

*More and more people are
beginning to understand...*

**“Employing People
With Disabilities is Just
Good Business”**

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The Oregonian

Moving off sidelines

The most unheralded part of civil-rights movement plays out in finding work for people with disabilities

Businesses are downsizing. Charitable giving is flat. Government budgets pucker from shrinkage. The state puts prisoners to work. Welfare reform adds to competition for entry-level jobs. Personnel officers try to fill openings with underrepresented racial minorities and women.

These trends, like a mortar attack just two clicks from bracketing its target, home in most frighteningly on one group of Oregonians: severely disabled adults who want to work.

Reliance on public assistance of 5,000-6,000 of them has dived because they have been trained and placed in market-rate jobs. One-third of persons with disabilities who have gotten jobs serving public agencies no longer require public supports, including funding for training, welfare and food stamps, says the Oregon Rehabilitation Association. It believes, but can't yet prove, that a similar trend applies when workers with disabilities aid private employers.

In addition, other workers like them have been able to reduce their need for Social Security, housing, medical and hospitalization assistance, an Oregon Department of Administrative Services report found.

More than 3,500 other Oregonians with physical, mental and learning disabilities wait for a chance to improve their lives and their economic independence through gainful employment.

A cadre of organizations works on these transitions in Oregon. Among them:

- Portland-based Goodwill Industries of the Columbia Willamette operates three separate programs.
- One targets about 225 hard to place disabled persons whom state

agencies refer. "We place probably 80-90 percent - mostly unskilled tasks in food service, assembly, general labor, janitorial," says Don Waters, director of vocational services.

These hard to place workers tend to recirculate through the system every two or three years, says Waters, but even with two steps forward and one back, they gain a great deal of independence.

Two years ago Goodwill began a program for people who don't need much help other than landing a job. They have disabilities or "Other vocationally disadvantaging situations" - displaced homemakers and workers, high school dropouts, people from other cultures.

"We did this without one dime of cost to the taxpayer," says Waters. Last year it placed 915 people. The goal this year is 1,526. This program, funded by the donations people bring in, helps many people with disabilities who are trying to move from welfare to work or trying to switch from correctional programs or prison to noncriminal jobs.

A temporary-job program placed nearly 600 people in 1996. Office work - clerical, receptionists, customer service - dominates, but light industrial, packaging and assembly requests are routine. Goodwill trains some workers for these jobs and refreshes the skills of others in its vocational tutorial services. "We place people, who have a disability but also the qualifications for a job," says Titus Herman, who heads this operation.

- Garten Services in Salem began operating in 1970 to assist people being released from state institutions like Fairview Training Center. Garten serves more than 300 disabled adults. Most have motor and mental abilities

that haven't developed beyond what might be expected at a very young age. "Our challenge was to take these people and find meaningful and gainful employment for them," says Emil Graziani, executive director.

- On any day 900 people statewide are in training and jobs at St. Vincent dePaul Rehabilitation Service, Portland. An annual study of pay in the area sets the market rate that workers earn. The lowest pay now is \$6.60 an hour plus benefits (medical, dental, vacation, retirement). The typical temporary worker in office-clerical earns about \$8 an hour.

"The challenge is to keep training people," says Roy Soards, executive director. "There are still lots out there - but many have a long runway."

These nonprofit activists run small, successful businesses that lead and push their disabled (and often deinstitutionalized) clients into the main currents of community life.

They and about 150 other organizations in Oregon pioneer entrepreneurial ways to attack social problems that neither government nor the for-profit private sector has solved. They carry on America's civil-rights movement to aid the largest segment of our population unserved by any other employment program.

Next: Affirmative action for people with disabilities.

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Breaks for underdogs

Some businesses begrudge purchasing preferences governments give to workers with disabilities

Severe physical, mental or learning disorders block 16 million to 20 million unemployed Americans' moves toward work-for-pay. The U.S. government and more than 30 states help to give adults with severe disabilities jobs as passports to independence. Some businesses grumble, though, that the aid amounts to unfair affirmative action.

The federal government is beginning its 60th year of offering help. The Javits-Wagner O'Day Act creates market-rate jobs for nearly 30,000 people with severe disabilities who make products and provide services for the federal government through qualified nonprofit groups.

Oregon's state-use program, beginning its 20th year and modeled on the federal act, provides work for at least 2,000 persons. Purchases by hundreds of Oregon businesses that copy the state and federal practice create more than 3,000 additional jobs here.

Purchasing officers are directed to buy from the nonprofit groups if they can show that specified goods and services compete in quality, price, delivery time and fair payment to workers.

The grumbling comes mostly from manufacturing and job-placement competitors. Free-market purists give it public voice, as in these recent arguments drawn from an article by Richard M. Ebeling, the Ludwig von Mises Professor of Economics at Hillsdale College, Hillsdale, Mich.:

Ebeling quotes approvingly the idea that interventionist policies protect inferior and uncompetitive products and services, sacrificing those that are efficient and competitive. Regulations favor one group over another that might win if the market were free to reach its own conclusion. "Legal-

ized coercion has become the method by which (have-nots) get ahead," he says.

