

The COMMITTEE ON PURCHASES OF BLIND-MADE PRODUCTS

During the Administration of

President Lyndon B. Johnson

November 1963 - January 1969

Vol. II Documentary Supplement

Exhibit A

Exhibit B



DEFENSE SUPPLY AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

9 AUG 1967

IN REPLY
REFER TO DSAH-PPO

SUBJECT: Services Susceptible to Performance by the Blind

TO: Commander
Defense General Supply Center
ATTN: DGSC-P

1. The Committee on Purchases of Blind-Made Products is considering the potential that may exist in the services area for performance by Workshops for the Blind. DSAH has been requested to suggest items involving services which may be considered for inclusion in the Schedule of Blind-Made Products.
2. Accordingly, it is requested that a list of those items (such as kits) which your Center considers appropriate for performance of services by the blind be forwarded to DSAH-PPO no later than 21 August 1967.

FOR THE DIRECTOR:

D. J. Hottenstein

D. J. Hottenstein
Acting Chief, Contract Clearance Branch
Procurement Division
Directorate, Procurement & Production



DEFENSE SUPPLY AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

8 AUG 1967

IN REPLY
REFER TO DSAH-PPO

SUBJECT: Services Susceptible to Performance by the Blind

TO: Commander
Defense Personnel Support Center
ATTN: DPSC-P

1. The Committee on Purchases of Blind-Made Products is considering the potential that may exist in the services area for performance by Workshops for the Blind. DSAH has been requested to suggest items involving services which may be considered for inclusion in the Schedule of Blind-Made Products.
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FOR THE DIRECTOR:

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Acting Chief, Contract Clearance Branch
Procurement Division
Directorate, Procurement & Production



DEFENSE SUPPLY AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

IN REPLY
REFER TO

DSAH-G

16 AUG 1967

SUBJECT: Interchange of Information between DSA Installations and
Workshops for the Blind

TO: Heads of DSA Primary Level Field Activities
(LESS: DCASRs)

1. At the 25 July 1967 meeting of the Committee on Purchases of Blind Made Products, of which I am a member, the Chairman of the Committee suggested that personnel of depots and buyers of blind-made products visit workshops in their vicinity to meet with managers of the shops and obtain a better understanding of the overall program concerning blind-made products.
2. Enclosed is a copy of a 4 August 1967 letter from the Washington Representative for the National Industries for the Blind with a current list of the participating workshops. The letter is forwarded for your consideration in establishing appropriate liaison between your personnel and workshops in your immediate area that produce items that you purchase.

1 Encl

EARL C. HEDLUND
Lieutenant General, USAF
Director



DEFENSE SUPPLY AGENCY

HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

IN REPLY
REFER TO

DSAH-P

18 JAN 1968

SUBJECT: Items Susceptible to Production by the Blind

TO: DCSC, DESC, DGSC, DISC, DPSC

1. The Committee on Purchases of Blind-Made Products is considering the potential that may exist for expansion of production by Workshops for the Blind. Inclusion of additional items in the Schedule of Blind-Made Products is being studied.
2. It is requested that a review be made of the Federal Classes of items procured by your Center and that a list of those items considered susceptible to production by the blind be forwarded to DSAH-PC no later than 19 February 1968.

W. W. VAUGHAN
Major General, USA
Deputy Director



DEFENSE SUPPLY AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

IN REPLY
REFER TO DSAH- PC

16 MAY 1968

SUBJECT: Items Susceptible to Production by the Blind

TO: DCSC, DESC, DGSC, DISC, DPSC

1. The National Meeting of Board Members from National Industries for the Blind Affiliated Agencies, held in Washington, D.C., 12-14 May 1968, was attended by the Director of DSA. Among the principal subjects discussed at the meeting was the potential for increased production of products through broader coverage of items required by the Government. Considerable interest was expressed in production of new items by automatic or semi-automatic equipment capable of operation by the blind.
2. Accordingly, it is requested that a review be made of the Federal Classes of items procured by your Center and that a list of those items considered susceptible to such production be forwarded to DSAH-PC no later than 29 May 1968. Items previously submitted for consideration should not be included in the listing.

FOR THE DIRECTOR:

ROBERT E. LEE
Brigadier General, USAF
Executive Director
Procurement & Production

NOV 6 1967

MEMORANDUM

TO : Regional Directors, FSS
Regions 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10

FROM : Commissioner, FSS

SUBJECT: GSA relationships with Workshops for the Blind

At a recent meeting of the Committee on Purchases of Blind-Made Products, the Chairman, based upon his conversations with the management of various Workshops throughout the country, asked all members of the Committee to take steps to improve the communications between our respective field activities and the Workshops. He suggested that most Government agencies could be of help to the Workshops in many ways in addition to their normal procurement of blind-made items as required by statute.

During the Annual Meeting of the Council of Workshops here in Washington two weeks ago, the Deputy Administrator was the keynote speaker. He encouraged the Workshops to look to GSA for assistance, mentioning specifically the areas of quality control and warehouse operations. These two areas were mentioned for the reason that Roger Carroll gave a presentation during the convention on quality control, and Region 3 hosted a visit to the warehouse at Franconia.

I heartily agree that we can be of considerable help to the various Workshops and urge you to take appropriate steps. First among these should be to get in touch with the managers of the Workshops in your Region. A list of these people, including the principal products they make and supply to us, is attached.

Roger Carroll's presentation urged the Workshop managers to install adequate in-process quality control for the advantages which will accrue to them as manufacturers. He offered the assistance of our

Regional Quality Control Divisions for advice and consultation. Of course, he also urged those Shops which have not done so to become qualified for the Quality Assurance Program.

During the visit to Franconia, a number of people expressed interest in computer operations, paper work, and materials handling.

Your people have sufficient expertise to be of real help to the Workshop managers. They are trying to improve their own operations by the adoption of modern business practices wherever possible. In addition to our desire to assist in a program to aid the handicapped, we also have a selfish motive in that improvement of their operations automatically improves a very important source of supplies to us. Consequently, I would appreciate your offering to them any assistance which can reasonably be given. Visits by you personally and by key members of your staff to the Workshops, and visits to your operations by Workshop personnel, may well open up areas other than those I have mentioned in which we can be of assistance.

With a few exceptions, our operating relationships with the Workshops, and the type of items which they supply, have changed little over the years while many of our supply concepts and most of our operations have changed drastically. I would be most interested in your observations as to any changes which may be in order and any new long-range plans or objectives which might be useful in improving or expanding the Workshop program for the benefit of the blind.

I would appreciate your personal attention to this matter and would like to hear from each of you the nature of your accomplishments in order that they may be passed on for the information of other Regions.

(Signed) H. A. Abersfeller

H. A. Abersfeller

Enclosure

cc:

Official File - FM ✓

F

Regional Administrators

Regions 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10

FMQ

FM:LFDonahue/slb/11/2/67 5264

FM

Memorandum

Region 1

Boston, Massachusetts 02109

TO : Commissioner
Federal Supply Service

Date: January 9, 1968

FROM : Regional Director
Federal Supply Service

SUBJECT: GSA relationships with
Workshops for the Blind

In reply refer to: 1F

John Cragen, Supervisory General Commodities, QCR, and I visited the office of the Commissioner for the Massachusetts Blind on January 8, 1968. Mr. Sidney Hoffman, Field Manager for the Cambridge Workshop for the Blind, also attended this meeting.

We had an excellent and most enlightening discussion regarding their operations. I regret that we did not personally get in touch with them some time ago.

They are keenly interested in our Quality Assurance program, and immediate action will be taken to assist them in qualifying. We do not anticipate any problems in this area since we recently completed a survey of their Cambridge Workshop.

Representatives of the Massachusetts Commission for the Blind plan to visit our Depot on January 25, 1968. We plan to show the film "Not By Magic" and take them on a conducted tour. We will also make a presentation covering the mission of GSA and, of course, offer any assistance in material handling, etc. The following week we plan to visit their Cambridge Workshop. During the tour they also intend to examine our stock for the purpose of checking items we carry which they might be able to manufacture. They are especially interested in items "home bound" people might be able to manufacture in their homes. We also plan to invite representatives of the Vermont Workshop for the Blind.

The Massachusetts Commission is unique, since they do not necessarily have to show a profit since they are subsidized by the State. As a result they employ people who could not possibly work anywhere else. When they do develop employees to a point where they are employable, they refer them to private industry. Approximately 100 people transfer to private industry each year as a result of this program.

We will keep you informed as to our progress in this program.


D. K. Mitchell

Memorandum

TO : Commissioner, FSS
Washington, D. C. 20405

Date: January 10, 1968

FROM : Regional Director, FSS
New York, N. Y. 10007

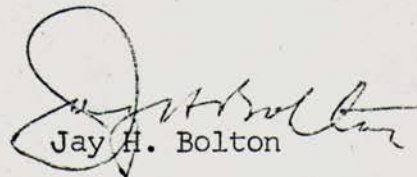
In reply refer to: 2F

SUBJECT: GSA Relationships with Workshops
for the Blind (November 6, 1967)

As you can see by the enclosed copy of a letter addressed to the Workshops for the Blind, I hope to complete my contacts and have something meaningful to report next month.

During "Employ the Handicapped Week" in November 1967, Region 2 hosted a display of exhibits of a number of organizations promoting employment of handicapped people. Our blind warehouseman from Belle Mead displayed his talents in stuffing, closing, sealing and labeling bin repacks for the New Jersey Commission for the Blind.

In discussions with the New Jersey Commission people I mentioned the desire to find additional duties for blind personnel in our warehouses and the Peace Corps Booklocker project which was decided upon by N.I.B. as the type of project that could be handled by a Workshop. As you will recall, negotiations at the Washington level fell through last year. In any event it is planned that people from the New Jersey Commission will review our operations and also take a look at the Booklocker project.


