Sheltered Workshops—a Handbook
Revised 1966

NATIONAL ASSOCIATION
OF SHELTERED WORKSHOPS
AND HOMEBOUND PROGRAMS

NASWHP

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SHELTERED WORKSHOPS

A Handbook

Second edition
1966

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Those who participated in the project are listed separately on another page. Renewed thanks are also expressed to those who made possible the first 1952 edition published by the National Committee on Sheltered Workshops and Homebound Programs, which later became the National Association of Sheltered Workshops and Homebound Programs, Inc.

M. Roberta Townsend
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FOREWORD

Nationwide concentration upon the workshop as an increasingly important part of rehabilitation of the future makes revision of this Handbook timely. The first edition, published in 1952, was gratefully received, both here and abroad, as a much needed practical guide to the organization and operation of workshops for the disabled.

The present text reflects a sharpening of philosophy underlying the workshop in modern rehabilitation. It assumes a closer reconciliation of the disabled man, the meaning of work to him and the tenor of the times and economy in which he aspires to play a part. The novice or professional looking for help in the establishment or maintenance of a workshop program will find solid and detailed source material set forth in useful chronological order.

There is a great need for well-written and currently informative books on the many-faceted problems inherent in the planning and administration of a workshop. We look to the National Association of Sheltered Workshops and Home-bound Programs, Inc., as one of the natural sources for the development of such material.

MARY E. SWITZER, Commissioner
Vocational Rehabilitation Administration
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I

INTRODUCTION

Since World War II, the sheltered workshop has emerged as a strong and unique element in the rapidly expanding network of specialized rehabilitation services. There has been a slow but steady movement away from the early concept of the workshop as a custodial care institution and a recognition that the proper workshop objective is the preparation of disabled individuals for competitive employment and a regular earned wage. Emphasis is upon the value of work to the individual and the dignity which comes from social usefulness and economic independence.

The purpose in revising this volume (first published in 1952) is to provide up-to-date guidance for those seeking to create new workshops or evaluate existing ones. It brings between new covers today's workshop philosophy and practices.

The following definition, adopted by the National Association of Sheltered Workshops and Homebound Programs, Inc., reflects contemporary emphasis on preparation for competitive employment:

A sheltered workshop is a work-oriented rehabilitation facility with a controlled working environment and individual vocational goals which utilizes work experience and related services for assisting the handicapped person to progress toward normal living and a productive vocational status.

Additional definitions which provide a frame of reference for workshop activities and goals include:

Rehabilitation is the restoration of the handicapped to the fullest physical, mental, emotional, social, vocational and economic usefulness of which they are capable.

A vocational handicap exists when a disability creates an obstacle to securing or sustaining regular employment.

Disability is a condition of impairment: physical, mental, or emotional.

To carry the concept of disability a step further, it is a mental or physical condition which can be medically diagnosed. It may or may not constitute a hardship or create a functional obstacle. The existence and severity of a functional limitation are determined by the individual's capacity to come to terms with his disability and the degree to which it affects his ability to get a job or to work. The modern workshop is designed to serve the individual who is considered to be disabled with severe vocational handicaps.
The rate and degree of progress toward self-sufficiency and economic independence will vary greatly among disabled persons. Not all of them will be able to attain competitive employment, nor may even wish to. After having received medical care, however, those who want to prepare for work can move into the structured environment of the workshop for the vocational phase of their rehabilitation. Here the client is exposed to the demands and disciplines with which he must learn to contend in a true work situation.

The program of the workshop concentrates upon bringing the disabled person who seeks economic self-sufficiency to the highest level of functioning he can achieve. When the client has reached this level, he must be moved into a regular work situation (competitive or sheltered) consistent with his individual capabilities; referred to a facility that will offer him constructive occupation of his time if he cannot work (an activity center); or, if indicated, referred to institutional care. It is of the utmost importance that the client does not find himself frozen into a work atmosphere unsuitable to him.

To play the role expected of it the workshop of today must plot a program for two types of clients, representing two levels of achievement:

Client A. The severely disabled person who is capable of understanding and using intensive training and work experience, can and does adjust to the disciplines to be expected in a work situation, develops an acceptable measure of skills and productivity and is ultimately destined to enter the open labor market.

Client B. The severely disabled person who has received rehabilitation services identical to client A, who accepts and uses work experience well, who develops skill and productivity but who, for reasons beyond his control, is unable to face the rigors of the open labor market.

Most workshops today serve both types of clients or workers.

To delineate clearly the function of a workshop, in relation to services required for Client A and Client B, the terms Transitional Employment Workshop and Extended Employment, Long Term Workshop are used in this handbook.

The term "transitional" reflects emphasis on movement of the client whether his destination is the open labor market, extended employment, additional education (academic or industrial) or further supportive services. The Transitional Workshop is specifically structured as a work setting, not as a school, hospital, rehabilitation center or activity center. It offers vocational exploration and intensive training (work tolerance, work habits, work performances). It is a profes-
sional service with the focus upon the client. The reason that the client is in the workshop and the goal set for him as an individual must be made clear to him as well as to agency staff.

The terms “extended” or “long-term” are used to denote a continuing service for clients who in the transitional experience have adjusted to the learning and practice of work but are unable to sustain the demands of competitive employment. Extended employment is remunerative employment. Most workshops today provide both transitional and long-term services in the same setting.

It is considered advisable for the extended employment setting into which the client moves to be sufficiently apart from the transitional shop for him to feel a sense of change. It may be in another building or possibly on another floor, even across the hall if nothing else is available. Graduation from the transitional to the extended status, rather than the open labor market, should not be considered as failure or “terminal” for the disabled person. Many able-bodied men and women reach a level of their capabilities and spend their working lives at benches, machines or assembly lines. For them this is terminal employment for which they need not apologize. There must be a similar understanding of the disabled person’s individual work potential and the level he is able to reach. Provision must be made for periodic re-evaluation of the client placed in extended employment. Disabilities change, human beings change, the labor market changes and, over a period of time, these workers may move from a sheltered environment into outside employment.

Growing public interest in total rehabilitation has contributed to the growth of the workshop concept. The number of workshops in this country, currently estimated at 1,000, has increased dramatically during the past twenty years. At the approximately 800 workshops which held wage and hour certificates from the U.S. Department of Labor as of June 30, 1965, an estimated 43,000 handicapped persons were working.
II

PLANNING CONSIDERATIONS

Starting a workshop is a serious and complex undertaking, calling for careful preliminary study, practical and detailed planning, and extensive community involvement.

The initial impetus for the establishment of a workshop may come from a number of sources. It may come from a professional person working with the disabled who recognizes that full rehabilitation for some of his clients is impossible without workshop conditioning and training. It may come from the local Council of Social Agencies, a hospital or other institution, the families of disabled persons, or an individual who might himself be handicapped.

Dedication, good will, and sound judgment are all indispensable assets in those who want to start a workshop. In order that these people can accomplish their long-term goals, they must be prepared to invest time and effort in exploring and understanding the needs of the people to be served by the workshop and the attitudes and resources of the community in which the workshop will operate. This initial phase should be carried out by a planning committee, with two major functions:

1. To direct a fact-finding survey.
2. To interpret the findings of the survey and formulate them into recommendations.

The Planning Committee

The committee should represent a cross-section of the community, drawn not only from those organizations that will have collateral operating or service responsibilities (rehabilitation facilities, medical, industrial, educational, lay persons, etc.), but, in addition, from groups whose moral and financial interest and support will be essential to a strong and influential workshop. The committee chairman should be an outstanding community leader.

Consideration should be given to representation on the committee from:

Medical and Health Agencies
- Local medical societies
- Hospital and medical facilities
- Public health departments
- Mental hygiene clinics
- Local chapters of national health organizations
Educational Agencies

Department of Education
Public and private special education facilities for handicapped children
Vocational Education division

Vocational Rehabilitation Agencies

State vocational rehabilitation agency
Veterans’ Administration
State Employment Service
Private voluntary employment and vocational services

Social Agencies

Community and municipal public assistance departments
Community Chest
Council of Social Agencies
Family casework agencies

Churches, Civic Clubs and Service Organizations

Business, Trade and Labor Organizations

Government Officials

Mayor and representatives of City Council
County officials
Court and police officials

Influential and Philanthropic Individuals

Representatives of the Press, Radio and Television

At the outset it will be important to familiarize the members of the planning committee with the basic philosophy and purpose of the modern workshop in the rehabilitation of the disabled. Those concerned with the establishment of a workshop should be made fully aware of the difference between transitional and extended employment in a workshop setting. With this knowledge in mind they will be able to determine to what extent either or both opportunities are needed by the disabled population to be served.

Early in the planning, the committee should seek the advice of national agencies concerned with specific disabilities. A choice may need to be made between the establishment of a single or multi-disability workshop. Controlling factors will be the potential population under consideration, adequate financial support and the availability of qualified staff.
It is advisable for members of the committee to observe one or more carefully selected workshop programs operating in comparable communities. This procedure can provide helpful background on selection of clientele, type of work to be done, organizational pattern, composition of the Board of Directors, selection of staff and the cultivation of inter-agency relationships. Suggestions on choice of workshops to be visited can be obtained from the National Association of Sheltered Workshops and Homebound Programs.

The Survey

To assess the need for a workshop in a given community and to test the quality and strength of community support, a survey should be conducted to obtain the following information:

1. The characteristics of the severely disabled persons in the community: the number in each disability category who are presently employed and therefore presumably not vocationally handicapped; the number in each disability category who are not employed and are believed to be vocationally handicapped, in need of and interested in the services of a workshop; and with respect to the latter group, information on where they live, their age, sex, previous employment (if any), present physical, emotional, or mental condition and specific rehabilitative needs.

2. The existence and adequacy of other workshop facilities in the community.

3. The availability of qualified professional and technical personnel to staff such a workshop.

4. The availability of community resources from which to draw needed supportive rehabilitation services as well as technical advice on management, marketing and other operating problems.

5. The availability of adequate housing in a suitable location.

6. The availability of suitable work to be performed in the workshop.

7. The availability of employment opportunities in the community for workshop graduates.

8. Objective indications that intelligent and sustained community support can be expected if the need is established and the project is found to be otherwise practical.

The survey may be conducted by an agency or individual professionally qualified to do so, for a fixed fee, or it may be a self-survey
carried out by the agency or individuals primarily interested in the proposed workshop.

If a professional agency is not employed to determine the number and characteristics of the disabled population, this information can be obtained from health and welfare agencies and from physicians, hospitals and organizations which have contact with disabled persons.

Decisions To Be Made

If the survey findings confirm the need for a workshop, the planning committee must be prepared to make recommendations with respect to a number of basic decisions which should be made. Some of the issues which should be analyzed are suggested in the following discussion.

What Type of Work Will Be Done in the Workshop

Successful workshops have been developed in one of three patterns: (1) industrial sub-contract work, (2) renovation of used materials and their processing for re-use, and (3) manufacture of new goods. The choice among these categories should be made on the basis of a realistic assessment of the following factors: the capacities and potential of the disabled manpower to be served; the availability of plant and equipment; markets for manufactured products; and the labor market for the client’s skills after training has been provided. A pattern of work activity should be chosen which gives promise of a sound and business-like operation within the framework of the workshop objective: to provide adequate work training, work opportunity and wages at a reasonable cost to the community.

The advantages and disadvantages of each of the types of work are summarized:

1. Industrial sub-contract work
   a. Advantages:
      (1) Provides an opportunity to train to industrial standards.
      (2) Unit operation gives an objective basis for evaluating costs.
      (3) Average required space for worker may be less.
      (4) Materials may be furnished by customer.
      (5) Provides a wide variety of work experience through varied contracts.
b. Disadvantages:
   (1) Depends on availability of suitable contracts.
   (2) Work may be limited in variety.
   (3) May be seasonal and sporadic.
   (4) Danger that production pressures may over-ride the importance of training.
   (5) Peak loads and tight production schedules require skilled management and operational procedures.

2. Renovation of Used Materials and Their Processing for Re-Use.
   a. Advantages:
      (1) Enlists broad community support and contributions of materials.
      (2) Relatively high cash return.
      (3) Provides a variety of vocational opportunities.
      (4) Continuous workload.
      (5) Allows for flexible production schedules.
   b. Disadvantages:
      (1) Requires extensive advertising and promotion.
      (2) Capital equipment needs are greater.
      (3) Psychological difficulties in handling used material.
      (4) Material hard to classify for processing and for resale.

3. Manufacture of New Goods
   a. Advantages:
      (1) Permits easier control of work load.
      (2) Provides opportunity to train to industrial standards.
      (3) Unit operation gives an objective basis for evaluating costs.
      (4) May provide training in the use of more machinery and tools.
      (5) May offer higher wage possibilities.
   b. Disadvantages:
      (1) Danger that pressures of production may over-ride the emphasis on training.
What Type of Work Training Will Be Provided

The decision with respect to the pattern of operation in the workshop will dictate the type of training which will be provided. By and large, most workshops provide training primarily at the unskilled or semi-skilled levels. The workshop which operates through industrial sub-contracts will adapt itself to the specific skill requirements of the industries in its community. In some instances, relatively sophisticated tasks can be included in the training program. If the community economy is anchored to advanced technology and the local plants with unfilled manpower requirements are receptive to providing employment to properly trained graduates of the workshop, it is sound to plan to train certain selected clients for more skilled work than is customarily accomplished in a workshop. Automation and other technological developments must also be considered in training workshop clients.

If the workshop's plan of operation includes retail outlets, training in selling and other "white collar" functions can be included in the plan.

What Supportive Services Will Be Provided

Providing work training and work experience for a disabled person is only part of the total responsibility of a sheltered workshop. The client who comes to a workshop has multiple needs: medical, psychological, and social. The extent to which a workshop will meet these needs should be determined as early as possible.

Some clients will have received medical treatment for their specific disabilities before they present themselves to the workshop, and as much physical restoration as possible will have been accomplished. For other clients, treatment for the disabling physical disorder will be carried out concurrently with the vocational rehabilitation. This may include medical and surgical procedures, fitting and training in the use of prostheses, braces, or other assistive devices, speech therapy, and other appropriate procedures. All clients will require continuing medical supervision to determine their physical tolerance for work activities and to prevent exacerbation of the disabling disorder as a result of the work experience.
Psychological services which are needed by the clients will range from psychiatric treatment for the person whose disability is primarily an emotional or mental disorder to counseling which will support the client in his adjustment to his vocational limitations and to the stresses which are involved as he enters the workshop setting and reacts to the demands which are made on his capacities. Counseling will, to some extent, be an ongoing need which must be provided by staff members, within the extent of their professional qualifications to do so.

Supportive services also extend to employment counseling and job placement.

Most disabled persons experience a measure of social isolation either because of the limitations imposed directly by their disability or because of emotional attitudes which have developed as a result of the disability. Some workshops offer their clients recreational programs to aid in their social rehabilitation.

On the basis of the survey, the planning committee should have a well-rounded picture of the community's existing resources for supportive services. Diverse supportive services might be obtained through the state vocational rehabilitation agency, local hospitals, local rehabilitation centers, mental hygiene clinics, public health services, local affiliates of national health organizations, the State Employment Service, and other local health and social welfare agencies concerned with rehabilitation. It is important not only that such services can be obtained from cooperating agencies, but that they be available to clients when needed.

**How the Workshop Will Be Financed**

It must be accepted early in the planning that while the workshop will adhere to sound business practices, it is committed to serving severely disabled people. A reasonable subsidy or deficit should be looked upon as the legitimate costs to the community for a service it has decided to provide for the handicapped members of its population.