This view looks askance at social safety nets – unemployment compensation, Social Security and most likely, the preference that government-purchasing programs give workers with disabilities. "Theft through political means has become the basis of a 'higher' morality: social justice, which is supposed to remedy the injustices of the free market economy."

But are all these set-asides, this tiny bit of social justice, bad deals?

Well, only 18 people oversee the federal operation. It made \$740.8 million of purchases last year. Oregon allocates half of one job to monitor \$29 million of purchases under the state program, and those purchases reduce public subsidies and increase payroll taxes by \$4.6 million. The purchasing partnerships with nonprofit groups put 5,000-6,000 Oregonians into training and jobs, using a resource that has been wasted.

The competition is fair – always based on the minimum wage or more and usually works with fringe benefits that many private-sector jobs don't offer.

Oregon's Department of Administrative Services found that the paid jobs also produce non-economic benefits: significantly fewer symptoms and lower rehospitalization rates; enhanced social support and mastery; better coping ability; improved self-esteem; more chances to learn from nondisabled peers.

National studies show that 70 percent of people with disabilities want to work but can't find jobs in the private competitive sector, says Tim Kral of the Oregon Rehabilitation Association. "If business were able to keep people with disabilities

employed, we wouldn't need to be in existence. Our organizations would employ far fewer people if we didn't have the state program."

"Unfair competition? I hear that a lot," bristles Roy Soards of St. Vincent dePaul Rehabilitation Service, Portland. Qualified nonprofit programs get first shot at some contracts, but must be able to fulfill them at fair prices and good quality. "Just because we get a contract doesn't mean we have it for life. We have to produce or we lose...That makes us very accountable."

It is costly to recruit from the economy's margins – rehabilitation hospitals, drug and alcohol centers, facilities that serve the blind. "I doubt that any of my competitors have a large bill every month for sign-language interpreters, which I do," says Soards.

It takes heavy investment to train and place people who usually are long-term unemployed and whose behavior and skills deficits often magnify the difficulty of overcoming severe disabilities.

Purchasing set-asides for these programs aren't unfair preferences. They are incentives. They are how government provides nonprofit groups with money to invest in the relentless training and placement needed when working at the edge of the labor pool where few private businesses dive in.

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Winning by losing

Some Oregon businesses see it as a sign of success when their workers abandon them to take other jobs

If you really want to wound a boss, tell him that his best workers are leaving for other jobs. John Murphy tells such a story:

OHSU Hospital called his operation in mid-August and asked for two good janitors to help cover a shortage of manpower for a few days due to turnover and vacations. "We sent two over from one crew, people we had trained and had worked for us three and four years. They were hired for the permanent staff there within a week."

The hospital lured a third worker away from Murphy this month – a specialist who strips and waxes floors and cleans carpets.

"I don't know whether to laugh or cry," he muses. "We have a lot invested in their training, and they have been wonderful employees for us."

He loses roughly 10 percent of his workers this way each year. What is pleasant about that? Murphy, president of Portland Habilitation Center, points to the 594 severely disabled workers his operation trained and employed to deliver contracted services to public and private clients last year.

Seventeen percent have major mental illnesses; 3 percent personality disorders; 3 percent drug and alcohol problems; 16 percent mental retardation; 16 percent learning disabilities (memory deficits, unable to read, unable to learn by normal means); 4 percent epilepsy disorders; 7 percent deaf or hearing disorders; 5 percent visual impairment (most legally blind); 4 percent back injury; 4 percent brain injury; 3 percent arthritis-type disorders; 2 percent severe diabetes; and the rest a range of disabling conditions.

Murphy can consider laughing because his loss to the competitive

private marketplace produces so many gains for others:

- The workers move toward greater independence. The three hospital workers are doing so well that "they would no longer qualify for low-income housing," and their benefits now cover their families as well as themselves.

- Others with disabilities gain, too. They move forward in the waiting line for training and jobs that turn them from tax consumers to tax producers.

- Society gains because money spent to buy goods and services from 46 qualified rehabilitation facilities registered with the state cuts public subsidies. Each purchasing dollar that state and local agencies spend with these programs returns more than 35 cents in reduced public supports and payroll taxes. With an estimated 2,000 disabled workers benefiting from \$29 million of such public purchases, this cuts subsidies by \$4.6 million yearly.

(Oregon requires public agencies to buy specified products and services "from a qualified nonprofit agency for the handicapped." Modeled on a federal program beginning its 60th year, this so-called state-use law was introduced 20 years ago by Rep. Dave Frohnmayer, who is now president of the University of Oregon. Washington and Idaho also have adopted state-use laws.)