Jay H. Bolton

Enclosure



RECEIVED
JAN 15 3 40 PM '68

RECEIVED
JAN 15 1968

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

929

FEDERAL SUPPLY SERVICE
30 Church Street

January 10, 1968

2F

Mr. Howard T. Jones
Executive Secretary
Delaware Commission for the Blind
305 West Eighth Street
Wilmington, Delaware 19801

Dear Mr. Jones:

In speaking before the Council of Workshops for the Blind during the last annual meeting in Washington, the GSA Deputy Administrator pledged assistance to the Workshops in specific areas related to our supply programs such as quality control and warehouse operations.

The Commissioner, Federal Supply Service, who is a member of the Committee on Purchases of Blind-Made Products, has asked that I contact you in furtherance of this aim, not only to maintain the good working relationships we have had in the past but to improve our communications and knowledge of each others programs and operations.

I would like very much to visit your activity to explain the several areas in which we may be of assistance and to extend a personal invitation to you and your staff to visit our GSA operations. Any date after January 24, 1968, meeting your convenience, will be satisfactory if you will grant me the privilege of some flexibility in establishing an itinerary covering other Workshops as well.

Sincerely yours,

(Signed) Jay H. Bolton

Jay H. Bolton
Regional Director

cc: H. A. Abersfeller - F / See attached list of addressees receiving
Edward V. Kline - 2A this letter.
Official File
Reading File

Jay H. Bolton/ck-1/10/68

REGION 2

DELAWARE

Delaware Commission for the Blind
305 West Eighth Street
Wilmington, Delaware 19801
(302) OL 5-4444

Howard T. Jones, Exec. Secy.
H. B. Marshall, Shop Foreman

Mats, rubberized fabric
Mats, rubber link
Towel, paper, industrial
Washcloth, disposable

NEW YORK

Blind Work Association, Inc.
56 Water Street
Binghamton, New York 13901
(607) RA 4-2428

James F. Zinck, Managing
Director

I. H. B. Industries, Industrial Home
for the Blind
57 Willoughby Street
Brooklyn, New York 11201
(212) 522-2122

John F. Brady, Exec. Dir.
Thomas P. Gilleran, Bus. Mgr.
Edward Gates, Production Mgr.

Pillowcases

Belts, auto and trousers
Brushes, sanitary, I and II
Clothes stops
Handles, spring lever, screw
type (steel and wood)
Mophead, dusting, 360° swivel
Mophead, cotton, tanglefree
Mops, cellulose, cotton-PBS,
cotton, elliptical, dry,
triangular
Straps, patient
Swabs, deck

Lighthouse Industries/New York
Association for the Blind
36-20 Northern Boulevard
Long Island City, New York 11101
(212) ST 4-0106

Carl E. Olsen, Dir. of Industries
Eli Opitz, Production Mgr.

Brooms, corn and rattan
Brushes, cleaning-aircraft,
dusting-bench, floor sweep,
scrub-floor, shoe and stove
Mops, cotton
Pillowcases

NEW YORK (continued)

The Jewish Guild for the Blind
1880 Broadway
New York, New York 10023
(212) CI 6-3341

Mrs. Sidney E. Pollack, Adm. Dir.
Miss Helen Cashriel, Supervisor

Aprons, food handling
Drapes
Pillowcases
Sheets, crib
Wrappers

PENNSYLVANIA

Bucks County Association for the Blind
171 South Main Street
Doylestown, Pennsylvania 18901
(215) 348-4331

Mrs. Ruth A. Stymiest, Exec. Dir.

Chester County Branch
Pennsylvania Association for the Blind
71 South First Avenue
Coatesville, Pennsylvania 19320
(215) DU 4-2767

Reginald D. Henry, Exec. Dir.

Delaware County Branch
Pennsylvania Association for the Blind
100 West 15th Street
Chester, Pennsylvania 19013
(215) TR 4-1476

William J. DeAngelis, Managing Dir.

Brush, sanitary, curved
Mats, rubber link
Mops, cotton
Mops, triangular
Pillowcases
Portfolios, plastic

Pittsburgh Branch
Pennsylvania Association for the Blind
308 Craig Street
Pittsburgh, Pennsylvania 15213
(412) MU 2-5600

James L. Wrigley, Director

Aprons, food handling
Brooms, corn and fiber
Pillowcases
Tourniquets

Tri-County Branch
Pennsylvania Association for the Blind
2336 North Third Street
Harrisburg, Pennsylvania 17110
(717) CE 8-2531

Miss Nance Pugh, Exec. Dir.

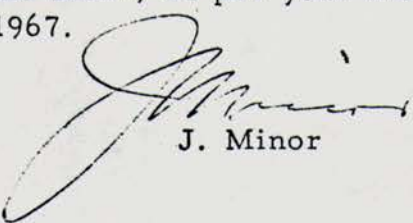
Kits, Spectro-Analysis Oil

PENNSYLVANIA (continued)

Venango County Branch
Pennsylvania Association for the Blind
406 West First Street
Oil City, Pennsylvania 16302
(814) OI 5-7221
William S. Banko, Exec. Dir.

The Working Blind
36th Street and Lancaster Avenue
Philadelphia, Pennsylvania 19104
(215) EV 6-2333
Neale Curtin, Exec. Dir.
David LaCrosse, Sheltered
Workshops Director
Jack Fireoved, Controller

Brooms, corn, rattan and whisk
Brushes, Chassis, floor sweep,
scrub (pot and sink), wire
scratch (II only)
Caps, cooks and bakers
Cloths, dust
Mops, cotton and cellulose
Pillowcases
Scabbards, bayonet
Swabs, deck

GENERAL SERVICES ADMINISTRATION ROUTING SLIP											
TO	CO	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
NAME/TITLE						CORRESPONDENCE SYMBOL					
1. Mr. H. A. Abersfeller - F						G.S. Bldg. 5141					
2.											
3.											
4.											
5.											
☐ ALLOTMENT SYMBOL ☐ HANDLE DIRECT ☐ READ AND DESTROY ☐ APPROVAL ☐ IMMEDIATE ACTION ☐ RECOMMENDATION ☐ AS REQUESTED ☐ INITIALS ☐ SEE ME ☐ CONCURRENCE ☐ NECESSARY ACTION ☐ SIGNATURE ☐ CORRECTION ☐ NOTE AND RETURN ☐ YOUR COMMENT ☐ FILING ☐ PER OUR CONVERSATION ☒ YOUR INFORMATION ☐ FULL REPORT ☐ PER TELEPHONE CONVERSATION ☐ ☐ ANSWER OR ACKNOWLEDGE ON OR BEFORE _____ ☐ PREPARE REPLY FOR THE SIGNATURE OF _____											
REMARKS Abby, This is the first step in our intention to be of any assistance to the Blind, as per your memo of November 6, 1967.  J. Minor											
FROM	CO	R1	R2	(R3)	R4	R5	R6	R7	R8	R9	R10
NAME/TITLE						CORR. SYMBOL		BUILDING, ROOM, ETC.			
						3F		7036			
						TELEPHONE		DATE			
								11/15/67			

3F

NOV 15 1967

Mr. LeRoy F. Saunders, Sup't
Virginia Workshop for the Blind
1102 Monticello Road
Charlottesville, Va. 22902

Dear Mr. Saunders:

I am sorry that I was out of town when the Council of Workshops was held in Washington recently and thus, did not get with your group or participate in your tour of our Franconia Depot. I am told that the Deputy Administrator has encouraged the workshops to look to CSA for assistance in the areas of quality control and warehouse operations.

I wish that you would consider this an invitation from me to communicate with us on any problem in which you feel we might be of some assistance. We have field quality control representatives who would be available to call upon your plant to be of assistance in the areas of quality control, packaging, marking, specifications, etc. You are probably already aware of our Depot Program and if there are any aspects of this program which you care to discuss with me or members of my staff, we will be happy to be of assistance.

Sincerely,

(Signed) J. Minor

J. Minor
Regional Director

cc:

Official File - 3F

Mr. Abersfeller - F ✓

Mr. Simmons - 3FQ

Mr. DeRossi - 3FS

3F:JMinor/mls 11/15/67

3F

NOV 15 1967

Mr. Wm. T. Coppage, Director
Va. Comm. for the Visually
Handicapped
3003 Parkwood Avenue
Richmond, Va. 23211

Dear Mr. Coppage:

I am sorry that I was out of town when the Council of Workshops was held in Washington recently and thus, did not get with your group or participate in your tour of our Franconia Depot. I am told that the Deputy Administrator has encouraged the workshops to look to GSA for assistance in the areas of quality control and warehouse operations.

I wish that you would consider this an invitation from me to communicate with us on any problem in which you feel we might be of some assistance. We have field quality control representatives who would be available to call upon your plant to be of assistance in the areas of quality control, packaging, marking, specifications, etc. You are probably already aware of our Depot Program and if there are any aspects of this program which you care to discuss with me or members of my staff, we will be happy to be of assistance.

Sincerely,

(Signed) J. Minor

J. Minor
Regional Director

cc:

Official File - 3F

Mr. Abersfeller - F ✓

Mr. Simmons - 3FQ

Mr. DeRossi - 3FS

3F:JMinor/mls 11/15/67

3F

NOV 15 1967

Mr. William Barall, Director
Maryland Workshop for the Blind
2901 Strickland Street
Baltimore, Md. 21223

Dear Mr. Barall:

I am sorry that I was out of town when the Council of Workshops was held in Washington recently and thus, did not get with your group or participate in your tour of our Franconia Depot. I am told that the Deputy Administrator has encouraged the workshops to look to GSA for assistance in the areas of quality control and warehouse operations.