If the community is to commit itself to the support of a workshop project, the planning committee should provide it with a realistic estimate of operating costs, expected revenue and estimated subsidy requirements.

The sources of direct and indirect revenue for a workshop should be kept in mind in formulating financing plans. These include:

- Production revenue (income from sales, contract, repair work).
- Fund raising and donations.
Value of goods donated to the workshop for resale.
Government grants.
Private grants.
Community Chest support.
Fees for services to clients of referring agencies, such as state vocational rehabilitation agencies and Veterans Administration.
Contributed staff (adult education, cooperating agencies).
Free consultative services from various agencies.

Preferential treatment accorded by government in the purchase of certain workshop products, presently applicable only to workshops for the blind.

The workshop planning committee should be aware of the extent to which its project can seek financial participation from government sources and the degree to which support must come from the community.

The Federal Vocational Rehabilitation Act, passed in 1954, delineates the conditions under which federal funds can be made available.

The Act contains a provision authorizing federal matching funds to establish workshops. Establishment (of a workshop) is defined as:

- the expansion, remodeling or alteration of existing buildings, necessary to adapt such buildings to workshops' purposes or to increase the employment opportunities in workshops, and the acquisition of initial equipment necessary for new workshops to increase the employment opportunities in workshops . . .

Matching funds for these purposes are available to a state vocational rehabilitation agency, whether the workshop to be established is owned and operated by the state agency or whether funds are made available by the state agency to another public or private non-profit agency. A state agency establishing either kind of workshop—under its own control or granting funds to a public or private non-profit agency for that purpose—must be authorized to do so under its state law and plan.

Federal participation may also be directed toward the development of facilities for work evaluation, personal adjustment training or other aspects of rehabilitation associated with workshops.

On November 8, 1965, the Act was extensively amended (P. L. 89-333). Several new provisions in this legislation are of particular significance to workshops.
Grants for Project Development and Construction

Project development grants are for the purpose of paying part of the cost of organized, identifiable activities which are undertaken for the program planning for, and the development of a project for the construction of, a specific workshop or rehabilitation facility.

The law also authorizes a five-year program of project grants to assist in the construction of rehabilitation facilities and workshops by public or other non-profit organizations. Grants will be available for acquisition of existing buildings, for land, and for new construction, expansion, remodeling, alteration and renovation, and for initial equipment.

Grants for initial staffing are authorized for a maximum period of four years and three months for any project. Federal funds will be available for a maximum of 75% of the initial staffing costs for the first fifteen months, decreasing annually to a share of 30% in the final period. Such grants are available for facilities constructed after the enactment of this law, whether or not constructed with funds provided under this law.

Provision is made for residential accommodations in the case of workshops for mentally retarded individuals and individuals with severe problems of mobility. Appropriations are authorized for five years.

Grants for Projects for Training Services in Workshops and Rehabilitation Facilities

This authorizes a new five-year program of project grants, effective July 1, 1966, to states and public and other non-profit organizations and agencies to help provide training services to handicapped persons in public or other non-profit workshops and rehabilitation facilities. The federal share of the cost of such projects is 90%.

The “training services” in such a project include:

1. Training in occupational skills.
2. Other services directly related to training such as work evaluation, work testing, occupational tools and equipment required by the trainee to engage in the training, and job tryouts.
3. Payment of a weekly training allowance to the trainee. Such training allowances may not exceed $25 per week plus $10 for each dependent, with a maximum payment of $65 weekly to any individual trainee, and may not be paid to any trainee for more than two years.

To be approved, a project must show that the training can be expected to lead to a remunerative occupation; that the individuals
to be trained will be those found suitable for and in need of training by the state vocational rehabilitation agency; that the full range of training services authorized will be made available, as needed on an individual basis, and that the project will meet other requirements prescribed by the Secretary.

In administering this grant program, projects will be approved only where the participating facility meets the standards and criteria adopted by the Secretary on the advice of the National Policy and Performance Council.

**Workshop Improvement Grants**

This authorizes a five-year program of project grants to workshops to pay part of the cost of analyzing, improving and increasing professional and technical services to handicapped individuals, to management and other parts of the workshop operations as they affect employment and services for handicapped clients.

**Technical Assistance to Workshops**

This authorizes the provision of technical assistance of various kinds to aid workshops in solving operating and technical problems. On request, individuals, panels or groups may be detailed for a limited period to consult with a workshop which has requested highly skilled professional and technical advice in professional, business and related aspects of workshop improvement.

**Procedures for Applicants**

Applicants for grants under the Vocational Rehabilitation Act shall be responsible for securing the advice and assistance of the appropriate state vocational rehabilitation agency or agencies in the development of an application. All applications are reviewed by the appropriate state vocational rehabilitation agency or agencies. Questions concerning the grants, application forms, and availability of funds should be directed to the state agency.

**Where the Workshop Will Be Housed**

The workshop plant, like any other plant, should be located where it will be accessible to the people who will work there and should be adapted to the activities which will be carried on. The specific considerations which should concern the planning committee are:

Are the plans long-range? (For example, a donated building might seem like an attractive expedient, but it does not necessarily meet the long term growth expectations of the workshop.)
Do the plans for building or remodeling take into full account the specific modifications which are required to enable handicapped persons to perform work?

Do the plans permit the workshop to qualify for federal financial participation?

A limited amount of architectural guide material has been developed specifically for planners of workshops. A set of standard specifications, "Making Buildings and Facilities Accessible and Usable to the Physically Handicapped" is now available. These were developed by the American Standards Association under sponsorship of the President's Committee on Employment of the Handicapped and the National Society for Crippled Children and Adults. Useful information is also to be found in "Rehabilitation Center Planning—An Architectural Guide," by F. Cuthbert and Christine F. Salmon, published in 1959 by the Pennsylvania State University Press. "Sheltered Workshops—An Architectural Guide," by the same authors, will be published early in 1966 by Oklahoma State University.

Decisions concerning work program, supportive services, financing and physical facilities may in some situations be made by the planning committee, prior to the organization of the workshop. In others, they will be made by the Board of Directors, as initial steps in the process of organization. Whether or not it is charged with making final decisions, the planning committee should advance recommendations concerning these matters, and should document the recommendations with data obtained through the survey.
III

HOW TO GET STARTED

When decisions have been made concerning the scope of the workshop program, the next step is to organize the workshop. Whom will it serve? Where will it operate? Who will staff it? And—perhaps most important of all in terms of organizational stability—who will provide leadership?

Incorporation

A sheltered workshop may apply for incorporation in its own right, or it may be organized under the corporate status of a parent organization. In either case, it will enjoy all the special privileges and protections which the law provides for corporate entities. Since it is a non-profit social agency, it should be clearly so established under law in order to take advantage of certain state and federal tax-exemption privileges accorded to non-profit charitable, religious, educational, or philanthropic organizations. Regulations of the Federal Internal Revenue Bureau with respect to such organizations should also be taken into account.

Incorporation is essential and gives the agency legal status and added prestige. It establishes an entity that can sue or be sued, and it absolves the individual members of the governing group from personal liability. Legal advice should be obtained in drawing up the proposed certificate of incorporation. A statement of purpose, which will be included in the certificate of incorporation, should be carefully drawn, based upon the findings and recommendations of the planning committee.

Detailed formulation of policy and program will be the responsibility of the Board of Directors which, in an incorporated agency, becomes the corporation for all practical purposes.

Board of Directors

The functions of the workshop's Board of Directors will be to:
1. Determine policy and program.
2. Give sponsorship and prestige to the undertaking.
3. Evaluate community needs and resources on a continuing basis.
4. Interpret the workshop program to the public.
5. Set standards.
6. Obtain financial support.
7. Select and give general direction to the executive director.
9. Interpret community attitudes and needs to the workshop.
10. Initiate new services.
11. Evaluate workshop operations.
12. Provide stability and continuity to the program.

The size of the Board of Directors will depend upon varying factors, such as the population, the geographic area to be served and the diversification of services which are to be undertaken.

Membership should be sufficiently broad to enable the Board to carry out its responsibilities efficiently and objectively and to assure the workshop community support. Business and organized labor should be among the community interests represented. Organized labor will properly be concerned with the maintenance of fair labor standards in the workshop, and representatives of both labor and industry will constitute a resource on which the workshop director can draw for management consultation and advice. It is labor's point of view that more effective labor representation can be expected if the central labor council or comparable local labor body is consulted in the selection of a labor representative for the Board.

To provide continuity and stability, procedures should be developed for appointing members, fixing terms of office, selecting replacements and scheduling meetings.

**Steering Committee**

The Board may find it helpful to create a small steering committee or an executive committee which could take responsibility for:

1. Blueprinting the program to be undertaken: the number of clients and the types of disability to be served, the type of industrial work to be undertaken, the equipment needed, and the kinds of supportive professional services to be provided or contracted for in the community.

2. Organizing community resources, including developing agreements with other agencies for client referral, negotiation of fee arrangements and overall, cooperative planning.

3. Selecting a suitable site or building.

4. Developing a staffing plan.

5. Preparing a budget.

6. Blueprinting a plan for financing.
Determining Clientele

It will be necessary to establish formally the eligibility for the enrollment of clients. The basic criterion will be the presence of a disability which constitutes a substantial barrier to employment which the workshop program may reasonably be expected to overcome. Age, type of disability and location of residence will also be considerations.

Workshop services should be available to all persons in the community who need them. In some communities, particularly the smaller ones, the workshop will serve persons with diverse disabilities. In others, services will be focused on persons with a single disability, such as the blind or the mentally retarded. Clients should include candidates for both types of workshop (transitional and extended). Eligible for the transitional workshop are those who:

1. Have never worked and need to discover and master a skill and to develop acceptable work habits and work performance.
2. Have lost an old skill and are in need of retraining or learning a new skill.
3. Need an opportunity to build work tolerance to a full work day before returning to an old or entering a new job situation.

Those eligible for the extended workshop are persons who:

1. Because of the severity of their handicap are unable even after a training period to produce at a competitive rate.
2. Because of a tight labor market cannot be immediately placed. The extended workshop provides an opportunity for them to keep skills fresh.
3. Cannot because of age and/or enforced retirement find a place in the normal working population. Labor economists and statisticians define persons age 45 and over as "older" workers; this creates an added burden for the disabled person.

Obtaining a Certificate

A certificate from the Wage and Hour and Public Contracts Divisions of the United States Department of Labor is required when handicapped clients, engaged in or producing goods for interstate commerce, are unable because of their disabilities to earn at least $1.25 an hour (the current minimum wage) and a lesser rate is necessary to prevent curtailment of opportunities for employment.

A certificate can be obtained by making applications to the Divisions’ regional director for the area in which the workshop is located. Application forms may be obtained from the regional director. A list of the regional offices and addresses will be found in Appendix D.
Physical Plant

The exact location of the workshop will be affected by the geography of the community it seeks to serve. It should be accessible to all clients, whatever their mode of transportation. In urban centers, proximity to public transportation should be a decisive factor. In rural areas, the adequacy of roads and road maintenance are key considerations, since clients may depend on private cars, car pools or workshop buses. The location should also be within an area served by commercial carriers, since regular delivery of materials and supplies and regular pickup of finished work will be required.

Full parking facilities may not be required, depending on the location of the workshop and the transportation means used by clients and staff, but parking space should be reserved for clients in wheel chairs, in braces or on crutches. Eating facilities should be available in the immediate vicinity unless the workshop has its own.

The availability of a particular site or building has often been the controlling factor in the location of a workshop. It is difficult to resist being carried away by offers of donated or low-priced land or housing. But there are other considerations to be weighed. The workshop is tangible evidence of a service to people. The image it presents in bricks, mortar, and physical location constitutes the showcase from which the capabilities of the disabled worker are sold to fellow citizens, particularly those engaged in industry. If it is architecturally unsuitable, in state of disrepair, or located in a run-down neighborhood, it will suggest disrespect or lack of concern for the client’s well-being rather than full recognition and support of him as a contributing member of the community. It will undoubtedly cost more to operate a workshop under the foregoing conditions.

Successful workshops generally grow in size through the years. This should be kept in mind in selecting the building or building plot and in determining the size of the central heating unit, rest room facilities and office locations. A fuller discussion of the requirements of plant layout will be found on page 35, Chapter V.

Zoning ordinances will affect the choice of location to some degree in most communities.

If alterations or modifications are required, a building permit will usually be necessary. The plans must be in compliance with existing building codes, and the completed work will be subject to inspection before a certificate of occupancy is issued. There cannot be enough stress upon safety measures. The “Basic Building Code” on general construction standards is widely used throughout the country. A copy of it may be secured from Building Official Conference of America, 1525 East 53rd Street, Chicago 5, Illinois.
If supportive rehabilitation services are to be provided on the premises, provision should be made for one or more private rooms or offices where interviews, testing or counseling sessions may be conducted. Ideally, these should not be on the shop floor and should be constructed of materials which reduce sound transmission and guarantee the client privacy. Space should be available for medical examination, physical therapy and occupational therapy, psychological testing, and vocational counseling, if these are to be part of the on-premise services. Easy access of professional and technical staff to one another should also be planned. A conference room will be needed for meetings of the Board of Directors and staff.

**Staffing**

The Board is responsible for planning the organization and staffing of the workshop, for developing sound personnel policies, and for establishing policy with respect to the salaries of paid staff and wages to be paid the workshop’s clients.

The Board is also responsible for selection of an executive director, who is accountable to the Board for the operation of the program. The director is empowered to develop job descriptions for all specialized positions in the agency and to select all other workshop personnel. Selection of a highly qualified and experienced individual for this post is obviously of critical importance.

Because the operation of a workshop combines service and business functions, personnel is divided into those providing professional services (medical, social, psychological, counseling) which contribute to the client’s readiness for work and those who provide technical services (training, supervision, production, sales) which aid him in acquiring work skills and in developing his productivity.

An organization model or chart indicating staff relationships and lines of authority and supervision is a helpful device for visualizing staff functions and inter-related service responsibilities. Such a chart is reproduced on the following page. This model is intended to suggest a full-scale operation offering a broad array of services. It is possible to start, and many workshops have started, with a less ambitious program, requiring a smaller staff.
A BASIC STAFFING PATTERN

This does not mean that all services must be available within the workshop. They may be part-time or contracted from agencies in the community.
Financing

As soon as the Board of Directors and the executives of the agency have determined the total workshop program, it should be translated into an estimated budget which can be presented to the community for its support. It should be acknowledged that the workshop cannot be self-supporting and that it will need a reasonable subsidy in order to provide the services to which it is committed. Plans should be made for funds to meet the four separate financing purposes set forth below.

Adequate capital funds must be available early in the development of the program to finance acquisition of the permanent assets of the agency such as buildings, machinery, tools, permanent office equipment, trucks, etc. If operating funds must be used for capitalization, the workshop is in immediate and serious financial trouble.

A revolving fund must be established so that raw materials can be bought on the market at reasonable prices, and wages can be paid to the workshop’s clients. Rarely is a social agency, and especially one which is newly established, able to secure bank credit for short-term loans, a common practice in industry. An adequately financed revolving fund, to be replenished by revenues from the sale of the workshop’s manufactured product, is therefore necessary.

The operating funds of the workshop are used for the salaries of staff concerned with manufacture, for repairs, heat, light, telephone, maintenance and other recurring costs.

A fourth fund will finance professional services which are not a part of the manufacturing operation. These will include the services of social workers, rehabilitation counselors and other professional staff responsible for the workshop’s service program; or the services provided by cooperating agencies which are under contract to the workshop. The costs of such services are a direct responsibility of the community and cannot usually be met even in part from income from the sale of manufactured goods.