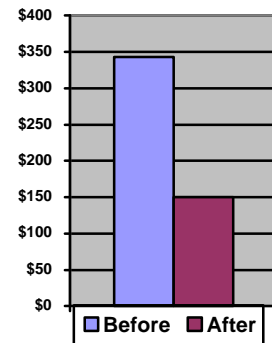
The federal Javits-Wagner-O'Day Act purchasing program generated 304 jobs with \$4 million of purchases in Oregon in 1995 and 600 jobs in Washington with \$20 million of purchases from rehabilitation programs.

Hundreds of private businesses in Oregon follow the government's lead and contract with nonprofit training centers.

Public subsidy reduction

Resulting from employment in the State-use Program

Subsidy per month



Source: Oregon Rehabilitation Association

These companies agree that having people with disabilities working rather than receiving entitlement benefits makes economic and ethical sense. As a result, says the Oregon Rehabilitation Association, more than 5,000 workers with disabilities sort mail; provide temporary services; manufacture eyeglasses, plastic bags and dry goods; clean hundreds of buildings; tend nursery stock; perform data entry and other clerical services; and carry out food-service tasks.

We focus so hard on welfare-to-work transitions that we often forget how important it is to help people with disabilities. America's most underemployed group, to move off public assistance to the maximum degree.

Next: a closer look at this group and those who help them.

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Smart with heart

State finds ways to push for cost efficiency
yet not drive disabled workers out of jobs

Public officials get hammered when they mess up. It mostly goes unsung when they are analytically vigorous, considerate, efficient and effective all in one package. This is such a case.

Garten Services was founded in 1970 in Salem to find paying work for severely disabled persons the state was releasing from institutions in Salem, Pendleton and The Dalles.

Garten acted as a training center to overcome disabilities and skills deficits of patients becoming workers. It acted as a business, too, seeking contracts for work its trainees could perform to edge toward economic independence.

Businesses don't form lines to hire persons with no work experience, no skills and serious physical, mental and learning disorders.

The state helped. It told state and local governments in 1977 to buy specified goods and services from qualified nonprofit groups such as Garten. (The state bought \$29 million of services from 46 such groups in 1996.)

Garten has presorted mail for the state since 1984 under the Products of Disabled Individuals Act. The work involves separating mail by ZIP code before sending it to the post office. Postal discounts produced gross savings of up to \$750,000 a year. Net savings after fees to Garten averaged \$350,000.

In 1992, the Postal Service automated its presorting system. Garten was faced with going out of the presorting business unless it bought computer-controlled technology to read and verify addresses, print a 62-line bar code on each piece of mail and sort the mail into ZIP codes. After consulting with the state, the nonprofit group bought the necessary optical character readers. The machinery could sort 100,000

pieces of mail a day instead of 35,000. It required fewer people. Garten cushioned shock waves to its workers by increasing its volume and adding 28 clients to its non-state account base.

By 1995, the Department of Administrative Services found it could save the state a lot of money by bringing equipment together and consolidating agencies' mail processing. The numbers were clear. Consolidation was a wise business decision.

But the modernization would take 57 percent of Garten's presorting volume, a body blow to any business. It would also threaten the rest of the mailroom Garten had established hand sorting, inserting, labeling, stapling, and collating because presorting covers most of the overhead.

The Legislature, concerned, told the Department of Administrative Services to investigate. Enter the U.S. Postal Service again to compound problems. It increased hand-sort rates from 27.4 cents a letter to 29.5 cents a letter on July 1, 1996. The effect was to eliminate all hand-sorted letters that Garten workers presorted for the state.

Altogether, 71 percent of the work done by people with serious disabilities moved into the endangered species list. Twenty-eight jobs faced extinction.

A public-private steering committee dissected and diced the details for seven months. It found that consolidation could save the state \$192,000 a year compared with contracting with Garten.

But the 13-member group chaired by management analyst Prince C. Washington, displayed wide-angle vision. It looked also at the economic, social and community

benefits of finding work for people with disabilities – things like tax payments of the workers and reduced subsidies for Social Security, food stamps, housing and rehospitization. It found that this portion of the consolidation would save the state only \$51,828 if other jobs were not provided by Garten's workers.

The committee recommended saving the money, but using schedules that would help Garten to adjust. It asked agencies to "make a concerted effort to identify placement opportunities" for Garten workers.

The department accepted the recommendation, and others cooperated.

The states' people were tough, positive, considerate, creative and patient, says Emil Graziani, Garten's executive director. "They basically held off activating some of their consolidations for two years, so we were able to diversify our business more toward private accounts."

Garten has retrained some workers and scouted for new contracts. It has moved seven displaced workers into various state agencies' internal mail systems.

None of the severely disabled workers Garten trained and placed in state mail operations has lost the lifeline of a paycheck.

This is good management – and government with a healthy heartbeat.

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