I wish that you would consider this an invitation from me to communicate with us on any problem in which you feel we might be of some assistance. We have field quality control representatives who would be available to call upon your plant to be of assistance in the areas of quality control, packaging, marking, specifications, etc. You are probably already aware of our Depot Program and if there are any aspects of this program which you care to discuss with me or members of my staff, we will be happy to be of assistance.

Sincerely,

(Signed) J. Minor

J. Minor
Regional Director

cc:

Official File - 3F

Mr. Abersfeller - F ✓

Mr. Simmons - 3FQ

Mr. DeRossi - 3FS

Mr. DeRossi - 3FS

3F:JMinor/mls 11/15/67

3F:JMinor/mls 11/15/67

3F

NOV 15 1967

Mr. J. Arthur Johnson, Exec. Dir.
Columbia Lighthouse for the Blind
2021 14th Street, NW
Washington, D.C. 20009

Dear Mr. Johnson:

I am sorry that I was out of town when the Council of Workshops was held in Washington recently and thus, did not get with your group or participate in your tour of our Franconia Depot. I am told that the Deputy Administrator has encouraged the workshops to look to GSA for assistance in the areas of quality control and warehouse operations.

I wish that you would consider this an invitation from me to communicate with us on any problem in which you feel we might be of some assistance. We have field quality control representatives who would be available to call upon your plant to be of assistance in the areas of quality control, packaging, marking, specifications, etc. You are probably already aware of our Depot Program and if there are any aspects of this program which you care to discuss with me or members of my staff, we will be happy to be of assistance.

Sincerely,

(Signed) J. Minor

J. Minor
Regional Director

cc:

Official File - 3F
Mr. Abersfeller - F/
Mr. Simmons - 3FQ
Mr. DeRossi - 3FS

3F:JMinor/mls 11/15/67

Memorandum

Region 4

Atlanta, Georgia 30309

TO : Commissioner, FSS (F)
GS Building
Washington, D. C.

Date: December 29, 1967

FROM : Regional Director, FSS (4F)

In reply refer to:

SUBJECT: GSA relationships with Workshops for the Blind
(Your memo 11/6/67)

There are twenty Workshops for the Blind in this region. Letters have been addressed to the Managers of each of these workshops referencing the recent meeting of the Committee on Purchases of Blind-Made Products, and the comments made by the Deputy Administrator and the Director, Quality Control Division, and offering our complete cooperation and assistance in any matters where our expertise may be advantageous for their operations.

An invitation was also extended to each Manager to visit our Depots/Annex, as well as the Laboratory to observe operations with modern materials handling equipment, the dragline conveyor system, and the various storage aids which are used in these operations. The matter of quality assurance techniques was also mentioned and we plan in this connection to have our field QCR's visit each workshop to render assistance in establishing good quality control methods.

Each Manager was requested to advise me at an early date regarding the subjects in which they are interested and if their requests cannot be handled satisfactory on an individual basis, we proposed to establish a seminar in which all may participate. We will report to you later regarding the results of this initial effort.


F. G. Moyer



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

778

Memorandum

Region 6

Kansas City, Missouri 64131

TO : Commissioner, FSS - F

Date: December 1, 1967

FROM : Regional Director, FSS - 6F

SUBJECT: GSA relationships with Workshops for the Blind
In reply refer to: 6FQ

Your memorandum of November 6, 1967, regarding relationships with Workshops for the Blind highlights a situation we have discussed from time to time here in our Region.

Including the Minneapolis Society for the Blind, which does not appear on the attachment to your November 6, 1967, memorandum, we have eight workshops. All eight of the workshops have an acceptable inspection system for both in-process and end item procedures. This was not achieved overnight. In the past three years our Quality Control people have spent numerous hours in assisting and guiding the workshop people in the development of a workable inspection system.

However, only one of the eight workshops have arrangements for the testing of their products. The Kansas Industries for the Blind, Kansas City, Kansas, is the only workshop in our Region qualified for the Quality Assurance Program.

The advantages of the Quality Assurance Program have been explained to the heads of the various workshops. They have weighed these advantages against the additional cost of installing test facilities or making arrangements to have their products tested. The seven workshops feel the additional cost entailed in the testing of their products is not compensated by the Quality Assurance Program advantages. As a result these workshops are handled on a lot by lot basis.

As you pointed out in your memorandum, we are required by statute to procure blind-made items. The provisions of GSA Form 1424 are not applicable in our procurement with the workshops. Therefore we cannot insist the workshops install a complete Quality Control system, including testing required by the various Federal Specifications involved.

In reviewing the list of Quality Assurance Suppliers nation wide we find several workshops listed. The question then arises just what techniques are some of the other Regions using in urging the workshops to voluntarily install complete Quality Control systems?

In order to improve our Quality Assurance Program position, we are in a receptive mood for any information that can be supplied on this subject. I suggest the subject of GSA relationships with Workshops for the Blind be a subject for discussion at our forthcoming Conference.

D. J. Ariagno
D. J. Ariagno

DEC 19 1961
DEC 19 1961
DEC 19 1961

Memorandum

Region 7

Fort Worth, Texas 76102

TO : Commissioner, FSS - F

Date: MAR 1 1968

FROM : Regional Director, FSS - 7F

In reply refer to:

SUBJECT: Seminar - Sheltered Workshops Association of Texas
Houston, Texas; February 23, 1968

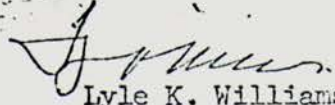
In compliance with your memo dated November 6, 1967, subject, "GSA relationships with Workshops for the Blind," we have contacted all workshops in our area and offered consultation and assistance.

As a result of these contacts and offers of assistance, Mr. Floyd T. Hafley, Secretary, Sheltered Workshops Association of Texas, formally invited representatives from FSS to attend subject seminar. The workshop attendees represented Associations for the Blind in Texas, and also the National Association for the Blind in Washington, D. C.

Representatives from FSS were the Chief, Buying Division and Supervisory Quality Control Representative. Presentations were made on Buying Division's policies and a complete review of bidding requirements. The presentation also pointed out that primarily the workshops obtained all orders through National Industries for the Blind even though individual workshops are authorized to bid on an individual basis on any items they are capable of manufacturing. Emphasis was placed on the importance of understanding all of the requirements in the IFB and the assurance that the quantity required could be manufactured within the delivery time specified.

The SQCR gave a resume' of things to be considered from a quality standpoint when bidding on Government contracts and emphasized the necessity for a full understanding of the terms of IFB including all referenced specifications. Further emphasis was placed on assurance that raw material and/or components that meet specifications are readily available within the required time frames. The GSA Quality Assurance Program and the requirements for an adequate quality control system were also discussed.

All attendees were extended an open invitation to visit the Regional Office in Fort Worth and to feel free to contact FSS any time they had a need for assistance. The workshop representatives expressed their appreciation for the presentations and indicated they felt the meeting had been beneficial in providing a better understanding of GSA Buying and Quality Control programs.


Lyle K. Williams

692

*Memorandum*Region 8
Denver, Colorado 80225TO : Commissioner, FSS - F
Washington, D. C.

Date: November 16, 1967

FROM : Regional Director, FSS - 8F
Denver, Colorado

In reply refer to: 8F

SUBJECT: GSA relationships with Workshops for the Blind

In reply to your memorandum of November 6, there is attached a memorandum of the Chief, Quality Control Division, Region 8, describing the actions already taken by this region in assisting the several blind industry establishments in our territory.

Mr. King's report, I believe, clearly indicates that we have established and are maintaining warm close relationships with the blind shops. It is apparent, however, that we have not heretofore offered technical assistance in areas other than quality control. We are instituting plans to do this. Each regional official--SDD, Procurement, and Quality Control--scheduled to visit the area of a blind shop will be required to call on the manager to express and reiterate our desire to be of assistance to the blind industries. In addition, during visits to regional locations I plan to call on the managers myself. We will, of course, extend a cordial invitation to blind industries officials to visit our operations and to call on us whenever they have occasion to be in the Denver area.

Although it is apparent that we enjoy warm personal relationships with some blind facilities, we will take necessary steps to broaden this to include all shops in our region and all technical services we are qualified to provide.


N. A. VITALE

Enclosure



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Memorandum

Region 8
Denver, Colorado 80225

TO : Regional Director, FSS-8F

Date: November 14, 1967

FROM : Chief, Quality Control Division, FSS-8FQ

In reply refer to:

SUBJECT: GSA Relationships with Workshops for the Blind

In conformance with the request in the Commissioner's memorandum dated November 6, 1967 on the above subject, we submit the following as accomplishments of Region 8 Quality Control Division towards improvement of GSA - Industries for the Blind located in our region.

Except for the two visually handicapped services in Utah, all of the Blind Industries in Region 8 are now operating under our Quality Assurance Program. The Division of Rehabilitation for the Blind, 100 W. 7th Avenue, Denver, Colorado entered into our Quality Assurance Program on December 3, 1962; the New Mexico Industries for the Blind, Albuquerque Training Center, 2200 Yale Boulevard, S. E., Albuquerque, New Mexico on October 2, 1963; New Mexico Industries for the Blind, Alamogordo Branch, Alamogordo, New Mexico on April 18, 1966, and the Arizona Industries for the Blind, 3013 West Lincoln Street, Phoenix, Arizona on July 16, 1962.