Records and Accounting

It is the responsibility of the Board of Directors to fix requirements for record-keeping and accounting essential to the effective management of the workshop.

Payroll records should conform to the standards fixed by the federal government under the Fair Labor Standards Act and the Walsh-Healey Act. (See Chapter VII.)

Installation of cost accounting procedures should be required by the Board. The operating and balance sheet statement should be
reviewed at least quarterly, and the workshop books should be audited annually by a certified public accountant especially employed for that purpose.

All actions and financial records of the Board should be open to public scrutiny, and periodic public reporting should be made an intrinsic part of the public relations program. As guardians of tax funds or contributed funds or both, the Directors are in positions of public trust.

Public Relations

The Board of Directors should establish and maintain sound public relations with the entire community. A community must have confidence in the workshop spokesmen before it can give its support.

The extent to which the members of the Board have been selected to represent the entire community, the reputations of the Directors as individuals and the reputations in the community of the groups they represent constitute built-in public relations assets or liabilities at the outset.

As the Board begins to function, it should strive for a clear public understanding of the workshop program and policy and the scope and limitations of the services it offers. There must be regular public accounting not only of expenditures but of program accomplishment. The workshop services will be accepted, utilized and supported by the community to the degree that they are understood by the community.

The services of professional public relations agencies and consultants are available in many communities.

Sallie E. Bright's excellent and down-to-earth analysis of the public relations aspects of social agency programming and operation* is relevant for sheltered workshops and is recommended reading.

From its summary of important principles in orderly, effective public relations program planning and execution, the following points are highlighted.

1. Public relations planning is based on facts—facts about whether the agency's services are adequately meeting the real need in the community, about whether people understand it and how they feel about it.

2. Public relations is not an "extra" or separate function from the agency's daily work. It furthers the objectives of the agency—to serve the people better.

* Bibliography.
3. The best public relations plan is the one in which the planners have realistically selected a series of the most important short-term objectives which are possible of achievement within a defined period, which will be the most productive of immediate return and which will move the agency toward its long-range goals.

4. Any agency embarking on a public relations program must be sure of whom it is trying to reach, and for what purpose.

5. The more an agency knows about the group whose cooperation it seeks, the more successful its efforts will be.

6. Specialized staff to coordinate the public relations work of an agency should be engaged whenever feasible. Agencies without specialized public relations staff must use regular staff and volunteers to carry out their program.

7. There must be a time schedule, including wise choice of when to carry out certain steps and agreement by those responsible to carry them out by the appointed date.

8. With or without specialized public relations staff, the regular staff always bears the major responsibility for the public relations atmosphere of the agency. If this atmosphere is poor, the agency’s public relations will be poor in spite of any public relations projects it undertakes.
IV
PROGRAM OF SERVICES

The client in a modern workshop receives a continuum of services which can be divided into five stages. In each of these stages, the client should have access to supportive services, either in the workshop itself or elsewhere in the community, so that he can attain the fullest possible rehabilitation.

The five stages of the program of services are:

1. **The intake process**, during which the workshop staff assembles the essential facts about the client's physical, psychological, social and vocational problems, and determines whether he is eligible for enrollment. The case record which will be maintained throughout the period of service is established at this point.

2. **The work evaluation or tryout period**, during which the client's capacities are put to practical test and his potential evaluated before a vocational objective is set and a work-conditioning and training program is charted.

3. **The work-conditioning and training period**.

4. **Placement** in competitive industry or extended employment.

5. **Follow-up**.

Intake

Intake for the workshop is a highly skilled operation which should be the responsibility of a trained interviewer such as a vocational counselor or a social case worker. A thorough knowledge of the agency's philosophy, objectives and functions, a warm and understanding approach to the handicapped applicant and the capacity to make realistic evaluations are required.

Certain minimum information should be obtained at the outset and entered in the case record—the applicant's name and age, the name of the physician who is treating him, the nature of his disability, the names of his parents, wife or next-of-kin, information about the composition of the family, the address and telephone number, the social security number, and if initial interviews are to take place at the home, directions for reaching it. Accuracy is important since service may be delayed if there are mistakes.

If there is a central social service exchange or index in the community, clearance is recommended as protection for both applicant and the workshop. Clearance may provide information about
previous services offered the applicant, and it will prevent duplica-
tion of service for those who may be at the time a client of another
agency.

If the applicant has been referred to the workshop by a cooperat-
ing agency, the intake interviewer will review the evaluation studies
received from the referral source and will arrange for whatever supplemen-
tal fact-finding is necessary. If the applicant has come to
the workshop on his own initiative, necessary evaluations must be
obtained. These evaluations will include:

**Medical Evaluation**—Workshop plans for an individual should not
be developed until full medical information has been obtained and
all possibilities for remedial treatment considered. A complete
medical examination is essential and a detailed report should be
obtained from the physician on the applicant's physical capacities,
the nature and amount of physical activity he may engage in and
the physical conditions under which it is safe for him to work.
Diagnosis, prognosis and cautions should be explicit, and fixed in-
tervals for re-examination should be established.

**Psychological Evaluation**—The development of a sound rehabilita-
tion plan also requires evaluation of the applicant's intelligence,
learning ability, occupational aptitudes and preferences, and his
social maturity.

Psychological and psychometric tests are recommended for both
intake evaluation and continued case planning, provided the results
are used only as one tool in the larger counseling and planning
process. General aptitude tests and some specific aptitude tests are
administered by State Employment Service as part of their counsel-
ing program.

Psychological evaluation may be performed by the workshop
psychologist or psychological services may be either borrowed or
obtained on a fee basis from a nearby college, a hospital having
appropriate facilities, or some other local resource.

**Social Evaluation**—Evaluation of the applicant's social history is
essential at the point of intake in order to understand him and plan
intelligently to help him. Knowledge is required of the applicant's
family, his own role in the family group, his financial situation, and
other significant environmental factors.

**Educational and Vocational Evaluation**—Review of the educational
and vocational background of the applicant is necessary to determine
whether workshop experience can be expected to contribute to his
rehabilitation and to develop a constructive training or retraining
plan. The extent of his schooling, both academic and vocational,
should be examined as well as any past employment history, including specialized training, work history and work attitudes.

A case record should be established for each client at the time of intake and maintained on a continuously current basis thereafter to provide a complete individual history of rehabilitation progress up through graduation from the workshop, placement in competitive industry, extended employment and follow-up.

The record should contain information in sufficient detail to give a clear picture of the client's capabilities and limitations, his medical condition and any change which may occur in it, his special problems and his consequent needs. The program of work training and such supportive services as he may need should be detailed, his progress charted and his ultimate achievement recorded.

In addition to their relevance to work with the client, case records are a basis for public reporting of accomplishment, statistically and qualitatively, and provide the raw material for research in connection with long-term agency planning.

After the intake worker has assembled and evaluated all the intake findings, he must translate significant conclusions in terms the applicant can understand, and discuss with him whether and how the workshop may be able to contribute to his rehabilitation. The plan developed by the intake worker should be tailored to the client's individual needs and capacities. It should be elastic so it can be modified as the client develops or his problem changes. It should be understood, at least in broad terms, by all agency staff and by cooperating agencies which will have any part in its implementation. Progress should be reviewed periodically and the rehabilitation plan adjusted as necessary.

The Work Tryout

At the conclusion of the intake process, the job counselor helps determine a work tryout program for the client. If the agency has a vocational counselor on its staff, he can provide this job counseling service as well as the placement service which the client will subsequently need. It may, in other instances, be more practicable to procure job counseling from other community resources through cooperative arrangement. The service is one which must be made available to the client not only after intake, but continuously during the work tryout and work conditioning and training periods.

Work tryout reveals the client's physical capacities, learning ability, aptitudes and specific skill potential, ability to achieve and maintain adequate social relationships and ability to meet the de-
mands imposed by the work situation; for example, ability to perform repetitive operations, tolerate noise and pressures.

Evaluation of the client's vocational potential, not only at this tryout stage but continuously throughout the training period, should be realistic in relation to the known standards and requirements of competitive industry.

Specifically, tryout should include the following:

1. Placement of the client in a work situation such as office services (duplicating, collating, stapling, sorting, addressing), quality inspection (visual or mechanical), service functions (cafeteria, messenger, laundry, maintenance), woodworking and wood unit assembly, metal working (machine or hand), bench work (wrapping, packaging, assembling—gross or fine), production machine operation and tending, greenhouse operation (potting, thinning, spraying, etc.); in short, all work situations possible within the workshop or agency.

2. Observation of the client's work adjustment with regard to ability to understand, retain and follow directions in a safe and systematic manner; observation of his physical capacities; assessment of his functional abilities of hearing and seeing which are important to vocational placement and may affect job performance; observation of his visual skills of efficiency, organization, consistency, accuracy, eye-hand and eye-foot coordination and evidence of vision problems of fusion, imbalance, depth perception, accommodation fatigue and color blindness; observation of his general strength and fatigue levels (physical, mental and emotional).

3. Observation of the quality and quantity of the client's work, both at his own natural pace and under the more intense pressure of production schedules.

4. Observation of his personal and social adjustment with respect to tolerance for routine and monotonous work, realistic level of aspiration, sustained motivation, interest and drive; his work habits such as accuracy, neatness, punctuality, responsibility, dependability; his frustration threshold; attitudes toward and ability to work with co-workers; grooming, appropriateness of attire and care of clothing; identification with the group as evidenced by participation and cooperation; and attitude toward instruction, supervision, criticism, correction and changed work assignments.

In the light of the intake evaluations and the work tryout findings, client and job counselor together determine in which occupations or
fields of work his capacities can be used. If there has been no previous employment, a choice of vocational objectives must be made. If the client has had employment in the past, the counselor will help him decide whether to return to his former occupation, to seek a modified version of his former occupation adapted to the capacities and tolerances he now possesses, or to train for a wholly new occupation.

**Work Conditioning and Training**

The work conditioning and vocational training of each client must continue long enough to permit the learning of a job. For the most severely handicapped, it must also be sufficient for the development of compensatory skills to permit effective performance. Its duration will therefore vary.

Training may be in a specific area, adapted to the client’s own demonstrated talents, efficiency and employment potential; or it may be geared to specific openings, usually unskilled or semi-skilled, known to be available for trained workshop graduates.

Regardless of the type of training, it should include instruction in the use of specially designed tools, use of safety clothing, the proper use and care of equipment and the economical use of raw materials, training in industrial safety and sanitation, manipulative skills, muscular coordination and grasp of concepts of time, size, shape, position, direction, spatial relationships and money value.

**Job Placement**

It is the responsibility of the workshop to engage in active job promotion and to be informed about placement opportunities in the community for its clients—through its own efforts, through cooperative relationships with the state vocational rehabilitation agency and the state employment service which have specialized staff for placement of the physically, mentally and emotionally handicapped, and through the development of cooperative efforts with private job placement agencies.

Regular visits to interest employers in hiring qualified handicapped applicants should be scheduled. Actual jobs should be observed to obtain first-hand knowledge of job duties, the physical demands they impose, the physical capacities they require, the climate of the work situation, the emotional strains and stresses inherent in the job, the personality traits of the employer and the supervisory
staff, the production standards and the methods by which they have been established.

The accepted techniques of job analysis should be applied. Relatively few workshops have specialized staff trained in these techniques but every community has such personnel available through the state employment service. Short-term training courses in job analysis techniques can often be arranged through this public agency and through some industries.

Equipped with specific information about local employment opportunities and equipped with knowledge of the client’s capacities, the workshop is in a position to refer the rehabilitated client to suitable known openings or to pinpoint its search for an opportunity compatible with the client’s interests, motivations, abilities and capacities.

When such an opening is obtained, the counselor advises the client about the organization and its industrial relations, instructs him in the preparation of his application, counsels him about the employment interview and attitudes he may encounter, and arranges the employment interview.

Follow-up

Until an employment situation is well established, the counselor should be in continuous touch with the client in order to evaluate his progress and to make sure that a satisfactory vocational, physical and psycho-social adjustment is made. He will see that the client has any continuing medical supervision and social casework services he needs and will himself provide continuing counseling and guidance and will ascertain that the client is not being exploited.

For clients who have been placed, for those ready for employment who have not yet found work, and for those who move into extended employment, the counselor should arrange a regular schedule for periodic case review and appropriate action.

Supportive Services

The importance of planning for medical, psychological and, in some instances, recreational services for workshop clients was discussed in Chapter II. Of these supportive services, the two which are strategic to the client’s utilization of the workshop experience are medical services and the specialized form of psychological services which is called personal adjustment counseling or work adjustment counseling.
Medical Services

Although few workshops will offer extensive physical restoration services for its clients, all workshops must assume the responsibility for directing clients to the resources which provide these services.

In addition, the workshop must make medical services available to the client whenever they seem necessary or desirable throughout the training process, from intake to placement. This includes an initial medical evaluation, unless one has already been made by the referring agency; examination, evaluation, and, in some instances, treatment while the client is receiving workshop services; and re-examination before the client is placed in a job. While he is receiving training at the workshop, the client may need medical attention for a number of reasons. He may complain of symptoms. His physical condition may change radically. He may perform his work at a less competent level than was expected on the basis of initial evaluations. He may give evidence of emotional instability which may have as its basis anxiety about his health or subjective evidence that his physical condition is deteriorating. None of these symptoms should be ignored, nor should any of them be interpreted by the workshop staff without medical advice.

Few workshops will have a full-time staff physician, but all workshops should have a physician who functions as medical consultant. In addition to performing the services discussed above, the medical consultant should be called upon by the workshop management to participate in planning the physical aspects of the workshop and in developing vocational objectives for individual clients.

The physician who is available as a medical consultant may have limited experience with the rehabilitation process, and the workshop management may be in need of orientation with respect to medical information. To close this gap, some workshops report successful experiences with informal seminars between the medical consultant and workshop personnel. The physician develops an understanding of what the workshop is trying to accomplish for its clients and what kind of information he should provide about the client. When he understands the use to which medical information will be put and the confidentiality with which it will be treated, he will participate more fully and freely. Workshop management can use these seminars to sharpen their skills in understanding the vocabulary of medical reports. Through the medical consultant, they can learn what type of questions to ask a physician and how to interpret the answers they receive.
Work or Personal Adjustment Counseling

Work or personal adjustment counseling may take the form of psychiatric, psychological, vocational or social work case counseling. If a workshop is at its outset understaffed and does not have professional personnel qualified to provide this type of counseling, it must be given, in some measure, by any and all persons in the workshop organization who come in contact with the client. Personal or work adjustment counseling is the process through which a disabled person is encouraged to revise his attitudes toward himself and his relationships to others so that he can move into the world of work. Its goal is to have the client abandon his perceptions of himself as disadvantaged, unworthy, unwanted, victimized, and defeated, and to begin to build a self-image of a person who is capable of growth and development and who has something to contribute which society will accept.

The changes which can be achieved through sensitive and sympathetic counseling cover an extensive range. The blind, the deaf, the cerebral palsied and any person whose handicap is congenital or acquired early in life may have been so restricted and protected that he cannot become employable until he has learned physical and mental independence. Individuals disabled later in life, overwhelmed by what has happened to them, may have allowed themselves to deteriorate mentally, physically and socially.

Personal or work adjustment counseling may concern itself with the client's personal appearance, his social skills, his ability to get on with co-workers and supervisors, his readiness to develop good working habits, and his capacity to adjust to the emotional demands of time pressures, dollar incentives, noise, the group situation, and the day-to-day discipline of training. Through this counseling, the client is helped to accept the concept that handicapped persons can and must participate in their own rehabilitation.

