations adopted by the Department of General Services, Division of Purchases and Supply; and

WHEREAS, by Chapter 647 of the 1982 Acts of Assembly, the General Assembly created the Virginia Public Procurement Act (VPPA) in Chapter 7 of Title 11 of the Code of Virginia; and

WHEREAS, the purpose of the Virginia Public Procurement Act is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources; and

WHEREAS, it was the intent of the General Assembly in approving the Act that public bodies in the Commonwealth would obtain high quality goods and services at reasonable cost, that all procurement procedures would be conducted in a fair and impartial manner, and that all qualified vendors would have access to public business; and

WHEREAS, in this time of budget constraints, all public bodies must be free to purchase goods and services of the best quality at the lowest price; and

WHEREAS, certain provisions of the Virginia Public Procurement Act may adversely affect purchasers, vendors and the general public, since public bodies are forced to accept goods which are inferior in quality or higher in price than those which they could have obtained had it not been for the Act; and

WHEREAS, certain other provisions of the Virginia Public Procurement Act require the Division of Purchases and Supply to exempt from the competitive process materials, supplies, services and equipment produced by schools or workshops under the supervision of the Virginia Department for the Visually Handicapped or by inmates confined in state correctional institutions; and

WHEREAS, other nonprofit organizations are seeking similar exemption; and

WHEREAS, the joint subcommittee desires to further consider concerns and recommendations of other nonprofit organizations seeking similar exemption; and

WHEREAS, the joint subcommittee is currently reviewing a number of options which will provide for more effective governmental procurement; and

WHEREAS, issues such as disposal of surplus property and exemptions from the competitive process for materials, supplies and services produced or provided by certain entities need further attention by the joint subcommittee; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying the Virginia Public Procurement Act and the Regulations Adopted by the Department of General Services, Division of Purchases and Supply, for Procurement be continued. As part of its continued study, the joint subcommittee shall address disposal of surplus property by governmental entities and exemptions from the competitive process for goods and services provided by institutions such as sheltered workshops and correctional facilities. Another issue to be addressed by the joint subcommittee shall be the results of allowing such exemptions, including whether Virginia Correctional Enterprises actually produces skilled employees for the business community. The joint subcommittee shall specifically consider concerns and issues relating to community rehabilitation programs (e.g., sheltered workshops) seeking similar exemption. The membership of the joint subcommittee shall remain the same; any vacancies shall be filled in the manner as directed in the original resolution.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of this study are estimated to be \$12,070; the direct costs of this study shall not exceed \$8,640.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

APPENDIX G

House Joint Resolution No. 694 (1993)

GENERAL ASSEMBLY OF VIRGINIA--1993 SESSION

HOUSE JOINT RESOLUTION NO. 694

Requesting the Division of Purchases and Supply of the Department of General Services to develop and organize an advisory group to evaluate the services and operation of Virginia Correctional Enterprises.

Agreed to by the House of Delegates, February 5, 1993

Agreed to by the Senate, February 16, 1993

WHEREAS, Virginia Correctional Enterprises (VCE), a division of the Virginia Department of Corrections, has been in operation for 58 years; and

WHEREAS, § 53.1-41 of the Code of Virginia provides that it shall be the duty of the Director of the Department of Corrections to provide inmates with opportunities to work; and

WHEREAS, VCE was established to address this mandate; and

WHEREAS, VCE's facilities are currently geographically dispersed throughout the Commonwealth at 12 different sites and provide in excess of 600 products and services, including wood and metal furniture, signs, tags and plates, seating, systems furniture, clothing and footwear; and

WHEREAS, VCE also provides services such as printing, silkscreening, data entry, meat processing and laundry; and

WHEREAS, in fiscal year 1992, VCE had sales of \$20.6 million and employed 1,417 inmates; and

WHEREAS, the Joint Subcommittee Studying the Virginia Public Procurement Act, established in 1992 pursuant to HJR 106, has spent a great deal of time receiving testimony from users of VCE products and services as well as from VCE; and

WHEREAS, its deliberations have led the joint subcommittee to conclude that further in-depth study of VCE is needed, and that the Division of Purchases and Supply of the Department of General Services is the appropriate entity to assist in further review and evaluation of VCE; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Division of Purchases and Supply of the Department of General Services is requested to organize and develop, in conjunction with the Joint Subcommittee Studying the Virginia Public Procurement Act, an advisory group to evaluate and make recommendations concerning the services, operation, and performance of Virginia Correctional Enterprises. The membership of the group shall be determined by the joint subcommittee, in conjunction with DPS. The advisory group's review shall include evaluation of the planning, budgeting, staffing, procurement, policy development and service functions of the VCE.

The advisory group shall complete its work prior to November 1, 1993, and the Division of Purchases and Supply shall submit the group's recommendations, if any, to the Joint Subcommittee Studying the Virginia Public Procurement Act prior to December 1, 1993, and to the Governor and the 1994 Session of the General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.