As we have never received a request for inspection of merchandise at the two Divisions for Rehabilitation of the Blind in Utah, we were unaware of those locations until we received the recent memorandum. However, we have instructed Mr. Robert W. Sanders, Jr., our Quality Control Representative in Clearfield, to arrange for a visit to both of these installations in the very near future, and offer our assistance for advice and consultation. As this memorandum does not state what class of materials the Utah services manufacture, if any, we have instructed Mr. Sanders to acquire this information for us.

Our business relations with the Industries for the Blind in Region 8 have already been excellent. As Chief of the Quality Control Division, I was invited to attend the National Industries for the Blind Skillcraft Sales Seminar held at the Broadmoor Hotel in Colorado Springs, Colorado on April 28, 1966. During this meeting I had the opportunity to meet personally all of the Managers of the Industries for the Blind in our region. At the meeting, I invited all managers to visit the Federal Supply Services installations in Denver, Colorado, and indicated we would be happy to assist them in every way possible should they request information requiring interpretations to specifications, etc.



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan



Mr. and Mrs. Mark Shoesmith of the Alamogordo Training Center visited this office about June of 1966, and were interested in manufacturing a new item, Desert Water Bags. We provided them with the applicable specifications and gave them a sample of the item for examination. We also explained to them at that time, all of the intricacies in testing, manufacturing, and sources of raw materials. Since that time, they have been manufacturing this item on a national basis.

As our Quality Control Representatives are required to visit these installations at least once every two months, we will make a special effort to restate GSA's policies with respect to the Commissioner's memorandum at each of our installations, and assist them in any area wherever possible.

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Exhibit C

COMMITTEE ON PURCHASES OF BLIND-MADE PRODUCTS

Definition of "fair market price" and other related policy as necessary to guide those aiding the Committee in the determination of prices.

Approved by the Committee on Purchases of Blind-Made Products at its meeting on December 17, 1964.

THE PROBLEM

To develop guidelines for carrying out the responsibility placed upon the Committee on Purchases of Blind-Made Products by the Wagner-O'Day Act "to determine the fair market price of all brooms and mops and other suitable commodities manufactured by the blind and offered for sale to the Federal Government" and "to revise such prices from time to time in accordance with changing market conditions" and to bring the procedures involved into accord with current conditions.

FACTS BEARING ON THE PROBLEM

The commodities "offered for sale to the Federal Government" include those for Government use and those for the military resale program. These include both items that are similar to ones offered in the commercial market and those that have no counterpart in the commercial market.

The prices of commodities for Government use are on an f.o.b. origin basis and those for the military resale program are on a delivered basis and include a time discount.

A distinction is made, in some instances, between the prices for the eastern and western areas.

Since 1950 it has been the practice for the Committee to avail itself of the assistance of Government personnel in the review and analysis of prices.

The statute provides "That no change in price shall become effective prior to the expiration of fifteen days from the date on which such change

is made by the Committee." This does not affect the determination of prices but prevents their retroactive application.

DISCUSSION

It is suggested that "fair market price," as used in the statute concerning blind-made products, means a reasonable price, based on current, valid market transactions, with particular reference to the median price at which the product is bought and sold in the commercial market where there is such market for the product. With respect to products which do not have a commercial market, an accounting approach is suggested with consideration to be given to the cost of production, capital expenditure and expansion, a reasonable wage for the blind employees and other considerations as mentioned below.

The legislative history of the statute, the majority of which is found in the House Debate on S. 2819 (which became the Wagner-O'Day Act), June 13, 1938, Congressional Record, Vol. 83, 75th Congress, 3rd Session, pp. 9110-9116, does provide some guidance with respect to the method to be used in arriving at a fair market price in accordance with the statute. However, such guidance is based upon some assumptions which, at this time, are not totally valid. First, the emphasis by the sponsor of the bill, Representative Ianzetta, is almost totally upon mops and brooms. Secondly, Representative Ianzetta and others stated that the competition in this area was only among various industries for the blind whose prices were so low that no commercial firm could compete; thus, private industry offered no objection to this legislation. Representative Ianzetta later

stated that should machinery be developed which would enable private industry to compete, a change in the statute would be necessary.

However, as time has passed, two conditions present in 1938 have changed. First, commercial enterprises can compete effectively with blind industries, and secondly, many products in addition to mops and brooms are offered by blind industries. Because of this, the assumptions upon which certain interpretations of the statute have been based are not totally valid today, and it would thus seem best to approach the problem by considering the purpose of the statute in light of present conditions. The legislative history found in the House Debate on S. 2819, cited above, does demonstrate that the statute was intended to aid the blind by enabling them to be adequately compensated for their products purchased by the Government. Thus, a requirement of determining a "fair market price" was placed upon the Committee. Proper analysis of the meaning to be given "fair market price" by the Committee, in accordance with 41 U.S.C. 47, suggests that a distinction be made between products which have a commercial market and products which do not.

Products With a Commercial Market. As to what Congress meant by "fair market price" and its application, the following statements of Representative McGranery, House Debate on S. 2819, supra, at p. 9115 are enlightening:

"They (the Committee) will establish what is a fair price for their (the blind) products. It may be above or it may be below the price submitted by some private industry."

In response to a query by Representative Crawford as to the consequence of the blind-made products price being above that of a private firm, Representative McGranery replied: "This committee will see to it,

as I understand the bill, that the blind people get the work." These statements indicate that "fair market price" was not to be the lowest price available in the commercial market, and the purpose of the legislation as aiding the blind justified this conclusion.

The courts in interpreting the meaning of "fair market price" have arrived at the criterion of "a price paid by a willing buyer to a willing seller," Montrose Cemetery Co. v. Commissioner of Internal Revenue, 105 F. 2d 238; Ames v. O'Malley, 91 F. Supp. 463.

Assuming a number of such transactions, a "fair market price" at any given time would be a reasonable price, which would not necessarily be either the highest or the lowest price paid, but rather the median price from all of the relevant transactions. Northern Oil Co. v. Industrial Commission, 140 P 2d 329; Orchard v. Simpson, 89 ECL 298, NS 299; Appeal of Pitney, 28 2d 660, Corbin on Contracts, Section 127, 1004.

In fact, where a contract called for a price which was to be the lowest rate paid to large consumers, the court held that lowest rate meant the lowest rate prevailing among such consumers, not absolutely the lowest rate paid by any single large consumer. Sprang v. Rainey, 79 F. 250.

(It should be noted that a number of courts have stated that "fair market price" is the highest price which a seller can obtain in the market where the buyer is willing and not compelled to buy. Wood v. Manufacturing Mutual Insurance Co. 195 A 667; Lind v. Lachman, 154 P. 295; Riegle v. State 186 NE 875)

It would seem that a determination of "fair market price" as required by the statute for a product which has a commercial market should be

founded upon a reasonable price, based on the current market transactions, with particular reference to the median prices currently paid in that market. This is in keeping with the purpose of aiding the blind to achieve adequate compensation for their products, court interpretations of the meaning of "fair market price," and that portion of the legislative history cited above which deals with the meaning of "fair market price."

It should be understood that the commercial market price should be based on the quantity to be purchased by the Government, including any discounts which would normally be given for purchasing in such quantity. Also, there may be situations, where, while a commercial item is suitable to be used as a basis for ascertaining fair market price, it differs somewhat from the item being procured by the Government. When this occurs, such difference should be considered in determining fair market price.

In addition, should the Committee feel it helpful, it would seem proper in arriving at its determination of a "fair market price" for a product with a commercial market to consider the accounting principles presented below with respect to products without a commercial market. Such consideration is pertinent in situations where the market price may be artificially inflated or where, due to the particular nature of the product and the contribution of the blind, it is felt the commercial market price should not be decisive. See John Kay Ltd. v. Kay, 1 All Eng. 813 (C.A.).

It might possibly be argued by those who support an interpretation that "fair market price," as found in 41 U.S.C. 47, means the lowest price at which an item could be purchased on the commercial market that the legislative purpose of aiding the blind was accomplished by the

mandatory purchase requirement found in 41 U.S.C. 48 giving the blind a right of first refusal. It does not seem, however, that Congress intended that this should be the sole advantage given to blind-made products. First, such advantage would have done little for the blind, as at the time the statute was enacted, the only competitors were various blind industries. Secondly, had Congress wanted this right of first refusal to be the only benefit, it could have said so. Thirdly, the advantage of the right of first refusal is found in a separate section of the legislation concerning blind-made products, i.e. 41 U.S.C. 48, whereas the requirement placed upon the Committees to establish a "fair market price" is found in 41 U.S.C. 47. This would perhaps indicate Congress intended two benefits to accrue to the blind, and lends weight to the argument that "fair market price" does not mean simply the lowest price found in the commercial market for the product involved.

Products Having No Commercial Market. It is recommended, that in determining a "fair market price" for products with no commercial market, an accounting criterion should be employed. Where there is no commercial market for the product involved, the Committee is in a position not unlike that of various Federal regulatory bodies concerned with determining rates, tariffs, etc., in that there is no free commercial market for the product of the industries regulated by such administrative bodies. (See 49 U.S.C. 15(1) which authorizes the Interstate Commerce Commission to determine just and reasonable rates for carriers.) In arriving at a determination of a reasonable rate, it is proper for the regulatory bodies to consider the cost of production, labor, raw material and/or components; return on capital investment, depreciation, overhead, and a

reasonable profit (in other words, all facets of the operations are considered in arriving at a proper determination of a reasonable rate). See 13 CJS 281, 288, 292, 298(a) and (b); and 94 CJS, 289(c), 297, 293.

Since the Committee deals with nonprofit organizations, unlike the regulatory bodies, it will not be concerned with the commercial concept of profit but rather with sufficient funds to cover production and labor costs, administrative costs, overhead, capital expenditures to include depreciation, and proper expansion of capital facilities.