Personal or work adjustment service provided by a sheltered workshop elsewhere in the community is often purchased by state vocational rehabilitation agencies for their clients who need such help before they can be given vocational training or be placed in competitive employment.

In the Extended Employment Workshop there may be a lessening of intensive supportive services though they must continue to be readily available. The disabled population using extended employment will reflect chronic illness, progressive or static disabling conditions, deterioration due to age and other problems the manifestations of which must be the permanent concern of professional and technical personnel.
OPERATING THE WORKSHOP

The fact that a workshop's primary goal is to serve people, not to make a profit, does not preclude its using good business practices. Quite the contrary. The community can be looked to for subsidy for necessary supportive services, but it is not reasonable to expect it to subsidize excessive operating costs. Poor organization and administration of a workshop further handicap an already deprived group.

Both transitional and extended employment workshops must:

1. Provide a realistic work climate. Work flow must be continuously calculated in relation to volume and variety required to evaluate, train and place clients.

2. Utilize production as a means of developing the productivity and employability of the worker.

3. Recognize, meet and deal with the rigid demands of competitive industry in the production and distribution of goods.

Principles of Management

Good management is an essential element in the successful operation of a workshop. The fundamental principles of management, whether for factory, hospital, department store, institution or restaurant, are planning, organization and control. It is not possible to control what is not organized nor is it possible to organize what has not been planned.

In the workshops, as in other industrial organizations, management deals with personnel, plant layout, volume and quality of production and sales, processing controls, equipment, supplies and maintenance. It is concerned with methods, work simplification, wage standards, pricing, the selection of sources of supply, negotiation with vendors, analysis of market conditions, price trends and federal and state labor controls.

Management utilizes a conscious approach to solving the mounting problems created by a highly competitive economy. If the workshop is to fulfill its commitment to disabled manpower, it too must come to grips with modern economic tensions, following the same technique used by industry.

In the shop setting it is difficult to maintain a continuing balance between service and work. There may be sensitive spots in day-by-day operations where professional and technical personnel will clash.
For example, a workshop may be reluctant to release for placement a trainee in a key operation upon which depends a steady flow of work for other clients. To do so, it might be argued, would disrupt the overall work pattern and interfere with delivery dates. Several possible solutions might be considered. 1. Insofar as it is possible to do so, more than one trainee should be taught a strategic operation. 2. A good disabled worker may be permanently employed on a given job, if this is his choice, if he is paid at the going industrial rate and if his holding the job does not prevent other candidates from learning and perfecting a particular and useful skill. 3. In an emergency a non-disabled person might be temporarily employed to maintain the work flow until such time as he could be replaced by a disabled trainee. Workshop management must see to it that operating personnel establish and maintain a satisfactory balance between work flow, training and placement without detriment to the progress of the client.

Personnel responsible for workshop management should seek professional consultation in working out the complex problems with which they must cope. Management consultants will not necessarily be familiar with the workshop or its operations; workshop management seeking advice should put all the cards on the table so that the consultant can formulate pertinent recommendations. Consultants may seem costly, particularly for the smaller shop, but it should be considered a legitimate expenditure if basic programming and service to people can be materially improved and economies of operation achieved. Good books on management techniques are available; some are listed in the bibliography.

**Marketing Manufactured Goods**

Marketing is the combination of business activities that direct the flow of goods from producer to consumer. Three important elements are involved in the distribution of manufactured goods. The product must be saleable, priced realistically, and merchandised intelligently.

Saleability involves three basic considerations:

1. **Good design**, meaning that the product must be pleasing to look at, well proportioned, harmonious in color and made of suitable materials.

2. **Technical excellence**, meaning construction and workmanship of a quality commensurate with the use to which the product is to be put.

3. **Correct relation to current uses and fashion**, meaning a product responsive to present trends and demands.

Pricing in private industry is based on costs plus profit, which competition tends to hold to a reasonable level. The high-priced
item will sell if the dollar value is there. The over-priced will not. Under-pricing will not necessarily create a ready sale, since it may make the buyer suspicious.

If a sheltered workshop wishes to move its merchandise, it should attempt to sell at the price charged by commercial companies making comparable products. If costs are considerably out of line with this amount, the product should probably be abandoned. If the price exceeds the costs, the "profit" will help to reduce the subsidy required to finance the program.

In order to maintain good relations with industry and labor, it is essential that the realistic costs of performing the contract be reflected in the bid. The costs of workshop operations that affect pricing are:

1. Raw materials cost (purchase and delivery).
2. Cost of receiving, handling and storing raw materials, goods in process and finished goods.
3. Direct labor costs.
4. Cost of shipping finished goods.
5. Overhead, in which category should be included:
   a. Cost of supervision, accounting, general administration.
   b. Cost of building occupancy: rent or amortization of building costs, heat, utilities, janitorial services.
   c. Amortization of other capital investment.
   d. Cost of selling.

Establishing a market and maintaining it requires skill, imagination, ingenuity, and the assumption of some risk. Industry pays large sums of money annually for product development, testing, promotion and many other aspects of the distribution of goods. The workshop cannot afford to approach the problems of marketing and merchandising in an amateur fashion.

For technical and practical marketing advice, the workshop should rely on the same resources that industry uses. Local persons experienced in merchandising, state departments of commerce, university departments of commerce and editors of trade publications may be looked to for advice and consultation. If the marketing problems are presented in a business-like manner, experts have proved to be willing to give of their time and know-how.

**Space Requirements**

Operations involving discarded materials will require approximately 175 to 200 square feet per work station. Other types of work
will probably need 100 to 150 per work station, depending on storage requirements.

Warehouse and storage requirements are apt to be underestimated. No hard and fast rule can be set down. Needs will vary according to the type of work to be done. Facilities should permit vertical storage of as much material in a given space as is commensurate with sound safety practices, the proper care of material and the flow of work.

**Plant Layout**

Loading docks should be planned for maximum efficiency in moving material in and out of the plant.

In general, the storage or warehousing area should be between the receiving door and the workroom, to minimize handling of material.

Layout of the production area will depend on the nature of work to be done. No set rules can be universally applied.

The shop should have high ceilings, no columns, and as few interior walls as possible. Every wall limits the utilization of space. A wide-open interior lends itself readily to changes that may be necessary to accommodate varying kinds of work as conditions change. It has other advantages as well: less expensive construction, more cheerful work environment, better ventilation and easier supervision.

The office of the work supervisor should have maximum visual control of the work area.

**Floors.** In the production and storage areas, floors should be designed to take heavy loads of equipment and stocked materials.

**Entrances.** At least one entrance should be wide enough so that it can be used by clients in wheel chairs.

**Doors.** All doors should be at least thirty-two inches wide.

**Aisles.** Aisles should be at least six feet wide to allow easy passage of hand trucks and wheel chairs.

**Stairs.** The height of each step should be no more than seven inches. Sturdy railings, handles, and grab bars should be placed on stairs, ramps, rest rooms, elevators and other places where needed. In a two- or three-story building, elevator service or ramps are desirable.

**Eating Area.** A separate dining room and sanitary food service for clients will be desirable under some conditions and a necessity in others, depending on the clients and the availability of other eating facilities.

**Rest Rooms.** Doors must be wide enough—a minimum of thirty-two inches—to accommodate wheel chairs. At least one stall in each
rest room should be planned for use by persons restricted to wheel chairs. It would be well to consider ventilation which exceeds the minimum requirements under local law:

**Lighting.** Good lighting is essential and must relate to the type of work being done. Lighting is vitally important for blind clients, so those with any residual vision at all can use it to the fullest without strain. At least fifty-foot-candles should be provided at each work station.

**Heat-Ventilation.** Adequate heating in the work area in winter and adequate ventilation, summer and winter, are essential.

**Electric Power.** Electric outlets should be sufficient in number to permit flexibility in the location of machines. Busbar installations may cost a little more than wall or floor plugs at the start, but they will be more economical in the long run, since the need for additional outlets will be minimized.

**Equipment.** It is false economy to use less than the best equipment to produce goods. Equally, it is unfair to a client to give him inadequate tools which limit training, decrease his productivity and cut down earning potential. Equipment must be modern and of a type in current use in industry.

**Industrial Engineering**

Work processes must be engineered to provide the simplest and quickest way of performing each task. If this is not done, the client may find his pay check limited arbitrarily, and he will be deprived of exposure to the conditions he will find in modern industry.

**Flow Chart and Material Handling**

For all production of any volume, management should construct a flow chart. The aim should be to minimize the backtracking of material and excessive congestion in any given area, expedite the flow of materials from one station to another and eliminate as much materials handling as possible. The most expensive operation in any shop is the handling of material. It is an adage of the industrial engineer that “the best way to handle materials is not to.” The use of small trucks, dollies, skid conveyor belts and fork lifts is recommended.

**Work Simplification**

The best way of getting the job done must be devised. The ceiling on the client’s earnings should be determined by his productivity, using the best possible methods of work, rather than by management
inefficiency. Time-motion studies are needed not simply to determine wage rates and labor costs on any given product but to determine the best methods.

Stools, chairs, work benches and tools should be arranged to accommodate the client's physical limitations and to contribute to his productivity. Fixtures and jigs should be used whenever possible. A fixture which holds an object while the client works on it with both hands increases his productivity and offers him a better training experience.

Almost any community able to support a workshop can call on engineering consultants to advise the workshop management and supervisors on time-motion studies and the best and most efficient operating methods. The local chapter of the American Society of Training Directors can often help to obtain such volunteer assistance, and other industries in the community are frequently willing to give services from time to time.

Safety

Safety is of primary importance in a sheltered workshop. Every safeguard to prevent accidents should be incorporated in the physical plant and the operation of the sheltered workshop. Provisions should not be limited to those prescribed by law. Precautions will depend in part on the nature of the disabilities of the workshop's clients.

Safety starts with management. If management is not safety-conscious, others will tend not to be. It is of practical significance that workmen's compensation insurance rates of the individual workshop may be affected by its safety experience, but the first consideration is the workshop's obligation to protect its clients.

The following safety measures are minimum:

1. Well-marked, strictly maintained free aisle space.
2. Clean floors uncluttered by objects which may cause stumbling or falls.
3. Orderly arrangement of all materials and objects within the shop.
4. Proper stacking of materials to eliminate the possibility of objects falling on persons.
5. Regular safety training in proper methods of lifting, carrying, bending, etc.
6. Safety devices on all machines and insistence on their proper and consistent use.

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7. Adequate first-aid service, with a designated and qualified staff member *immediately* available.

8. Thorough training of staff members and key personnel in what to do in emergency situations.

**Working Hours**

The workshop should adopt a basic work week of not more than 40 hours, the standard that prevails in private industry. The maximum work week for the client should be governed by his individual capacities and his physician’s recommendations.

**Overtime**

A system of premium pay for all overtime work in excess of 40 hours a week must be adopted. Federal wage-hour laws require overtime pay at not less than one and one-half times the regular rate of pay.

**Holidays and Vacations**

Generally, accepted practices of industry in the area with respect to paid holidays, paid vacations, paid sick leave, etc., should be adopted.

**Wages**

The Wage and Hour laws of the federal government and of the various state governments must be strictly observed (see Chapter VII for detail).

The payment of wages is a significant feature of rehabilitation of workshop clients, and its effectiveness as a rehabilitation tool is largely dependent on the application of proper standards.

**Wage Payments**

All wages earned by a workshop client should be paid in cash or by check, except when clients of a sheltered workshop live in facilities furnished by the shop or receive other forms of subsistence from the shop. In such cases, charges for services paid out of wages earned should be limited to food, shelter and clothing. Charges should be on the basis of actual cost to the shop or the cost of similar services outside the shop, whichever is lower.
**Piece Rates**

So far as possible, workshop clients should be compensated on a piece-work basis. This method provides maximum incentive and makes rewards commensurate with measurable accomplishment.

If the workshop is engaged in sub-contract work and the factory and workshop layout of operations are similar, piece rates may be obtained from the firm letting the contract. If the contractor pays hourly rates, the piece rates can be derived easily by dividing the hourly production quota for each operation into the hourly pay rate. If the factory and workshop layouts are different, the differences should be taken into account in fixing the piece rates.

If the contractor does not perform the particular operation in his plant but such work is done by other concerns, rates may be obtained from union officials if the industry is organized or from the employers in question. Trade association officials may be of assistance.

In the absence of the above sources of information, the workshop should rely on time studies for each operation involved. The subjects should be non-handicapped persons (staff members, for example), and the results of their performance should be averaged. The object is to determine how many units of production can be completed in a 50-minute period. (Industry generally figures on a 50-minute rather than a 60-minute hour, in order to allow for lost time, fatigue, etc.) The number of units completed, divided into the prevailing hourly wage rate in the area for comparable work or work of comparable skill, will supply the appropriate piece-work rate for the job. Thus, if the prevailing hourly wage for comparable work is $2 and the time study shows that a non-handicapped worker can be expected to complete 25 units in an hour (50 minutes), the piece rate will be eight cents per unit.

**Hourly Wages**

Clients not engaged in direct production, such as packers, shippers, floor workers, etc., will necessarily be paid by the hour. To provide the necessary incentive, hourly rates should be recomputed frequently as a client shows progress. Periodic merit ratings provide a tool for adjusting the wage within the job wage bracket.

Hourly rates should not be uniform but should be related to individual earning power. They must be based, however, on prevailing rates in the area for work of comparable skill, taking into account the amount and quality of the client's work. Thus, if the prevailing wage in private industry is $2 an hour and a workshop client is able to produce 50 percent of the standard production in private industry,
the workshop client must be paid at least 50 percent of $2, or $1 an hour (not 50 percent of the statutory minimum wage).

The requirement that the wage at least match the minimum fixed by certificate* for the workshop or the individual puts a pre-determined floor under hourly wages. In addition, however, for those whose earnings exceed the certificate minimum* but are less than the base hourly rate, guaranteed minimum wages should be individually assigned and periodically adjusted. For example, a client's minimum wage for a given three-month period might be determined by his average hourly earnings during the preceding three-month period. He is thus given incentive to exert his best efforts in the hope of advancing his minimum pay in subsequent periods. In such cases, the pertinent standards recommended in connection with Wage Supplements, below, should be observed.

Wage Supplements

In addition to supplements necessary to assure the certificate-required minimum and those required when there is a differential between clients' earnings and their individual guaranteed minimums, some sheltered workshops provide other supplements. These are in the form of subsidy for less productive clients whose wages are not sufficient to meet their minimum needs. This may include beginning trainees and "long-term employment" clients who are not yet able to meet the production standards of industry which the base hourly rate reflects.

If a wage supplement or subsidy is to be paid by the workshop, adherence to the following standards is recommended:

1. The subsidy should never be included in the client's pay envelope with his earned wage. He has the right to know his own earning capacity.

2. The earned-wage-plus-subsidy should never exceed what the client could earn at a similar job in private industry. He must not be given a false concept of earning power which may lead to later unhappy disillusionment and a reluctance to move out from the workshop situation.

3. The subsidy payment scale should provide for the largest wage supplement for those who, by virtue of their handicaps, have the least earning power.

4. Incentive should be supplied by providing that, within the limit described in item 2, increased earnings will be only partially offset by a decrease in the subsidy. For example, a fifty-

*Wage and Hour Law, Chapter VII.
cent increase in earnings would be offset by only a twenty-five cent reduction in subsidy.

5. Wage supplements should be paid out of contributed community funds, not from operating funds of the workshop.

6. Subsidy payments should be accounted for separately from wages in order to (1) retain an accurate record of actual production costs and (2) permit computation of overtime pay, social security and other taxes on the basis of actual earnings.

**Accounting**

Essential to the successful operation of a work-oriented sheltered workshop is a sound cost accounting system. Too many workshops have operated on the basis of cash received and cash disbursed, without adequate information as to the reasons for the disbursements and the costs involved. As a result, the management has no way of knowing where it is, how it got there nor where it is going.

Workshops have no right to ask the public to subsidize a deficit due to inept management or inadequate prices, arrived at without sound cost determination. Proper accounting gives management—and the community—a tool with which to evaluate the efficiency and the deficiencies of the operation.

A cost determination system is detailed in the Appendix B and a break-even point analysis is presented in Appendix C.
VI
PERSONNEL

The staffing plan for the workshop will have been determined by the Board of Directors after settling on the types of services to be offered, the number of clients to be served and the funds available for financing.

Rehabilitative value of the workshop depends upon a compatible relationship between professional, technical and production personnel. They must work effectively and harmoniously in developing and implementing plans specifically designed for each disabled client.

Job Specifications

The executive director should develop a job description for each staff position and outline the qualifying requirements that must be met. The objective use of job specifications will insure evaluation of candidates in relation to the actual requirements of the job.

Each job description should be in terms of specific tasks rather than generalized statements and should spell out what the incumbent does, why he does it and the skills required. It should include:

1. Responsibilities of the job (e.g., nature of clients, services to be provided, the amount and kind of supervision exercised and received, the amount and nature of independent decision-making required and the nature and degree of relationships to be maintained with clients, other staff, other agencies and the community.

2. Skills to be practiced.

3. Physical requirements.

Qualifying requirements to be used in screening candidates should include:

1. Professional training and/or education.

2. Experience.

3. Personality requirements.

4. Essential physical capacities, if significant.

Sample job descriptions and job specifications for the posts of executive director and workshop manager appear in Appendix A.
Recruitment

The number of trained personnel in the field of rehabilitation is inadequate, and the executive director should be aware of and make use of all available recruitment resources. These include:

1. The state employment services which have 1,900 offices throughout the country, fill positions ranging from professional and technical to unskilled, and operate a nationwide clearance system to search out persons with hard-to-find skills.

2. The National Society for Crippled Children and Adults, Inc. (2023 West Ogden Avenue, Chicago, Illinois), which sponsors a national personnel registry and employment service for personnel qualified by training and experience to work with the physically handicapped.

3. Professional schools and universities, many of which have placement services for their graduates, including social workers, vocational counselors, etc.

4. Professional rehabilitation journals which carry help-wanted advertisements.

5. The employment exchanges of a number of professional associations such as the American Psychological Association, the American Personnel and Guidance Association, the American Association on Mental Deficiency, the American Foundation for the Blind and the Jewish Occupational Council.

6. Private fee-charging professional and technical employment agencies.

7. Advertising or publicity through the media of press, radio and television.

8. Word of mouth by Board members and other interested lay or professional persons.

9. Professionally or technically experienced retirees.

10. Consultation service on recruitment available from the National Association of Sheltered Workshops and Homebound Programs, Inc.

Professional Internship

Because of the shortage of professionally trained personnel, each agency in the rehabilitation field has a responsibility to assist local colleges and universities in the development of new talent.

This may be accomplished by providing internships for interested students. Neither the student nor the agency providing the internship is paid by the university. The intern works under the supervision of
the executive director or a professional staff member. Some formal training may be provided, but on-the-job training is more usual, the intern actually working with and being responsible for a limited number of clients. The intern not only receives an orientation to the agency but may also be involved in Board and committee assignments in order to receive as complete a background as possible. His supervisor is usually responsible for evaluating his work and reporting to his college or university, but the university may assign a representative to review the intern's work and progress and examine his records, which should be available for this purpose at all times.

Interns frequently return after graduation to work with the agency in which they did their field work.

**Personnel Practices**

Personnel policies and procedures should be in written form with copies available to staff. Ideally, these should be arrived at in consultation with the staff and the Board of Directors and should be reviewed periodically.

**Application for Employment**

Filing of the formal application should be preceded if possible by an interview designed to determine whether the candidate has the essential qualifications. At this initial interview, the general policies of the organization, the specific detail of the job in question, the education and experience required, the salary and the workshop's personnel policies should be discussed.

**Medical Examination**

A pre-employment medical examination, including chest X-ray, is desirable.

**Appointment**

Employment should be based on qualification for the position, without regard to sex, race, creed, color or national origin. The merit principle should be used in the compensation, retention, promotion and dismissal of all personnel.

Appointments should be made in writing, and the appointment notice should include the title of the position, the salary and salary range, the nature of the beginning assignment and the effective date. Any further details agreed upon with a new employee should also be confirmed in writing.
It is advisable to appoint new staff members on a probationary basis for a period of three to six months. A probation period gives the director an opportunity to study and evaluate performance before a final hiring commitment is made, and it gives the staff member a chance to test his own fitness for and satisfaction in the job. It should be mutually understood that there will be an evaluation of progress at fixed intervals during the probationary period and at its close.

**Hours of Work**

A basic 40-hour five-day week is desirable. Service beyond the regular working hours may sometimes be required, but unavoidable overtime should be compensated for by equivalent time-off or suitable salary adjustment. Under some circumstances, such overtime must be compensated under the Fair Labor Standards Act at not less than time and one-half the employee’s regular rate of pay. (See Chapter VII.) If there is continued need for overtime, a review of the content of the job in relation to the size of the staff is indicated.

**Holidays**

The workshop should adhere to the legal holidays which are observed in the state.

**Annual Leave**

Leave with pay for vacation or other personal purposes not otherwise provided for is customary. Leave time varies from two weeks to one month annually, and allowances are often graduated according to length of service. Leave for vacation purposes is always scheduled at a time compatible with continued efficient functioning of the agency.

**Sick Leave**

It is good employment practice to provide sick leave with pay for up to a specified maximum number of days each year, for the protection of employees who become incapacitated by sickness or injury or who have been exposed to a contagious disease which makes their presence at the workshop dangerous for others.

**Health Insurance**

It is sound personnel policy to make available to employees insurance which offsets expenses incurred by them for medical care and hospitalization. Such coverage can be obtained on a group basis through a number of insurance organizations and health service plans. It is customary for the costs of such a program to be borne jointly by the agency and staff.
Benefits Under State and Federal Legislation

Workshops have an obligation under the law to keep abreast of and take advantage of all optional legislation which can benefit or advance the welfare of its staff and its clients, such as Federal Old Age and Survivors’ Insurance under the Social Security Act, State Disability Insurance which protects against total wage loss during non-work-connected illness or disability and State Workmen’s Compensation Insurance which protects the agency and the employee in the event the latter becomes injured in line of duty.

Salaries

Salaries paid to the staff should be consistent with the responsibility of the position and the required qualifications and should be in line with the prevailing salaries for comparable assignments elsewhere in the community. Inadequate salaries are poor economy, since they result in continuous turnover. Turnover means additional orientation and training time, both costly in staff time and morale.

To make equitable salary provisions, information should be secured from all possible sources, including other agencies, both voluntary and official. Comparisons should be made according to specific job duties, required training and experience and degree of responsibility.

Assistance in ascertaining prevailing salary ranges for specific positions can be obtained from the State Employment Service, Council of Social Agencies, Community Chest and industry.

A range of salary based on years of service should be established for all positions, and periodic raises should be provided until the maximum for the salary grade is reached. Salaries should be reviewed periodically, since the law of supply and demand operates in a workshop as well as in private industry, and cost of living changes will affect the market. Review of salary schedule should be standard practice whenever there is an addition, deletion or adjustment in job duties.

The salary of the executive director should be reviewed periodically by the Board of Directors and should reflect the growth and development of the agency.

Staff Training

Staff development through in-service orientation, on-the-job training and out-service training should be provided for the employees of the workshop.

Formal orientation sessions should be designed to familiarize the new staff member with the history and the objectives of the workshop.
Its rehabilitation philosophy should be made clear, as well as its organizational structure and the scope of its services from initial contact to follow-up, its overall policies, personnel policies and rules and regulations. This is the point at which understanding of the inter-relationship and interdependence of the operating program and the supportive services should be instilled. It is also the time for review with the new staff member of the specific content and responsibilities of his job.

On-the-job training means learning on the job under close supervision, with emphasis on teaching the new employee how best to function in the workshop setting.

Supervisory staff must be provided training in the methods and techniques of supervision, ways of dealing with inter-personal relationships and how to employ the team-work principle in conducting case conferences or seminars of staff under their supervision.

Staff should be encouraged to continue their professional conferences and meetings which bear on the responsibilities of the workshop and they should be encouraged to continue their professional education. Many agencies underwrite part of the cost of tuition for graduate study or grant time off for this purpose, or both. Each individual staff member should understand that he has a continuing responsibility for his own development on the job.
STATE AND FEDERAL LABOR LAWS

State Laws and Regulations

Some states have laws and/or regulations which are applicable to employees or employment in sheltered workshops. These vary from state to state. The shop should write to the Labor Commissioner or comparable official in the state department of labor to obtain the appropriate information concerning such laws and regulations.

Federal Laws and Regulations

The Wage and Hour and Public Contracts Divisions, U.S. Department of Labor, are concerned with handicapped persons employed by sheltered workshops when such persons are engaged in work subject to the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act, both of which are minimum wage laws. Under both laws, handicapped workers, including those employed in sheltered workshops, may be paid, under a special certificate, minimum wage rates lower than those otherwise required.

Fair Labor Standards Act

The Fair Labor Standards Act as amended—popularly known as the Federal Wage and Hour Law—establishes minimum wage, child labor, overtime pay and equal pay standards for employment subject to its provisions. This Act is not applicable to state-operated sheltered workshops.

a. Minimum wage. The minimum wage for work subject to the Act is currently $1.25 an hour.

b. Overtime pay. Workers are entitled to overtime pay at a rate of at least one and one-half times their regular rate of pay for all hours worked in excess of 40 in a work-week, unless specifically exempt by some provision in the Law.

c. Child labor. The employment of children below specified minimum ages is prohibited. A basic minimum age of 16 years is established for covered general employment. A minimum age of 18 has been set for occupations found to be particularly hazardous for young workers. Employment at age 14 is permitted by Regulations of the Secretary of Labor outside school hours in specified occupations (other than processing and manufacturing) under regulated hours and conditions.
d. *Equal pay.* Wage discrimination on the basis of sex is prohibited in establishments having employees subject to the minimum wage requirements. The employer is required to pay equal wages within the establishment to men and women doing equal work on jobs requiring equal skill, effort, and responsibility which are performed under similar working conditions.

e. *Coverage.* This Law applies generally to employees engaged in interstate commerce or in the production of goods for interstate commerce and to employees in certain large enterprises, unless specifically exempt by some specific provision in the Law.

If at the time workers are engaged in producing goods, the employer has reason to believe that the goods will move in interstate or foreign commerce, directly or indirectly, those employees are covered by the Law. Also, workers are covered if they work on specialized goods which are used in the production of goods for commerce even though the particular article produced is used entirely within the state.

A worker need not actually be engaged in manufacturing or selling operations to be covered by the Law. The Law also covers such persons as office employees, watchmen, guards, porters and other maintenance workers, shipping clerks and transportation workers, and sales personnel, among others. Workers are covered who order, load or unload, pack or unpack, guard or otherwise perform work in connection with goods which move across state lines. The Law also applies to workers who, as a regular and recurrent part of their duties, use the telephone, telegraph or mails for interstate communications.

*Walsh-Healey Public Contracts Act*

The Walsh-Healey Public Contracts Act sets basic labor standards on federal government supply contracts in excess of $10,000. Secondary contracts (sub-contracts) under certain circumstances are also covered under the Law, even though the amount of the secondary contract may be less than $10,000. The Law contains minimum wage, overtime pay, and safety and health provisions. It bans child labor and prison labor.

a. *Minimum wage.* Workers must be paid not less than the minimum wage as determined by the Secretary of Labor to be the prevailing minimum wage in the particular industry involved. In no case is this minimum less than the statutory minimum under the Fair Labor Standards Act.

b. *Overtime pay.* Workers must be paid not less than one and one-half times their regular hourly rate for all hours worked over 8 a day or 40 a week, whichever is the greater number of overtime hours.
c. **Child labor.** No boy under 16 years of age or girl under 18 years of age may work on federal government contracts.

d. **Working conditions.** The law requires that work on federal government contracts be performed under working conditions which are safe and sanitary for the employees.

e. **Coverage.** The Law applies to workers who help manufacture, handle, assemble or ship items called for by the contract. Unlike the Fair Labor Standards Act, this Law applies to clients of state-operated workshops as well as other workshops.

**Facts Under the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act**

a. Application for a sheltered workshop certificate should be filed with the appropriate Regional Office of the Wage and Hour and Public Contracts Divisions.

b. The certificate sets a minimum rate for the entire workshop. If there are two or more departments in the workshop, separate minimum rates may be set for each of the departments. Special lower minimum rates may be set for clients who are unable to earn the certificate minimum rate set for the workshop or the department in which they work.

c. The certificate may also set a training rate where one is required by the workshop. A training rate applies only during the period specified in the certificate. It is intended to provide the workshop sufficient time to conduct medical examinations, aptitude tests, etc., to evaluate a new client's abilities and to work out a rehabilitation program for him, as well as to provide time for the client to become familiar with the work environment and the routine of the tasks to which he will be assigned.

A training rate may apply to a client for a retraining period only after an extended absence from the shop, or when he is transferred to a skilled or high-level semi-skilled job requiring specialized training over an extended period.

d. The certificate applies to all clients working in the workshop at the time of application and, without further notification to the Wage and Hour and Public Contracts Divisions, to new clients entering the workshop during the life of the certificate.

e. The certificate generally is issued for a period of one year and must be renewed if the authority to pay less than the statutory minimum is to continue.

f. The terms of a certificate require that clients be paid at wage rates commensurate with those paid non-handicapped workers in in-
dustry for essentially the same type and amount of work. In no case, however, may a client be paid less than the hourly minimum rate guaranteed by the certificate.

g. Clients may be paid on an hourly, piece-work or other basis. If a client is paid at an hourly rate (time rate), his rate shall be based on the prevailing rates paid non-handicapped workers in the vicinity in regular industry, taking into account the type, quality and quantity of work produced by the client.

A client on piece-work is required to be paid not less than the prevailing piece rates paid non-handicapped workers doing the same work. All piece-rate workers doing the same work, whether trainees or regular clients, are required to be paid the same piece rate.

In the absence of prevailing industry piece rates, a workshop should make time studies or other tests to determine proper piece rates. A time study in this context is a method of determining the number of units a non-handicapped person of average ability would have to produce to enable him to earn the prevailing hourly rate paid in industry for the same or similar work.

h. Subsistence and maintenance allowances, pensions, disability benefits, etc., paid client-trainees by a sponsoring agency, such as a state vocational rehabilitation agency or the Veterans Administration, may not be considered a part of the wages due the clients. Client-trainees are required to be paid all that they earn in accordance with the same wage standards that apply to other clients in the workshop.

i. The workshop is required to keep accurate payroll records for all workers covered by the law. The following information must be in the records: full name, home address, and date of birth if under 19; sex and occupation, time of day and day of week on which work week begins; regular hourly rate of pay for any week in which overtime pay is due; hours worked each work day and work week; total daily or weekly straight-time earnings; total overtime pay for the week; total additions to or deductions from wages paid each pay period; and total wages paid each pay period, date of payment and pay period covered by payment. In addition, injury frequency rates must be maintained under the Walsh-Healey Public Contracts Act.