We consequently suggest that these criteria may well be used in determining a "fair market price" for blind-made products where there is no established market price. Thus, the Committee should consider cost of production; the approximate cost of commercial sighted labor to perform the same type of work; administrative costs; overhead; cost of raw materials and/or components; capital expenditures to include depreciation, and a reasonable allowance for capital expansion.

In addition, where items which have no real commercial market have been purchased previously by the Government from commercial sources, the price history of these items should be given due consideration. In instances where bids or the equivalent thereof were received in such number to demonstrate competition, the price the Government most recently has paid for such item, taking into account increases and/or decreases in the cost of labor and materials, may be almost conclusive. However, where the price history does not demonstrate a competitive atmosphere, then less emphasis should be placed upon the price previously paid by the Government, and the criteria mentioned above should be employed.

While there may be no commercial market available for a product, it is felt that in almost every case there will be comparable commercial

manufacturing processes involving labor of a similar type to enable a proper determination of the commercial labor costs which would be involved in manufacturing the particular product in question.

With respect to the items of consideration mentioned above, it may be advisable to obtain a certifying statement as to the authenticity of any figures submitted by agencies for the blind. This is especially important as to the cost figures of raw material or components, and it should state that the figures have been submitted after diligent effort to obtain the best price, and that such price is the most recently available, and that any subsequent reduction in such cost factors will be taken into account by the Committee in considering price revisions.

As a quick rule of thumb that may be applied as to the compensation for overhead, return on capital outlay, i.e., those items which are not actual cost items, the prevailing rate of interest may prove helpful.

As we stated earlier, it would be appropriate for the Committee, at their discretion, to take cognizance of these accounting considerations even where there is a commercial market for the product. Whether or not there is a commercial market for the product should affect only the emphasis and the weights to be given certain of the criteria set forth; but should not necessarily eliminate any of them.

RECOMMENDATIONS

We therefore make the following recommendations, to be adopted as a policy of the Committee on Purchases of Blind-Made Products as a guide for members in determining fair market prices and in carrying out the provisions and intent of the Wagner-O'Day Act.

The definition of fair market price must be applied in two different situations. One is for those items which are sold in the market on which specific prices for the finished product may be obtained; the second is for those items which are not sold on the market. This second category may be subdivided into items previously purchased by the Government from commercial sources, and items being purchased by the Government for the first time.

For those on which market data is not obtainable, the price shall be a combination of the cost of commercial labor, material, overhead, depreciation, and 3% for growth of capital assets.* However, in this area, if the Government has previously purchased the item from commercial sources and the price history demonstrates a competitive atmosphere, the most recent price paid for such item should be given much consideration as establishing a fair market price, taking into account increases and/or decreases in the cost of labor and materials.

For items presently sold in the market for which specific prices may be obtained, a "fair market price" should be a reasonable price, based on the current market transactions, with particular reference to the median prices paid in the market considering the quantity being purchased by the Government. The fair market price need not be either the lowest or the

* This figure was derived by averaging figures found in the Quarterly Financial Report for Manufacturing Corporations (published by the FTC-SEC) for the past six years (1958-1963) and figures received from various Workshops for the Blind.

The category of the Quarterly Report used was that of Manufacturers of Non-durable Goods (where figures were available for manufacturers with assets of less than 5 million, such figures were used). While the figures received from Blind Workshops were below the average for commercial industries found by use of the Quarterly Report, it was felt that, at least at present, these figures should be included in deriving the percentage recommended above. These below average figures are attributable to the deferring of costs, presumably because of insufficient capital to permit normal capital expansion.

highest bid price. In determining this reasonable price, it would not be inappropriate to consider the cost of commercial labor, material overhead, depreciation, and an allowance for growth of capital assets as well as any differences between the item being purchased by the Government and the item used as a basis for determining fair market price.

Recommendations for initial price determinations or revisions to established prices may be made by ordering and/or purchasing agencies of the Government and by agencies for the blind through National Industries and will be submitted to the Committee for processing. The Committee will request the price analyzing agency to analyze the proposed price and to make recommendations as to a fair market price. Having received a request for price analysis, the price analyzing agency may contact any source including National Industries with respect to developing its recommended price. If the price analyzing agency concurs with the price proposed, the Executive Secretary will recommend to the Committee that the price be adopted as the fair market price. If the price analyzing agency does not concur with the price proposed, the Executive Secretary shall inform the Committee Chairman. The Committee Chairman shall then appoint three Committee members to act as a Subcommittee, to include a representative of the dominant purchasing agency, which shall have the responsibility for recommending to the Committee a fair market price. Both the agency proposing the price and the price analyzing agency shall furnish the Executive Secretary with the basis for their positions for use by the appointed Subcommittee. The approval of a majority of the Subcommittee is necessary for the adoption of a price recommendation by that Subcommittee.

The approval of a majority of the Committee members is required for the adoption of a price.

Exhibit D

ANNUAL REPORT



1967

NATIONAL INDUSTRIES FOR THE BLIND

ALABAMA

Mobile
Mobile Association for the Blind
Talladega
Alabama Institute for the Deaf & Blind

ARIZONA

Phoenix
Arizona Industries for the Blind

ARKANSAS

Little Rock
Arkansas Lighthouse for the Blind

CALIFORNIA

Berkeley
Berkeley Center, California Industries for the Blind
Los Angeles
Los Angeles Center, California Industries for the Blind
San Diego
San Diego Center, California Industries for the Blind
San Francisco
San Francisco Lighthouse for the Blind

COLORADO

Denver
Division of Rehabilitation for the Blind

DELAWARE

Wilmington
Delaware Commission for the Blind

DISTRICT OF COLUMBIA

Washington
Columbia Lighthouse for the Blind

FLORIDA

Hialeah
Miami Lighthouse for the Blind
West Palm Beach
Lions Industries for the Blind

GEORGIA

Atlanta
Georgia Factory for the Blind
Bainbridge
Georgia Factory for the Blind
Griffin
Georgia Factory for the Blind

HAWAII

Honolulu
Hawaii Shop for the Adult Blind

ILLINOIS

Chicago
Chicago Lighthouse for the Blind

KANSAS

Kansas City
Kansas City Workshop, Kansas Industries for the Blind
Topeka
Topeka Workshop, Kansas Industries for the Blind
Wichita
Kansas Foundation for the Blind, Inc.

KENTUCKY

Louisville
Kentucky Industries for the Blind

LOUISIANA

New Orleans
Lighthouse for the Blind

Shreveport
Shreveport Association for the Blind

MARYLAND

Baltimore
Maryland Workshop for the Blind
Cumberland
Maryland Workshop for the Blind

MASSACHUSETTS

Cambridge
Cambridge Workshop for the Blind

MICHIGAN

Saginaw
Michigan Industries for the Blind

MINNESOTA

Duluth
Duluth Lighthouse for the Blind
Minneapolis
Minneapolis Society for the Blind, Inc.
St. Paul
St. Paul Society for the Blind

MISSISSIPPI

Carthage
Mississippi Industries for the Blind
Jackson
Mississippi Industries for the Blind

MISSOURI

Kansas City
Kansas City Association for the Blind
St. Louis
Lighthouse for the Blind

NEW MEXICO

Alamogordo
Alamogordo Training Center, New Mexico Industries for the Blind
Albuquerque
Albuquerque Training Center, New Mexico Industries for the Blind

NEW YORK

Binghamton
Blind Workers Association, Inc.
Brooklyn
I H B Industries, Industrial Home for the Blind
Manhattan
Jewish Guild for the Blind
Queens
Lighthouse Industries, New York Association for the Blind

NORTH CAROLINA

Asheville
Lions Club Industries for the Blind of Western North Carolina, Inc.
Charlotte
Charlotte Workshop for the Blind
Durham
Lions Club Industries for the Blind, Inc.
Greensboro
Industries for the Blind
Rockingham
Richmond Industries for the Blind
Winston-Salem
Industries for the Blind

OHIO

Cincinnati
Cincinnati Association for the Blind
Cleveland
Cleveland Society for the Blind
Youngstown
Youngstown Society for the Blind & Disabled

OKLAHOMA

Oklahoma City
Oklahoma League for the Blind

OREGON

Portland
Oregon Commission for the Blind

PENNSYLVANIA

Coatesville
Chester County Branch, Pennsylvania Association for the Blind
Chester
Delaware County Branch, Pennsylvania Association for the Blind
Doylestown
Bucks County Association for the Blind
Harrisburg
Tri-Country Branch, Pennsylvania Association for the Blind
Lewistown
Juniata Foundation Branch, Pennsylvania Association for the Blind
Oil City
Venango County Branch, Pennsylvania Association for the Blind
Philadelphia
The Working Blind
Pittsburgh
Pittsburgh Branch, Pennsylvania Association for the Blind

SOUTH CAROLINA

Columbia
Association of the Blind of South Carolina

TENNESSEE

Memphis
A. P. Mills Industries for the Blind
Morristown
Volunteer Blind Industries, Inc.
Nashville
Nashville Workshop for the Blind

TEXAS

Austin
Travis Association for the Blind
Dallas
Dallas County Association for the Blind
El Paso
El Paso County Association for the Blind
Fort Worth
Tarrant County Association for the Blind
Houston
Houston-Harris County Lighthouse for the Blind
San Angelo
San Angelo Lighthouse for the Blind
San Antonio
San Antonio Association for the Blind

UTAH

Salt Lake City
Utah Services for the Visually Handicapped

VERMONT

Montpelier
Vermont Workshop for the Blind

VIRGINIA

Charlottesville
Virginia Workshop for the Blind
Richmond
Virginia Commission for the Visually Handicapped

WASHINGTON

Seattle
Lighthouse for the Blind, Inc.