Clients are required to be segregated on the payroll or pay records from non-handicapped workers, and the workshop is required to maintain a record of the nature of each client’s disability and records that reflect the productivity of each client on a continuing basis or at periodic intervals not to exceed 6 months. Such pro-
ductivity records must contain an entry showing the productivity that would be expected of the average non-handicapped worker in industry doing the same work, or the level of performance that would be expected of him, in such form that the recorded productive capacity of the individual client can readily be related to it.

Sheltered workshops which give out industrial homework are required to keep a record of each homeworker's working time on each lot of goods completed, showing at least the time actually worked and the number of items completed. This is most easily done if the worker keeps a record of his starting and stopping times and of the number of items produced each day.

j. The certificate exemption does not apply to staff employees even when they are handicapped.

k. Staff employees are not automatically exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act. This law provides a minimum wage and overtime pay exemption for executives, administrative and professional employees and outside salesmen, (white-collar exemption) if they meet certain tests as to duties and responsibilities. In addition, there are salary tests for exemption of executive, administrative and professional employees.

l. Handicapped persons unable to earn the statutory minimum may be employed in commercial industry at lower wages under certificates issued pursuant to Regulations, Part 524. The sheltered workshop certificate does not authorize such employment. Where placement of a workshop client in commercial industry can be made only at lower than the statutory minimum wage, it is necessary to obtain a handicapped worker certificate from the appropriate Regional Office of the Wage and Hour and Public Contracts Divisions. Application for such a certificate is made jointly by the worker and the commercial establishment.
Following an extended period of research, experimentation, and field testing, a set of workshop standards, applicable nationally, has been developed and accepted by persons with a professional concern with rehabilitation. These standards were the product of the National Institute on Workshop Standards, co-sponsored by the National Association of Sheltered Workshops and Homebound Programs and the National Rehabilitation Association, through a grant from VRA. They are reprinted herewith:

**Basic Standards**

**Organization and Administration**

1. The workshop or its parent organization, unless owned or operated by the state, shall be incorporated as a non-profit organization under the appropriate state statute.

2. The Board of Directors shall be responsible for establishing broad workshop policies.

3. The Board of Directors shall employ a workshop director, delegate to him overall administration of the workshop program, and have his specific duties and responsibilities stipulated in writing.

4. The workshop director shall employ all members of his staff, set forth clearly their duties and responsibilities, and designate the lines of authority and communication among the staff in accordance with the provisions set forth by the Board of Directors.

5. The workshop director shall observe sound business and financing practices in all areas such as subcontracting, purchase of material, sale of products, budget and budgetary control, and the safeguarding of property and materials.

6. The workshop shall comply with all federal and state wage and hour laws and regulations, and be certified where applicable by the Wage and Hour and Public Contracts Divisions of the United States Department of Labor.

7. The workshop shall finance its capital expenditures from sources other than money received as a direct result of clients' work.
8. The workshop shall comply with federal, state and local laws and regulations covering staff and client benefits and conform as nearly as practicable to local industrial and/or business practices relating to fringe benefits.

**Program of Service**

1. The following range of services are made available to clients by the workshop:
   a. Vocational evaluation and diagnosis
   b. Orientation and adjustment basic to work
   c. Work training and work experience
   d. Selective placement and follow-up

2. The workshop shall provide a clearly identified program of services having work-oriented objectives to develop clients' maximum potential for employment in the competitive labor market, or in a workshop if clients' needs are best serviced in a sheltered environment.

3. Programming of workshop services for clients shall be based upon evaluation of rehabilitation needs, progress and vocational goals.

4. Professional ethics shall be maintained at all times with respect to confidentiality in the use of clients' records.

5. The workshop shall have a carefully planned placement program for clients who are ready for employment in the competitive labor market.

6. Periodic evaluations of the workshop program, including a follow-up of clients served, shall be made as a basis for program improvement.

**Facilities**

1. The workshop shall be located in a community which may be reached easily, and where there are adequate parking and eating facilities for clients and staff.

2. The site and size of the property and building, rented or purchased, shall be adequate for the immediate program and contemplated expansion, and the architectural design of the building—if being constructed—shall provide for maximum flexibility in adapting floor space and utilities to facilitate operations of the workshop.

3. The workshop shall conform to all local, state and national codes, regulations and standards with respect to health and safety.
4. The workshop shall use criteria similar to that used in industry in determining the type and amount of labor saving tools, equipment and machinery to use in the workshop unless there are clearly defined reasons for exceptions in dealing with specific groups of clients.

5. New construction and remodeling shall be in keeping with present day industrial design and meet all building codes.

**Staff**

1. The following staff positions are represented in the workshop:
   a. Workshop Director (Foreman)
   b. Sales Manager
   c. Inspector
   d. Clerks
   e. Maintenance Staff
   f. Custodial Staff
   g. Physician
   h. Psychiatrist
   i. Psychologist
   j. Vocational Counselor
   k. Social Worker

2. The staffing pattern of the workshop shall be based upon an endeavor to provide a program of services designed to fulfill the needs of the handicapped people being served.

3. Personnel policies and practices shall be stated in writing and made available to all staff members.

4. Staff meetings at which appropriate staff members are present shall be held periodically, and minutes for every meeting kept on file for use of the staff members involved.

5. The workshop shall have a staff improvement program designed to encourage further development and growth of the staff.

**Community Relations**

1. The workshop shall have a well-planned public education program in which all forms of communication are utilized to encourage understanding, cooperation and assistance from other agencies, as well as civic, religious, fraternal, business, and industrial groups in the community.
IX

FUTURE OF THE WORKSHOP

The workshop is a key resource in providing work opportunity for the severely handicapped. The trained disabled worker, identified as a factor in the manpower of the nation, is an excellent demonstration of the efficiency of modern rehabilitation.

Expanded opportunities to contribute to the rehabilitation process lie ahead for the workshop that is equipped to meet the challenge of changing times. The population explosion is augmenting the need. As part of the war on poverty, the government is placing emphasis on training including training of the handicapped. Special attention is being paid to the need for improved services to determine vocational potential, and there will now be federal funds available for new construction and the equipping and initial staffing of workshops, as well as for technical services to help improve their operation.

Those responsible for the workshop's programming must keep abreast of significant industrial and occupational changes. Industrial expansion may bring broad benefits to the country as a whole but may, at the same time, work hardship on the disabled individual caught, perhaps, in the dislocating adjustment to automation. This is a problem for workshop management. The disabled are not well served when trained in out-moded methods on out-moded equipment.

An additional challenge to the planners of the workshop of the future is the need to study the meaning and value of work in relationship to the rehabilitation of the aged, the retarded, the mentally and emotionally ill, the juvenile delinquent and the socially handicapped.

It is not possible in this book to probe deeply into the relationship of work to the disabilities listed above. Not enough is known at the present to plot the workshop experience which would best meet their particular needs. The direction that rehabilitation efforts in this area should take can best be determined through extensive research and objective analysis by rehabilitation experts. It is a significant question for the future.

There are thoughtful people who feel that perhaps there is a danger of over-stressing the concept of work. Every person, it is pointed out, does not necessarily either seek or need self-satisfaction or status from a pay envelope. A pleasant, purposeful occupation can fill idle hours with meaning, particularly for the aged person.
To exemplify this point of view, efforts are being made to get ambulatory disabled individuals out of institutions (chronic disease hospitals, nursing homes, etc.) and into occupational day centers.

Whatever the future may hold, the workshop must operate as a forward-moving dynamic facility, with constant review and evaluation of the part it plays in promoting the well-being of disabled individuals as members of organized society, the part it plays in the molding and use of manpower and its role in the manufacture and distribution of goods. This is not an easy task.

If the workshop program is to gain support from the community, it must stand as tangible evidence of the proper stewardship of funds, of services to people, of property and of civic consciousness. It must project a picture of the integrity of the agency and the dignity of the disabled worker. By cooperating with other community resources, it can strengthen them and, in turn, reinforce its own program. By engaging the interest of industry and labor and civic leaders, it can contribute to a healthier understanding and acceptance of the disabled individual and can highlight the total process of rehabilitation.
APPENDIX A

JOB DESCRIPTIONS AND SPECIFICATIONS

The following job descriptions and specifications for the positions of workshop director (executive director) and workshop manager are offered as examples of method and may be useful guides.

WORKSHOP DIRECTOR

Job Description

The workshop director is responsible to the Board of Directors for:

1. Operation and management of the total workshop program including (a) operation of a small manufacturing business to provide work conditioning for handicapped clients, and (b) coordination of supportive services necessary for client rehabilitation.

2. Adherence to policies and standards fixed by the Board.

3. Within these policies and standards, independent decision-making with respect to all workshop programs.

4. Development and maintenance of close and mutually helpful and satisfactory working relationships with other rehabilitation agencies in the community.

5. Supervision of professional and technical staff.

6. In consultation with workshop manager and supportive professional staff, development of a rehabilitation plan, training plan and vocational objective for each individual client; coordination of the workshop's services to clients in order to insure adequate balance between work-conditioning experience and needed supportive services; arranging for periodic case conferences, periodic evaluation of clients' progress and revision of the rehabilitation plan as necessary.

7. Personnel administration, including development of staffing pattern, job descriptions, salary structure; recruitment, promotion and dismissal of professional, technical and clerical personnel; development of personnel procedures in line with policies enunciated by the Board; maintenance of personnel records; staff indoctrination, continuous in-service training and periodic staff evaluation.

8. Financial administration, including budgeting, payroll administration, cost accounting and maintenance of comprehensive financial and other records.


10. Development of a sound wage and price structure.

11. Marketing of workshop products and maintenance of a steady flow of work for handicapped clients.
12. Development of suitable work opportunities for clients who are ready for competitive employment.

13. Preparation of informational material on workshop program and operations, for public release as sanctioned by the Board.

**Qualifying Specifications**

**Education:** College degree plus graduate work in business administration, industrial engineering and the social sciences. *Important courses:* occupational studies and job analysis; vocational guidance and counseling, vocational and occupational psychology; psychology of individual differences; principles of economics and statistics; labor and social legislation; office management; plant management; sales management.

**Experience:** Five years’ successful experience in industrial management including responsibility for personnel administration and industrial job analysis; experience in merchandising and marketing, including selection of distribution channels and financing of marketing program; some significant contact with industry employing handicapped persons; active participation in an organized social or community program dealing with the needs of disadvantaged citizens.

**Personal Qualifications:** Belief in the workshop philosophy, belief in the dignity of the individual; understanding of people and liking for them; maturity, emotional stability, imagination, patience, tact; demonstrated ability to organize, administer and coordinate a program of multiple staff and line functions and to act decisively, intelligently; facility in verbal expression; ability to interpret program to the Board, community, staff and disabled workers; ability to meet top management and professional personnel with ease.

**WORKSHOP MANAGER**

**Job Description**

The workshop manager is responsible to the workshop director for:

1. Day-by-day direction of the manufacturing operation.
2. Cooperation with the director in devising individual work-conditioning plans designed to develop the productivity of individual clients.
3. Determination of equipment requirements.
4. Purchase of equipment and necessary materials.
5. Devising work and floor layouts.
7. Continuous study of work simplification and installation of labor-saving methods and equipment, including the development of jigs and other aids to worker productivity.
8. Preparation of work stations for clients.
9. Instruction and guidance of clients in work skills.
10. Conducting time studies.
12. Administration of workshop payroll.
13. Quality control.
14. Inventory control.
15. Supervision of packing and shipment of finished products.
17. Cooperation with total agency staff and cooperating agencies in understanding and promoting the effectiveness of the dual work-and-service role of the workshop.

Qualifying Specifications

Education: College degree in industrial engineering

Experience (or Training): Mechanical know-how and industrial experience related to shop's production program, e.g., textiles; familiarity with production methods, time and motion study, job evaluation, floor layout, accounting (standard costs and price), determinations, operating instructions, group instruction; experience in supervision, payroll administration, handling and ordering of raw materials, inventory control.

Personal Qualifications: Pleasing, cooperative personality; ability to judge client potential in relation to job requirements; ability to supervise and to lead; attention to detail; ability to work objectively with disabled trainees; tact, imagination, humor; ability to understand the work-and-service pattern of the workshop and to work within it.
APPENDIX B

COST DETERMINATION

The purpose of cost determination is to assist workshops in determining their real manufacturing profit or loss. This is important since the economic and social value of a workshop can be determined from the relationship between the net manufacturing deficit and the total wages paid to the clients. Workshop managers generally feel that if it costs fifty cents or less in legitimate workshop costs to pay a client a dollar in wages, a reasonably good job is being done. If, on the same basis, it costs more than a dollar to pay a dollar in wages, a careful checking of the operation of the workshop is indicated.

A further purpose of the following cost determination form is to assist management in determining the relationship between the cost of the goods manufactured and the selling price.

The following breakdown concerns only the manufacturing operations of the workshop. If the workshop offers other services beside remunerative employment in the same building and with some of the same staff used in the manufacturing division, that portion of the building expenses and the staff-time involved in the manufacturing process must be prorated. For example: if the executive director or manager spends 75% of his time with manufacturing, then only 75% of his salary is charged against manufacturing.

This form was prepared by a reputable accounting firm and adapted for use by workshops for the handicapped.

SUMMARY OF COST DETERMINATION

Period beginning .................................. and ending ..................................

1. Total sales for Period ................................
   Wholesale ........................................
   Retail ...........................................
   Sub-contract ......................................

GROSS MANUFACTURING COSTS

2. Labor, handicapped (Total) ..........................
   Direct ...........................................
   Indirect ........................................
3. Labor, non-handicapped (Total) ........................................
   Direct ......................................................
   Indirect .....................................................

4. Total Raw Materials Purchased ........................................

5. Supplies and Expense ..................................................
   (Include inbound shipping expense)

6. TOTAL WORKSHOP COSTS ................................................
   (add items 2, 3, 4, 5)

7. ADD: INVENTORY BEGINNING OF PERIOD ...............................
   Finished Goods ..............................................
   Goods in Process ..........................................  
   Raw Materials on hand ......................................

8. LESS: INVENTORY END OF PERIOD ....................................  
   Finished Goods ..............................................
   Goods in Process ..........................................  
   Raw Materials ...............................................

9. COST OF GOODS SOLD ..................................................
   (item 6 plus item 7 minus item 8)

10. GROSS MANUFACTURING PROFIT OR LOSS* ............................
    (item 1 plus or minus item 9)

    OVERHEAD OR GENERAL EXPENSES

11. Administrative Expense ..............................................

12. Operating Expense ...................................................

13. Selling Expense ....................................................

14. Shipping Expense ...................................................

15. TOTAL OVERHEAD OR GENERAL EXPENSES .............................
    (total of items 11, 12, 13, 14)

16. NET PROFIT OR LOSS** ................................................  

* If item 1 is greater than item 9, item 10 will show the gross manufacturing profit.
   If item 1 is smaller than item 9, item 10 will show the gross manufacturing loss.

** If item 10 shows a gross manufacturing loss, add to item 15 to show net manufacturing loss.
   If item 10 shows a gross manufacturing profit and is greater than item 15, subtract item 15 from item 10 to show net profit.
   If item 10 shows a gross manufacturing profit but item 15 is greater than item 10, subtract item 10 from item 15 to show net loss.
## DETAIL OF ADMINISTRATIVE EXPENSE*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td></td>
</tr>
<tr>
<td>Printing and stationery</td>
<td></td>
</tr>
<tr>
<td>Other office supplies and expense</td>
<td></td>
</tr>
<tr>
<td>Repairs and maintenance—equipment</td>
<td></td>
</tr>
<tr>
<td>Insurance—employer’s liability</td>
<td></td>
</tr>
<tr>
<td>Social Security taxes</td>
<td></td>
</tr>
<tr>
<td>Postage</td>
<td></td>
</tr>
<tr>
<td>Telephone and telegraph</td>
<td></td>
</tr>
<tr>
<td>Legal and auditing</td>
<td></td>
</tr>
<tr>
<td>Conference expense</td>
<td></td>
</tr>
<tr>
<td>Dues, subscriptions and contributions</td>
<td></td>
</tr>
<tr>
<td>Carfare and travel</td>
<td></td>
</tr>
<tr>
<td>Advertising and publicity</td>
<td></td>
</tr>
<tr>
<td>Interest on loans</td>
<td></td>
</tr>
<tr>
<td><strong>Total Administrative Expense-Industrial Division</strong></td>
<td></td>
</tr>
</tbody>
</table>

*If the agency engages in other activities besides the production and marketing of merchandise, pro-rate the total administrative expenses among the various departments on an equitable basis to be determined individually by the agency.*
DETAIL OF OPERATING EXPENSE *

Rent and storage ..............................................
Interest on mortgage ........................................
Taxes and assessments .................................
Insurance—fire .............................................
Depreciation on buildings ..............................
Depreciation on mfg. equipment ......................
Repairs and maintenance—building .................
Repairs and maintenance—mfg. equipment ........
Repairs and maintenance—plumbing ...............  
Repairs and maintenance—heating .................
Repairs and maintenance—electrical ............  
Heat and fuel ..............................................
Light and power .......................................... 
Water ................................................................
Janitor's service and supplies ....................... 
Other supplies and maintenance services ........
Telephone and telegraph ............................... 
Printing and stationery (exclusive of 
 advertising) .............................................
Postage ......................................................
Laundry ....................................................... 
Labor—maintenance and building service .......... 
Miscellaneous expense .................................

Total Operating Expense—Industrial Division ........

* If the agency engages in other activities besides the production and marketing of 
merchandise, pro-rate the total operating expense among the various departments on an 
equitable basis to be determined individually by the agency.
DETAIL OF SELLING EXPENSE

Salaries and wages ..................................................
Salesmen's commissions ...........................................
Printing and stationery ............................................
Other office supplies and expense ..............................
Repairs and maintenance of equipment .........................
Insurance—employer’s liability .................................
Social Security taxes .............................................
Postage ..................................................................
Telephone and telegraph .......................................... 
Conferences and conventions ...................................
Dues and subscriptions ...........................................
Carfare and travel ...................................................
Advertising and publicity (mdse. only) .........................
Collection expense ................................................
Bad accounts ...........................................................
Discounts allowed ...................................................
Miscellaneous expense ..........................................

Total Selling Expense ............................................... 

DETAIL OF SHIPPING EXPENSE 

Salaries and wages ..................................................
Printing and stationery ............................................
Other office supplies and expense ..............................
Depreciation on equipment .....................................
Insurance—employer’s liability ................................
Social Security taxes .............................................
Postage ..................................................................
Telephone and telegraph .......................................... 
Truck (if owned)—operation, upkeep
and depreciation ...................................................
Express, freight and hauling (outbound) .....................
Rent and storage .....................................................
Miscellaneous expense ..........................................

Total Shipping Expense ...............................................
SUMMARY OF COST DETERMINATION

Period beginning and ending: Indicate the first and last day of the period for which this report is made.

EXPLANATION OF LINE ITEMS

1. **Total Sales for Period:** Under this heading show all sales by your agency.

2. **Labor, handicapped:** (Total) Total wages paid to the handicapped employees who are engaged in the production processes of the workshop.

   **Direct Labor** means those handicapped people who are engaged in the actual production processes such as handling, preparing, making, counting and packing the products manufactured. Do not include those handicapped people who have supervisory responsibility.

   **Indirect Labor** represents those handicapped people who have supervisory responsibility such as foreman, forelady. Their primary responsibility is that of supervising the direct labor.

3. **Labor, non-handicapped:** Same definition as item 2.

4. **Total Raw Materials Purchased:** This figure includes all expenditures made for the purchase of raw materials used in the manufacturing process.

5. **Supplies and Expense:** Include inbound shipping expenses in this item as well as all other expenses which relate to manufacturing and are not included on the four following pages of the form.

6. **Total Workshop Costs:** This item is the total of items 2, 3, 4 and 5. It represents the total expenses of the manufacturing process.

7. and 8. **Inventory—Beginning of Period to End of Period:** The total workshop costs (item 6) must be corrected by the inventory on hand at the beginning of the period and at the end of the period to determine the gross profit or loss of the manufacturing process.

9. **Cost of Goods Sold:** To determine the cost of the goods actually sold, add to the total workshop costs (item 6) the inventory at the beginning of the period (item 7). From this figure subtract the inventory at the end of the period (item 8).

10. **Gross manufacturing profit or loss:** If item 1 is greater than item 9, then item 10 will show the gross manufacturing profit.

    If item 1 is smaller than item 9, then item 10 will show the gross manufacturing loss.

    11, 12, 13 and 14. **Overhead or General Expenses:** Transfer total figure from items 2, 3, 4 and 5.

    15. **Total Overhead or General Expense:** This is the total of items 11, 12, 13 and 14.

    16. **Net Profit or Loss:** If item 10 shows a gross manufacturing loss, add to item 15 to show net manufacturing loss.

    If item 10 shows a gross manufacturing profit and is greater than item 15, subtract item 15 from item 10 to show net profit.

    If item 10 shows a gross manufacturing profit but item 15 is greater than item 10, subtract item 10 from item 15 to show net loss.
DETAILS OF ADMINISTRATIVE EXPENSE

Salaries and Wages: Salaries refer to the salaries, pro-rated according to the time spent on manufacturing operations of all supervisory, professional and clerical personnel. Do not include salary and commission of salesmen or employees in shipping department.

Printing and Stationery: Insert cost of printing and stationery used for manufacturing operations only, such as order and invoice forms, letterheads, envelopes, etc.

Other Office Supplies: Includes items such as paper clips, pencils and such other miscellaneous office supplies used in the administration of the manufacturing process.

Repairs and Maintenance—Equipment: This item includes the cost of repairs and maintenance of office equipment used in the administration of the manufacturing process such as adding machines, typewriter, desk, chairs, etc.

Insurance—Employer’s Liability: Here insert cost of Workmen’s Compensation and other insurance costs paid solely from agency funds for production employees. Retirement group insurance.

Social Security Taxes: If workshop employees, administrative labor are covered by Social Security benefits, indicate total payments made by the agency toward these benefits. Do not include that portion withheld from the gross wages and salaries of the staff and employees.

Postage: Cost of postage used for manufacturing.

Telephone and Telegraph: Cost of telephone and telegraph service pro-rated.

Legal and Auditing: Cost for professional service related to the manufacturing and production operations.

Conference Expenses: Cost of conferences attended by supervisory or professional staff relating to the administration of manufacturing operations. This includes hotel, meals, travel, entertaining, etc.

Dues, Subscriptions and Contributions: This item includes dues to professional organizations and subscriptions to professional literature, and contributions to organizations.

Carfare and Travel: Includes cost of travel by public conveyance or car necessary for the manufacturing operation.

Advertising and Publicity: This item does not include the cost of sales promotion but does include such items as agency publicity pamphlets.

Interest on Loans: Interest paid on loans which were made for capital improvements and investments are included in this item. Include also interest paid on loans made to purchase raw materials for manufacturing.

Total: Add all items. Insert this figure on Summary Sheet, page 62, item 11.

DETAILS OF OPERATING EXPENSE

Rent and Storage: Rent of building and storage space used to store raw materials and finished goods is included here.

Interest on Mortgage: Any interest paid on mortgages on the building and/or machinery and equipment. This does not include payments on principal.
Taxes and Assessments: Real estate and other taxes as well as assessments levied against the property are included.

Insurance—Fire: Insurance maintained by the agency for fire protection and other protection is included here.

Depreciation on Buildings: This figure is estimated on actuarial principals. Assistance in determining this figure can be secured from insurance companies.

Depreciation of Manufacturing Equipment: This figure is again estimated. It is the difference between the original cost of the equipment and its present re-sale value. There are several other methods which may be used to determine the depreciation of equipment such as a percentage of its normal life each year.

Depreciation on Buildings: This figure is estimated on actuarial principals. Assistance in determining this figure can be secured from insurance companies.

Insurance—Fire: Insurance maintained by the agency for fire protection and other protection is included here.

Depreciation on Buildings: This figure is estimated on actuarial principals. Assistance in determining this figure can be secured from insurance companies.

Depreciation of Manufacturing Equipment: This figure is again estimated. It is the difference between the original cost of the equipment and its present re-sale value. There are several other methods which may be used to determine the depreciation of equipment such as a percentage of its normal life each year.

Repairs and Maintenance—Building: Actual cost of routine repairs to the building and maintenance such as painting, etc. This does not include the cost of major improvements or additions to the building.

Repairs and Maintenance—Mfg. Equipment: Actual cost of routine repairs to machinery and equipment used in manufacturing. This does not include the cost of new equipment for expansion purposes. It does include the replacement of worn-out equipment.

Repairs and Maintenance—Plumbing, Heating, and Electrical Equipment: Actual cost of routine repairs and maintenance of the above equipment. It does not include major improvements which will add to the capital investment.

Heat and Fuel: Cost of heating and building.

Light and Power: Cost of lighting and power for the operation of manufacturing equipment.

Water: Cost of water rent used for manufacturing and the production personnel.

Janitor's Service and Supplies: Wages paid to factory janitor and necessary cleaning supplies such as brooms, mops, soap, etc.

Other Supplies and Maintenance Services: Include all other supplies and maintenance services related to the cost of operation, not previously classified.

Telephone and Telegraph: Telephone rental, long distance calls and telegrams relating to the manufacturing process.

Printing and Stationery (exclusive of Advertising): Cost of forms, letterheads and other printing matter related directly to manufacturing.

Postage: Cost of postage for mail used directly for manufacturing process. This does not include postage used for mailing advertising matter.

Laundry: Cost of laundry service for towels, uniforms, rags and other matters relating to the manufacturing operation.

Labor—Maintenance and Building Service: Wages paid to repair men for maintenance of building. This does not include wages paid to janitor.

Miscellaneous: Other expenditures relating to the operation of the manufacturing process not previously classified.

Total Operating Expense—Industrial Division: Add all items. Insert this figure on Summary Sheet, page 62, item 12.
DETAILS OF SELLING EXPENSE

Salaries and Wages: Salaries and wages paid to salesmen and clerical staff in sales department.

Salesmen's Commissions: Commissions paid to salesmen.

Printing and Stationery: Cost of stationery and all advertising matter which is circularized to stimulate sales and as advertising matter.

Other Office Supplies and Expense: Cost of other office supplies used for sales promotion.

Repairs and Maintenance of Equipment: Routine repairs for equipment such as typewriter, addressing machine, etc.

Insurance—Employer's Liability: Cost of Workmen's Compensation, retirement payments, group insurance covering staff of sales department, as clerks and salesmen.

Social Security Taxes: If selling personnel is covered by Social Security benefits, etc. (See page 62, item 13)

Postage: Cost of postage necessary for circulars, price lists, etc., relating to the selling expense.

Telephone and Telegraph: Cost of telephone and telegraph service for use in sales department.

Conferences and Conventions: Travel and maintenance costs for attendance at sales conventions by sales force.

Dues and Subscriptions: Cost of dues and periodical subscriptions for organizations and literature relating to the selling of merchandise.

Carfare and Travel: Travel costs of salesmen as mileage allowed, fare public transportation, etc.

Advertising and Publicity (Mdse. only): Cost of newspaper advertising, window display placards, magazine advertising, etc.

Collection Expense: Cost of collecting bills such as collector's fee, reminders, bills, etc.

Bad Accounts: Losses due to uncollectable bills.

Discounts Allowed: Total amount allowed as a discount to certain purchasers of merchandise.

Miscellaneous Expense: Other selling expenses not otherwise classified.

Total Selling Expense: Add and transfer total to Summary Sheet page 62, item 13.

DETAILS OF SHIPPING EXPENSE

Salaries and Wages: Salaries and Wages paid to employees of shipping departments.

Printing and Stationery: Cost of printing and stationery used exclusively in shipping department. This would include such items as invoices, bills of lading, address stickers, etc.

Other Office Supplies and Expense: Cost of other office supplies used in shipping department.

Depreciation on Equipment: This represents the difference between the amount originally paid for equipment and the present selling price. Equip-
ment would be such things as baling machine, metal banding machine, scales, etc.

**Insurance—Employer's Liability:** Cost of Workmen's Compensation, retirement payments, group insurance benefits.

**Social Security Taxes:** If shipping department employees are covered by Social Security benefits, include taxes paid by agency. Do not include taxes withheld from employees.

**Postage:** Cost of postage necessary to carry on shipping operations.

**Telephone and Telegraph:** Cost of telephone and telegraph service for use in shipping department.

**Trucks:** If owned, expenses of operation, upkeep, and depreciation.

**Express, freight and hauling:** Cost of *outbound* shipping only.

**Rent and Storage:** Rent for garage, if any, building rent, if any.

**Miscellaneous Expense:** Other shipping expenses not previously classified.

**Total Shipping Expense:** Add all items and transfer total to page 62, item 14.
APPENDIX C

BREAK-EVEN POINT ANALYSIS

Guidance in the solution of management problems may often be obtained by the use of the break-even point computation. An application of this useful tool in the over-all analysis of cost-volume-profit relationship is the break-even chart illustrated on page 73. The break-even point is that level of operations at which there is neither a profit nor loss.

The existence of a break-even point in every commercial and business enterprise is not a matter of theory; it is a very practical factor in the analysis of operations.

A break-even chart is of considerable value in analyzing past experiences and in projecting data to disclose the effect on operations in the immediate future. More specifically, it may be used to compare net sales, expenses, and operating profits with a budget, to determine the probable unit cost at varying levels of production, to determine the effect of a reorganization or a change in operating policy, to compare the probable operating profits of different enterprises at various levels of operations, to determine the increase in net sales required to justify a given plant expansion, or to balance a given reduction in selling price, and to determine the effect upon operating profits of a change in wages or in materials cost.

To construct a break-even chart for a given firm, actual historical data may be used. Monthly or quarterly income statements should be analyzed to determine net sales and total expense in percentage of plant capacity at different levels of operation. These adjusted data are plotted on a chart, on which the horizontal axis represents percentage of operating capacity and the vertical axis represents dollars of expenses and of net sales.

The sales figures are first plotted on the chart. Then starting at zero, a straight line is drawn to fit as closely as possible the plotted sales points. Next the total expense figures are plotted, in a straight line fitted to them. This line will not start at zero; it will start on the vertical axis at the point representing dollars of fixed cost. A line is drawn from this point on the vertical axis, horizontally across the chart parallel to the horizontal axis, to represent fixed costs. The sales line and total cost line will cross at some point if operations are ever profitable. This point of intersection is called the "break-even point". A line is dropped from this point perpendicular to the horizontal axis to indicate more clearly the level of operations which this point represents.