WISCONSIN

Milwaukee
Industries for the Blind
Wisconsin Workshop for the Blind

SHOPS ASSOCIATED WITH

NIB

REPORT FROM THE EXECUTIVE VICE PRESIDENT

In the year ended June 30, 1967, NIB fulfilled its pledge of expanded service to associated industrial shops and started an even broader program toward the objective of providing more and more work to blind persons. NIB and the 78 shops made significant strides toward this goal in 1967, building on the results of the five-year program initiated in 1961 and summarized in last year's Annual Report.

There is no more significant measure of the success of the NIB program than the total amount of wages earned by blind workers. In the year just concluded this figure increased more than in any previous year in the program's history. This is graphically illustrated by the chart at the right, which shows total wages to blind workers of \$8,776,000. We are especially gratified that a significant portion of these increased earnings went to 200 multi-handicapped blind workers who were served last year for the first time by the associated shops.

The average hourly wage and total man-hours of employment of blind workers also climbed to record highs in fiscal 1967. Sales by NIB-associated shops reached \$54,062,000.

This report describes how NIB conducted its mission to increase the employment of blind workers in 1967 . . . by developing new products, innovations in manufacturing, new consumer markets, new areas for contract performance with government and industry, and improved rehabilitation procedures.

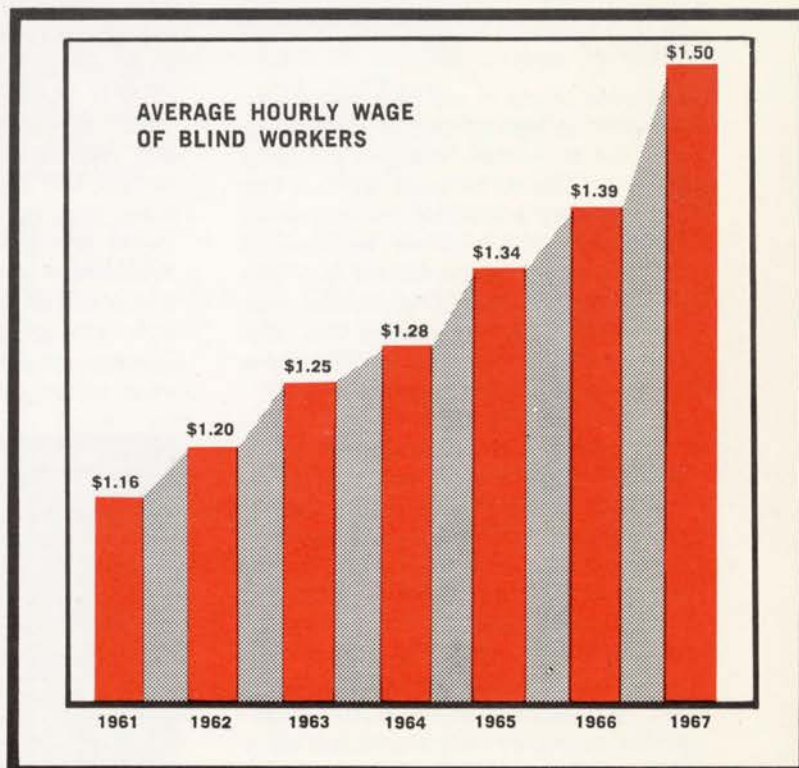
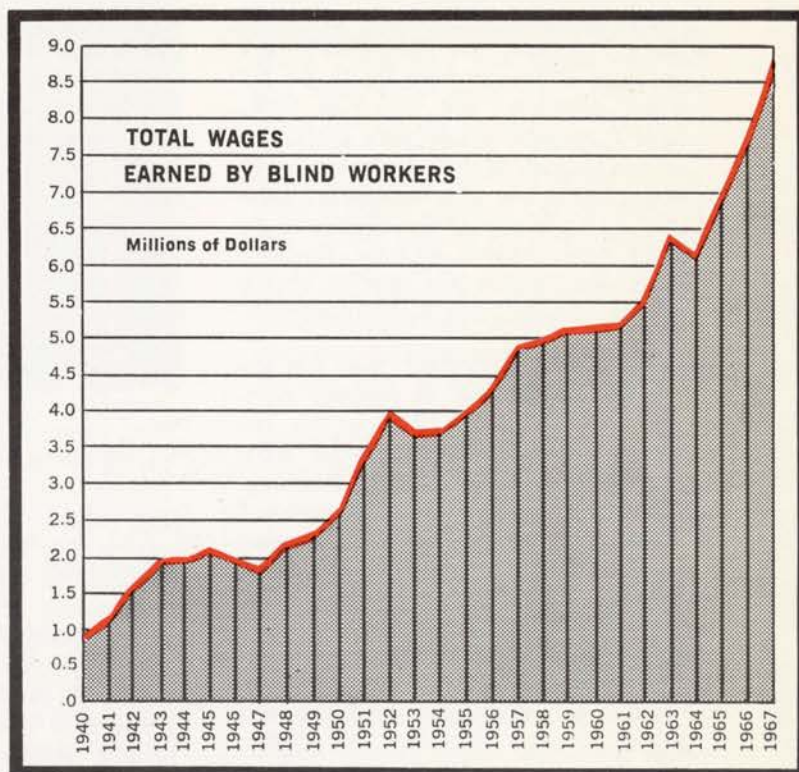
One major step forward in 1967 was the acquisition of the assets in Hazlehurst, Mississippi and Milwaukee, Wisconsin of a leading housewares manufacturer, The Modglin Company. This new NIB affiliate, incorporated in Mississippi as Modglin-Maid, Inc., will provide associated shops with new product lines, modern production equipment, model training facilities for blind workers, and a more economical source of certain components. Long-term plans were formulated over the past year to utilize this new facility in achieving the objectives of NIB and the associated shops. Other highlights in this year of continued growth included plans and budgeting for the establishment of an expanded marketing and research and development center in St. Louis, increased technical assistance and coordination of production at shop level, and closer liaison with government agencies to facilitate the rehabilitation of multi-handicapped blind persons within the structure of the shop program.

The entire fiscal, accounting and data reporting systems at NIB were automated during 1967 and a specialist in corporate financial management was appointed to head up and reorganize the Finance Division. Reassessment of NIB's financial role clearly indicated the need for electronic data processing to maintain sound fiscal control and to meet the massive and constantly expanding statistical requirements of Government and consumer sales programs and central purchasing.

We applaud the associated shops for their outstanding performance in 1967 and wish to express our appreciation to the many groups who have wholeheartedly supported our objectives. To the President's Committee on Purchases of Blind-Made Products, the General Council of Workshops for the Blind, the Vocational Rehabilitation Administration, the Wage and Hour Division of the Department of Labor, the trade organizations and professional associations with which we work, and the numerous agencies serving the blind community . . . we offer sincere thanks and pledge continued improvement and expansion of services from National Industries for the Blind.

R. C. Goodpasture

ROBERT C. GOODPASTURE
EXECUTIVE VICE PRESIDENT



DEVELOPING NEW PRODUCTS

In 1967 ten new items were added to the Government's Schedule of Blind-Made Products, the SKILCRAFT rack line was increased from 62 to 84 different products, and four new SKILCRAFT household aids were placed on sale in Military Stores. A new-type plastic broom is one of a number of products being successfully developed by NIB's newly-created affiliate, Modglin-Maid, Inc., which are now or shortly will be manufactured by blind workers.

Perhaps more important than the impressive list of new or restyled products introduced in 1967 is the improved system and sequence for product research, test production, technical assistance and project management established by NIB over the past year.

At NIB's new Research and Development center in St. Louis, designers, engineers and technicians will transform ideas for new products into prototypes. Each prototype, modified and proven through laboratory procedures, will be qualified for test production only when approved both by R & D and by NIB's market-oriented management people.

Approved products are then test manufactured either in NIB's Hazlehurst, Miss. or Milwaukee Modglin plants or in an associated shop. If an item can be produced efficiently in volume by blind workers, consumer response is tested via NIB's supermarket rack program. If the product generates adequate sales, volume orders are allocated to associated shops and three NIB service divisions go into action.

Technical Assistance engineers help the shops plan, install and operate an efficient production system. Project Management sets quality standards for the new product, furnishing detailed specifications, cost studies and cost reduction procedures. Production Coordination correlates the rate of production and market demand to assure that volume requirements for supermarket racks, military stores, workshop retail programs and other consumer marketing operations are fulfilled on schedule. The progress these still-developing departments have already made is amplified in the following section.

INNOVATIONS IN OPERATIONS

NIB Technical Assistance engineers visited 42 associated shops in fiscal 1967 to help train blind workers in the operation of new machinery, to assist in planning production layouts, installing or repositioning equipment, and revising manual operations and materials handling to improve work flow. The Project Management Department, in its first full year of operation has gone far beyond the furnishing of product specifications and cost data. Project Management analysts provided shop foremen with detailed guides to the production of specific products, operations breakdowns, freight rates and cost-saving procedures. Including feasibility studies and cost analyses, more than 150 reports were prepared by the department in 1967. Project Management assisted the various NIB sales divisions in securing price increases on many products made for the Government and for retail consumers. The department's work with the General Services Administration to bring more shops into the Quality Assurance Program and its study of the effect of the new minimum wage were particularly valuable.

Production Coordination made repeated visits to shops and to the four SKILCRAFT marketing branches during 1967, to coordinate the development and procurement of finished products for the NIB retail sales programs. Besides insuring that production requirements are fulfilled on schedule, the department is devoted to an equitable allocation of orders for finished products among agencies for the blind. Through its efforts several new shops were added to the SKILCRAFT rack

merchandising program in 1967, and others will be added as marketing and merchandising programs permit.

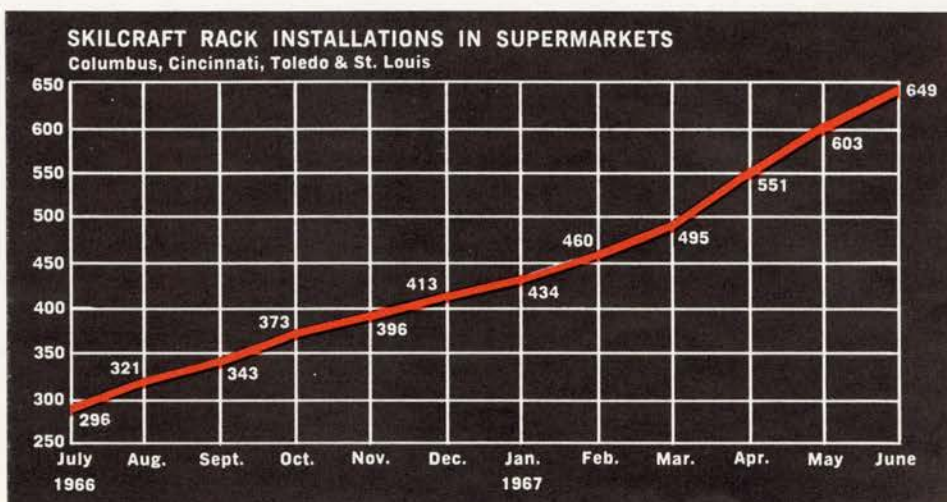
Central purchasing of raw materials for associated shops by NIB increased sharply again in 1967. Mop yarn, packaging materials, prefabricated components for a number of products, and many types of textiles were purchased in great volume. In addition to reducing the shop's material costs to a minimum, these large and frequent purchases assured the prompt delivery of top quality materials. NIB's central purchasing program and planned forward buying in volume also has a noticeable stabilizing influence on certain markets which results in still further savings for associated shops.

Reorganizing consumer product development, production and marketing into one smoothly functioning vertical chain of procedures was an outstanding accomplishment for NIB in 1967. It is of utmost importance for future expansion of commercial markets which can provide more and more jobs for blind workers.

NEW CONSUMER MARKETS

Handsomely packaged with guaranteed quality features, the SKILCRAFT family of blind-made household products is gaining wider and wider acceptance with American housewives as NIB and the associated shops continue to open new markets and expand sales in existing markets.

A SKILCRAFT family of 84 modern household products is rack-marketed by NIB in leading supermarkets in four major city-suburban areas and in Military Stores at bases throughout the United States and overseas. NIB also



franchises four reputable direct-to-consumer distributors in selected areas of the country. Most of the 51 associated shops now qualified and authorized to manufacture products under the SKILCRAFT trademark also operate local SKILCRAFT sales programs.

Total SKILCRAFT sales from all of these marketing programs reached a new high of approximately \$11 million in fiscal 1967.

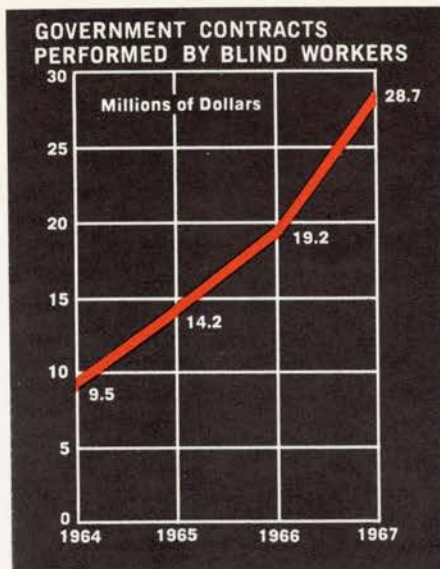
In its second year of operation, the NIB SKILCRAFT rack marketing program moved ahead at an accelerated rate. Sales in the two original markets, Columbus and Cincinnati, continued to expand. The rate of growth was even greater in two new markets, Toledo and St. Louis, entered during the past year. In fiscal 1967, a total of 353 new racks were installed in food stores in the four city-suburban areas. Acceptance of larger racks by leading chains has also increased sales volume per store.

The number of shops meeting production orders to support the rack program increased from 13 to 20 in 1967. It is planned to extend rack installations to additional metropolitan markets in the year ahead. The long-term potential in food store rack marketing for developing a steady flow of volume orders for all NIB-associated shops is almost unlimited, as is the related potential in jobs for blind persons.

NIB installed 122 new racks in Military Stores at home and abroad during 1967, bringing the SKILCRAFT product line to a market of 8 million service customers. A professional military sales and service organization with offices across the country and abroad has been retained to develop closer liaison with individual base procurement and commissary officers. Sales via Military Stores exceeded \$2.8 million in fiscal 1967.

NEW AREAS FOR CONTRACT PERFORMANCE WITH GOVERNMENT AND INDUSTRY

Sales to the Federal Government in fiscal 1967 reached an all-time high of more than \$28.7 million, an increase of 49% over 1966. NIB government sales specialists allocated production contracts to 13 additional shops on new or existing items on the Schedule of Blind-Made Products. New products included a loose-leaf style clipboard, a mailing box for dental equipment, a



new type of food handler's apron, and a 360° (universal) swivel mophead. Central purchasing, technical assistance and project analysis services furnished by NIB were a major factor in helping the shops to meet these massive Government commitments.

A subcontract for assembly of pontoon bridge panels from Allison Steel Company and the production of 500,000 parts a month for the Commercial Division of Honeywell, Inc. were highlights among the many contracts performed for industry by NIB-associated shops during fiscal 1967. Industrial sales for all shops totalled \$3.8 million for the year. Contracts negotiated by NIB with such national firms as Sherwin-Williams and Pan-American World Airways were performed by ten associated shops.

IMPROVED PROCEDURES FOR INDUSTRIAL TRAINING AND REHABILITATION OF BLIND PERSONS

NIB's Community Services Department, now based in Washington, D. C., is maintaining much closer liaison with such national agencies as the Vocational Rehabilitation Administration, National Association of Shelter Workshops, Wages and Hours Division of the Department of Labor and the American Association of Workers for the Blind. This more effective development of relationships is evidenced, in part, by VRA assistance to NIB in launching three major rehabilitation programs during the past year. They include development of workshop demonstration laboratories; a short-term training course for shop administrators; and remunerative employment of multi-handicapped blind persons. These projects

will afford extensive long-range benefits to the blind community.

One of the major responsibilities of the Community Services Department is to qualify shops into the NIB program. In fiscal 1967, four new shops received full association with NIB: Lions Club Industries for the Blind, Asheville, N. C.; Richmond Industries for the Blind, Rockingham, N. C.; Association for the Blind of South Carolina, Columbia, S. C.; and Tarrant County Association for the Blind, Fort Worth, Texas. The Department also consulted with shops in Alabama, Kentucky and Mississippi on utilizing new facilities to improve industrial training and rehabilitation programs.

EXPANDING COMMUNICATIONS

Sixty associated shops were represented at both the Annual Meeting of NIB and the General Council of Workshops for the Blind held in San Diego last October and the NIB Sales Seminar held in New York in April. Forty-two suppliers to NIB-associated shops exhibited materials at the Seminar.

Island display cases exhibiting SKILCRAFT products were placed in air terminals in Atlanta, Cincinnati and Dayton, first step in a promotional program in selected markets to support SKILCRAFT sales.

The NIB News published more pages and more articles than in any previous year, reporting on the 1967 manufacturing and marketing activities of NIB and its associated shops. The publication increased communication within the field and also informed government and business leaders of the industrial performance of blind workers.

NIB was represented during 1967 at the conventions of the National Institute of Governmental Purchasing, the Defense Supply Association, the American Association of Workers for the Blind and the National Rehabilitation Association. NIB speakers addressed a number of meetings of local and regional agencies for the blind.