Management can make a number of rough forecasts based on such a chart. For example, assuming that prices and costs remain the same as those plotted, the approximate effect on profits of a given change in volume of sales (accompanied by a corresponding change in level of operations) can be read directly from the chart. Or, assuming that costs and sales volume remain the same, the approximate effect on profits of a change in selling price can be estimated.
The break-even point for a future period can be estimated in advance. First (from budget data or less formal estimates, if budgets are not used) determine the net sales, fixed expense, and variable expense expected for the future period. Second, calculate the percentage of variable expense to net sales. Third, subtract this percentage from 100%. Fourth, divide the dollar amount of fixed expense by the percentage determined in the third step.

\[
\text{Break-even point} = 1 - \frac{\text{Variable expense}}{\text{Sales}} - \frac{\text{Fixed expense}}{\text{Sales}}
\]

As an example, suppose that for the next period sales are estimated at $70,000, fixed expense at $21,000, and variable expenses at $42,000. Dividing $42,000 by $70,000 gives 60% which is the variable cost ratio. Subtracting 60% from the 100% gives 40%, referred to as the marginal income ratio. (This is also the ratio of fixed expense to sales at the break-even point.) Dividing $21,000 by 40% gives $52,500 the volume of sales at the break-even point.
EXPENSES AND NET SALES

BREAK-EVEN GRAPH

THOUSANDS OF DOLLARS

OUTPUT IN PERCENT OF CAPACITY

Fixed Expense $21,000
Variable Expense $42,000
Estimated Sales $70,000
Let S = Sales at Break-Even Point
Variable Expense = 60% of Sales

S = 21,000 + 60% (variable expense)
S-60 = 21,000
40S = 21,000
S = 52,500

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APPENDIX D

U. S. DEPARTMENT OF LABOR
Wage and Hour and Public Contracts Divisions

REGIONAL OFFICES

REGION I—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont:
18 Oliver Street, Boston, Massachusetts 02110—Telephone: 542-2115

REGION II—New Jersey, New York:
911 U.S. Parcel Post Building, 341 Ninth Avenue, New York, New York 10001—Telephone: 736-7451

REGION III—Delaware, District of Columbia, Maryland, Pennsylvania:
Wolf Avenue and Commerce Street, Chambersburg, Pennsylvania
17201—Telephone: 263-4181

REGION IV—Alabama, Arkansas, Louisiana, Mississippi:
1931 - 9th Avenue, South, Birmingham, Alabama 35205—Telephone: 325-3966

REGION V—Michigan, Ohio:
216 Engineers’ Building, 1365 Ontario Street, Cleveland, Ohio 44114—Telephone: 241-7555

REGION VI—Illinois, Indiana, Minnesota, Wisconsin:

REGION VII—Colorado, Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota, Wyoming:
2000 Federal Office Building, 911 Walnut Street, Kansas City, Missouri 64106—Telephone: 221-2216

REGION VIII—New Mexico, Oklahoma, Texas:
Room 222, 1114 Commerce Street, Dallas, Texas 75201—Telephone: 748-2306

REGION IX—Alaska, Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, Washington, Hawaii, American Samoa, Guam, Wake:
Room 10431, 450 Golden Gate Avenue, San Francisco, California 94102—Telephone: 556-0486
Room 301, 680 Ala Moana Boulevard, Honolulu, Hawaii 96813

REGION X—Kentucky, Tennessee, Virginia, West Virginia:
U.S. Courthouse Building, 801 Broad Street, Nashville, Tennessee 37203—Telephone: 242-5456

REGION XI—Florida, Georgia, North Carolina, South Carolina:
Room 300, 1365 Peachtree Street, N.E., Atlanta, Georgia 30309—Telephone: 526-5801

PUERTO RICO AND VIRGIN ISLANDS:
7th Floor, Condominio San Alberto Bldg., 1200 Ponce de Leon Avenue, Stop 17, Post Office 9092, Santurce, Puerto Rico 00908—Telephone: 723-8165

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APPENDIX E

SUGGESTED CONSTITUTION AND BYLAWS FOR A WORKSHOP FOR THE HANDICAPPED

This constitution is not offered as a model to be used without revision, but does suggest important items of information to be considered.

CONSTITUTION AND BYLAWS OF

(name of workshop)

Adopted (date)

Article I
Name

The name of this Agency shall be
and it shall be located in (city), (county), (state)

Article II
Purpose

This Agency operates for the purpose of providing personnel, services, and facilities for evaluation and training of handicapped persons to enable them to perform useful and remunerative work.

Article III
Management

Section 1 MANAGEMENT. The management and control of the affairs of this Agency shall be vested in and exercised by a Board of Directors consisting of not more than twenty-four nor less than fifteen persons, who shall be elected, upon the organization of the corporation (Agency), by the incorporators thereof.

Section 2 ELECTION OF BOARD. The first Board of Directors shall serve until the first annual meeting of the corporation and until their respective successors are elected and qualified. At the first annual meeting, the Board shall be divided into three groups, as nearly divisible by three as possible, one group with a term of one year, the second group with a term expiring in two years, and the third group with a term expiring in three years; at all annual elections thereafter, the directors for each group shall be elected by the Board of Directors for a term of three years to succeed the directors whose terms then expire. No director shall be eligible for re-election except:
a. Where at least a year has elapsed since termination of his previous term;
b. Where the director has been elected to fill an unexpired term;
c. Where at any annual meeting it shall be determined that in special cases a director shall be eligible to succeed himself.

Section 3 BOARD VACANCY. A vacancy on the Board of Directors shall be filled by election by the majority of the remaining directors present at any annual meeting of the Board, or at any regular or special meeting, provided that notice of the proposed election of a director to fill such vacancy is given in the notice of such regular or special meeting. Each person so appointed to fill a vacancy shall serve the unexpired term.

Section 4 BOARD MEETINGS. The Board of Directors shall meet approximately once a month at a time and place designated by the President, except that no regular meeting shall be held during the months of July and August. Special meeting of the Board of Directors shall be called upon the written request of six (6) members of the Board, or may be called at the discretion of the President. Notice of the Annual Meeting shall be published at least ten (10) days prior thereto. Written notice of any regular meeting of the Board of Directors shall be sent to each member of the Board at least five (5) days prior thereto, and written notice of any special meetings shall be sent to each member of the Board at least five (5) days prior thereto.

Section 5 ANNUAL MEETING. The Annual Meeting of the agency shall be held during the month of ________________ of each year at a time and place to be designated by the President.

Section 6 NOTICES. The Secretary of the Agency shall prepare and and cause to be sent or published all notices herein mentioned.

Section 7 QUORUM. A quorum at any regular or special meeting shall consist of not less than one-third of the Directors then in office.

Section 8 VOTING. All matters considered at a meeting shall be decided by a majority vote of those present, and all votes shall be by voice, except that upon request of anyone present a roll call vote shall be taken. The President shall not vote except in case of tie, in which event he shall cast the deciding vote.

Article IV
Officers

Section 1 OFFICERS. The officers of this Agency shall be a President, a Vice-President, Secretary, Treasurer and such other officers as the Board of Directors may from time to time determine.

Section 2 ELECTION OF OFFICERS. A majority of the whole Board of Directors, at each Annual Meeting, shall choose a President, a Vice-President, Secretary and Treasurer. The officers of the Agency shall hold office for a term of one year and until their successors are chosen and qualify in their stead.
Section 3  DUTIES. The officers of the Agency shall perform such duties as may be required of them by the Board of Directors.

Article V
Standing Committees

Except as hereinafter otherwise provided, the following Standing Committee, which shall from time to time make written or oral reports of their activities, shall be appointed for a term of one (1) year by the President as soon as feasible after his election and his induction, and their personnel shall be reported to the Board of Directors at or before the next ensuing meeting.

EXECUTIVE COMMITTEE. The elected officers, together with the Chairmen of the other Standing Committees, shall constitute the Executive Committee. The Executive Committee shall be fully empowered to exercise all the functions of the Board of Directors between meetings, subject, however, to the approval of the Board of Directors, but provided that its action in administrative matters shall not be subject to such approval. The majority of the Executive Committee shall constitute a quorum.

PUBLIC RELATIONS COMMITTEE: The function of the Committee shall be to plan and carry out an appropriate program of publicity designed to inform and interpret the activities of the Agency.

PLACEMENT COMMITTEE: The function of the Committee shall be to plan and carry out an appropriate program designed to implement the placement activities of the Agency.

NOMINATING COMMITTEE: This Committee shall be composed of not less than three (3) Directors and shall be appointed annually by the President, subject to the approval of the Board of Directors. It shall propose for nomination names of individuals to fill vacancies on the Board of Directors and for the various offices of the Agency, and shall file with the Secretary its report together with its list of nominees not less than ten (10) days prior to the annual election. The Secretary shall forthwith mail notice of the same to all Directors of the Agency.

Article VI
Executive Director

The operating head of the Agency shall be designated as the Executive Director. He shall be employed by the Agency for such term as the Board of Directors may determine.

Article VII
Funds and Securities

Section 1  The Board of Directors may authorize any officer or officers, or any employee in conjunction with one or more officers, in the name of and on behalf of the corporation to enter into any contract or execute and deliver any instrument or to sign checks, drafts or other
orders for payment of money or notes or other evidence of indebtedness, and such authority may be general or it may be confined to specific instances; and unless so authorized by the Board of Directors, no officer shall have the power or authority to bind the corporation by any contract or engagement, to pledge its credit, or to render it financially liable for any purpose or in any amount.

Section 2 All funds of the Agency not otherwise employed shall be deposited from time to time to the credit of the Agency in such banks, trust companies or other depositories as the Board of Directors may select or as may be selected by any office or officers of the Agency to whom such power may from time to time be delegated by the Board of Directors; and for the purpose of such deposit, the officer and/or officers to whom such power may be delegated by the Board of Directors, may endorse, sign and deliver checks, drafts, and other orders for the payment of money to the order of the corporation.

Article VIII
Fiscal Year

The fiscal year shall begin on the first day of January in each year.

Article IX
Amendments

This Constitution and Bylaws may be altered or amended by a two-thirds (2/3) vote of the Directors present at any regular meeting of the Board, notice of which proposed amendment or amendments has been given to the Board of Directors along with notice of the meeting itself.
GLOSSARY OF TERMS

Accounts receivable journal: a formal record of monies owed the workshop for merchandise sold or services performed.

Benefit program: the provision by a workshop of payment and/or assistance to clients and staff other than in the form of wages for work performed.

Business manager: workshop staff member whose responsibilities usually include at least one of the following: overall operation of the contract, prime manufacturing or salvage program of the workshop; work solicitation; scheduling of work, fixing work charges, billing, collection of outstanding monies, purchasing, etc.; orienting, training and evaluating clients and staff for production of work in accordance with required standards.

Case record: up-to-date file on each client in workshop which contains all available pertinent information on clients including: diagnostic, social and treatment data; regular entries regarding client’s progress in the workshop; earnings; production; attempted job placements; job data if client was successfully placed in community employment, success on job; final disposition of case, including date case is officially terminated by the workshop; and follow-up data.

Centralized purchasing: an established procedure by the workshop director or his designated staff member for the requisition and recording of all items purchased for the workshop so as to maintain control over and a concise record of items to be purchased, cost and use of such items for the agency.

Chartered: incorporated under applicable state and local laws.

Clients: a mental and/or physically handicapped person needing and receiving services in a workshop.

Counseling: an interpersonal relationship between a qualified professional and an individual in which assistance is given to the individual in order for him to adjust more effectively to himself and to his environment.

Criteria for admission: conditions established by workshop which must be met by applicant in order to be admitted into workshop program (age, sex, nature of disability, ambulation, etc.).

Daily cash journal: a record of individual or periodic cash receipts based on cash sales obtained from cash register recordings, cashier’s receipts or sales checks and cash receipts journal vouchers.

Direct labor costs: the direct cost of the actual labor involved in the production of goods and services performed on given contract work not including fringe benefits, overhead costs or other indirect costs.

DVR: State Department of Vocational Rehabilitation and its branch or local offices (BVR) (SDVR) (OVR).
**Foreman**: staff member whose responsibilities include quality and quantity control of work produced in workshop and/or evaluation and training of workshop clients. (Sometimes designated “supervisor”.)

**Gross earned operating income**: total income received from contractors or sales of manufactured or salvaged items for work performed in the workshop.

**Industrial engineer**: a technically qualified person who analyzes process methods, procedures, and job characteristics and modifies them to secure maximum efficiency of equipment and personnel.

**Intake procedure**: the process of reviewing data, holding interviews and case conferences for the purpose of accepting new clients into the workshop program. (See “Screening process”.)

**Jig**: a device which enables a worker to perform a work operation more easily, faster and accurately; may reduce cost of production.

**Job sample**: a select work sample which reproduces all or part of the actual operations required by a given job.

**Long-term work opportunities**: employment over an extended period of time in the workshop for the client who has not yet achieved a work adjustment and/or rate of productivity adequate for competitive employment or for whom a job opportunity has not yet been found.

**Mark-up**: the computed percentage charged the contractor by the workshop above and beyond direct labor costs on all paid work performed in the workshop (See “Direct labor costs”).

**Non-production rehabilitation services**: all services provided in the workshop program such as evaluation, testing, counseling, etc., which are not primarily directly related to the production of paid work.

**Piece rate**: number of units produced or serviced in a given period, i.e., hour, day or week.

**Placement**: obtaining a job opportunity for the client based upon the relationship of the physical, mental and emotional demands of the job to the capacities and limitations of the client.

**Pre-vocational evaluation**: A program concerned primarily with an evaluation of the client’s abilities including work habits, work tolerance, coordination and attitude toward work.

**Production manager**: workshop staff member responsible for planning production activities including organization of floor space, tables, machinery and equipment, etc., for efficient production of work within the workshop.

**Production records**: tabulation of quantity of work produced by departments and individuals on day-to-day basis.
Quality control: an established efficient statistical sampling system tailored to each product or service performed to ensure compliance with minimum specifications of the contractors and/or workshop.

Real work setting: provision of specific work samples in an industrial environment with available equipment as found in the competitive labor market and with identical production quotas.

Referral agency: a public or private agency from which the workshop receives clients and to which it may send clients for supportive rehabilitative services not offered in the workshop.

Screening process: review of data available on prospective clients to ascertain which individuals may be feasible for and benefit from workshop services.

Sheltered environment: a setting adapted to client needs for work adjustments; an atmosphere adapted to the client's physical and emotional tolerance, controlled working conditions and work experience for evaluation, training and adjustment purposes; a protected situation to prepare client to meet demands and discipline of real work situation.

Shop minimum: the established hourly or piece minimum rate for clients working in the sheltered workshop as stated in the workshop's certificate from the Wage and Hour Public Contracts Divisions of the U.S. Department of Labor.

Undercutting: a practice of selling products or services at unfair competitive prices made possible through inadequate client wage rates or by defraying operating costs solely or substantially with contributions, subsidies, etc.

Vocational training: an organized form of instruction which provides the knowledge and skills essential for performing the tasks involved in a given job.

Wage payments: all remuneration for services performed by an employee for his employer as defined in Section 3401, and further defined in Section 119, of the Internal Revenue Code.

Workmen's compensation: a form of insurance required by all states which will provide compensation to employees for time lost due to injuries and certain occupational diseases. The insurance coverage usually includes liability insurance to protect the employer against damage suits brought by employees or their survivors.

Work evaluation: selective use of simulated and real job experiences to provide a broad sampling of tasks for the purpose of assessing client's ability to work.
APPENDIX G

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