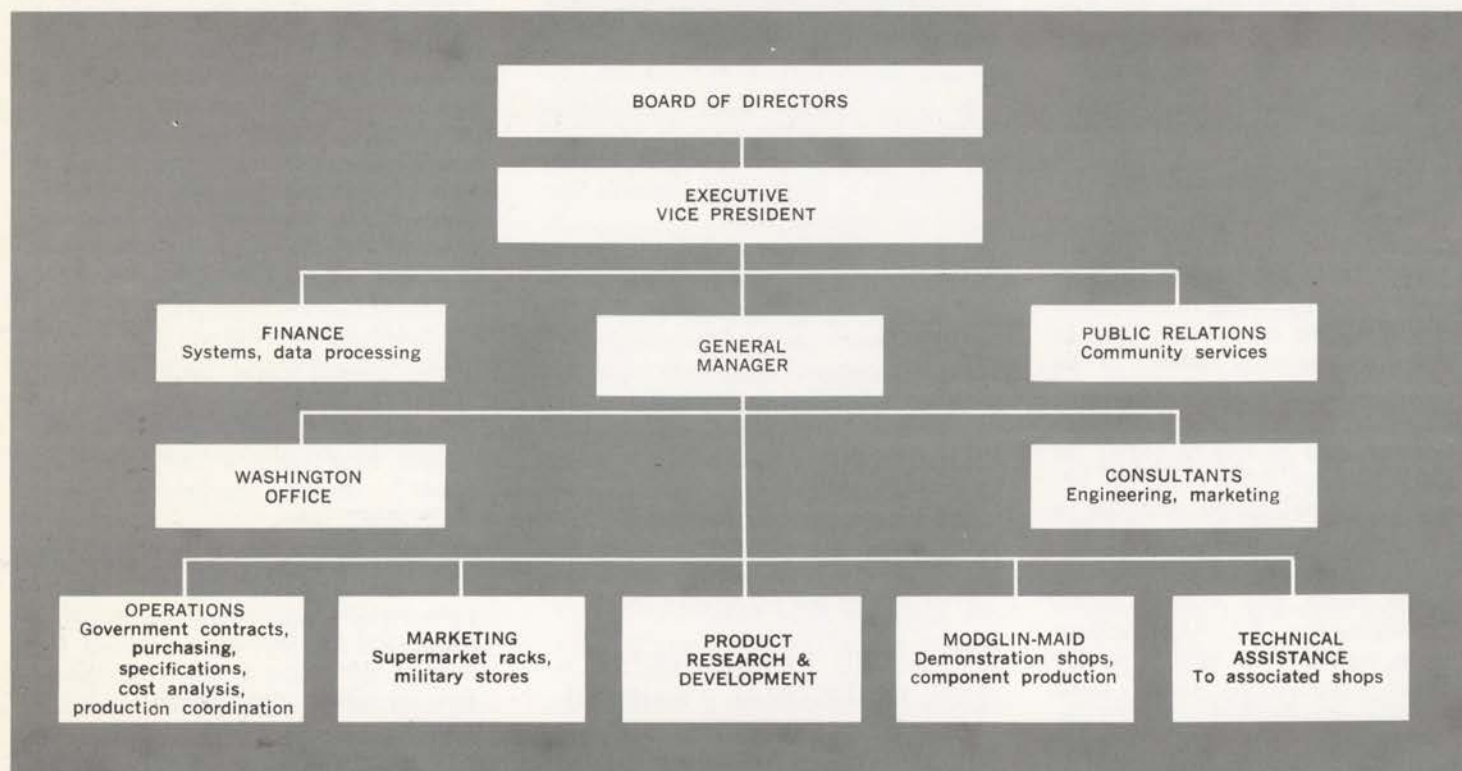
NIB's Sales Ethics Bureau, in cooperation with national and local Better Business Bureaus, Chambers of Commerce and state agencies, continued through 1967 to effectively combat unethical sales operations and increase recognition and acceptance of authentic blind-made products marketed under the SKILCRAFT trademark.

NEW HORIZONS FOR BLIND WORKERS

Although 1967 was a year of progress for NIB and the associated shops, it was also a year of reorganization, restaffing and long-term planning. The base and structure of the NIB organization were enlarged and reinforced. Divisional procedures were revised for greater efficiency and coordination. Modern production facilities, equipment and know-how were acquired. An electronic data processing system was installed

and utilized. Rehabilitation programs were extended. These changes, now and in the years just ahead, will enable NIB to provide far more effective services to associated shops. In 1967, in strategy as well as performance, we have made impressive strides toward the ultimate goal of providing gainful industrial employment for all blind persons who need and seek work.

NIB ORGANIZATION CHART



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Products manufactured under this trademark are made of quality materials to rigid specifications by blind workers in non-profit industrial shops associated with NIB.



NATIONAL INDUSTRIES FOR THE BLIND
50 West 44th Street, New York, N. Y. 10036

Exhibit E

<u>Fiscal Year</u>	<u>Workshops Participating</u>	<u>No. of Blind Employees</u>	<u>No. of Items</u>	<u>Government Sales</u>
1964	60	3,809	320	\$11,867,204
1965	66	4,126	318	16,523,757
1966	67	4,451	324	22,068,715
1967	73	4,620	319	31,451,617
1968 (plus FY 1969 thru Dec. 1968)	80 (estimate)	5,000 (estimate)	380 (estimate)	37,000,000 (estimate)

Exhibit F

Staff Study of Regulating Fees Charged
Workshops by NIB on Orders of the
Federal Government

The present organization of NIB is represented approximately by Exhibit A. There have been recent changes, and others are contemplated in the near future, all designed to arrange the staff of NIB to perform its several functions most effectively. There appears to have been a continuing series of changes since Mr. Goodpasture was first appointed, some prompted partly by the need for more clearly assigning responsibilities to individuals of the staff, and partly by the growing scope of functions and responsibilities which NIB has undertaken. The names assigned to the various elements of the organization are not entirely definitive or descriptive of the functions performed by these various elements and do not contribute directly to an understanding of the functions and their relationship to Government operations. Consequently, this report will deal with functions as such, attempting to name and describe them adequately, without relating them exactly to the pattern shown in Exhibit A.

The functions performed by NIB have been separated into two categories for the purpose of this study:

- A. BASIC FUNCTIONS -- These are the functions which are required by the Wagner-O'Day Act and/or the regulations, and which have been delegated via the regulations to NIB for performance:

1. Issuance of allocations and clearances. This involves securing from each shop in the program an annual forecast of production capacity, supplemented by continuous reports of production status. As requests for allocations are received from ordering Government activities, the available shop capacity is reviewed, and the shop(s) which have capacity and favorable geographic location are selected to provide the articles required. The ordering activity and the Workshop(s) are notified of the allocations. An integral part of this function is a degree of "contract administration" which is occasioned by the many variables involved, such as ordering activity requests for acceleration or delay in deliveries, adjustments of quantities, problems of the shops which may delay delivery or make reallocation necessary.

2. Inspection of the agencies for the blind. This involves primarily a determination that the Workshops are conforming to the various requirements established by the Statutes and Regulations, such as that 75 percent of the direct labor used in the production of Government orders be blind and that the individuals meet the legal definition for blindness. There is no established routine for these inspections, but rather it is made a collateral duty of any member of the staff who may visit a Workshop for any purpose.

3. Maintenance of records of participating agencies. In addition to the ledger type accounts of production capacity mentioned in 1. above, NIB receives copies of purchase orders as they are issued by Government agencies and also copies of invoices, thus assembling a complete record of allocations and shop production. NIB also maintains eye record cards of all blind shop employees.

4. Submission to the Committee on Purchases of Blind-Made Products a Comprehensive Annual Report. The compilation and development of the Annual Report is a relatively minor matter insofar as development of the report from existing data is concerned.

5. Establishment and revision of prices. This comprises working with the Workshops which plan to make a new item or with the Workshops manufacturing an item already on the Schedule of Blind-Made Products, in order to establish prices of new items, and to adjust the prices of existing items as conditions warrant. Cost analyses are made, and the results are formally submitted to the Committee for approval.

B. SUPPLEMENTARY FUNCTIONS -- NIB performs many other functions which the management feels very strongly are essential to and in fact are an integral part of any program designed to assist the blind. It is their position that, in order to expand the opportunities for blind employment, it is necessary to develop and maintain capabilities in many areas other than those in which the Committee has delegated

specific responsibilities. It is their position that a conglomerate of Workshops, under managements of varying degrees of interest and capability, cannot hope to be responsive to the kind of supply support which the Government needs and can look to the Workshops to provide. Some of these functions are as follows:

1. Product selection and development. NIB investigates suggested candidates for new items on the Schedule. This includes engineering and value analyses of the product, investigations as to the adaptability of the item for production by blind workers, and cost analysis to determine whether the item can be produced at the fair-market price. NIB is developing an increasing capability in these areas, including the establishment of a product development laboratory.
2. Technical assistance to workshops. Several members of the staff with technical and production background are available to and widely used by Workshops to assist them in their day-to-day problems in shop operation as well as in larger projects of developing new capacity and adapting to new items.

For lack of a better category, the purchasing assistance of NIB is included here. NIB purchases consolidated requirements of the Shops for raw materials upon request. One of the large items is textiles for pillowcase manufacture. On this item, NIB makes long term commitments and undertakes to supply individual shop requirements on short notice, as the need arises

and at prices not exceeding the market at the time of delivery. While this procedure has turned a small overall gain to NIB because of a more or less continually rising textile market in the last few years, by implication a financial loss could be incurred were the textile market to turn downward. The price advantages of this method of purchase, coupled with a guarantee of market price to the shops, is a key factor in the ability of the latter to manufacture and deliver pillowcases to the Government at the fair-market price. A few other commodities are handled in a similar manner and many more are bought on a consolidated basis without the price protection feature.

3. Management assistance to the shops. As a matter of course, NIB makes available to shops, on request, the capabilities of the entire staff to assist the shops in any management problems that may be encountered. In addition, a considerable amount of effort and resources are devoted to training in various forms, i.e., sales, shop management, personnel administration, etc. This assistance is aimed toward upgrading the management of Workshops in all its aspects, to the maximum extent possible.

4. Total NIB capability. Exhibit A displays in broad terms practically all of the functional areas which would be encompassed in the management structure of any substantial organization. The NIB management feels that the enhancement of its capabilities in every management area, and therefore the

refinement and extension of its capabilities into all areas of management, is essential to the extension and expansion of a program of assistance to the blind.

The performance of the various functions enumerated above is not assigned exclusively by function to any one of the elements in Exhibit A. The only element in the Exhibit which is not involved in any manner with Government is Modglin-Maid. The individuals assigned to the other elements of the organization, while in most cases primarily responsible for one function, in general perform one or more of the others. The reason for this is, to a small extent, the lack of complete compatibility organization with functions, but to a much larger extent, to make the most effective and economical use of each member of the staff. Because of this situation, it is not possible to pin-point precisely in the records of NIB the expenditure of effort and resources by function. Consequently, the management was requested to estimate the time of the organizational elements and individuals spent on the basic and supplementary functions as listed above. These estimates were evaluated by this reporter in his discussions with the various individuals in the organization. The composite result seems reasonable and is generally substantiated by observation. The basis functions are, in large part, accomplished by the Government Division, and these function make up a major part of the operations of this division, being estimated at 80 percent of the total. Much of the remainder of the total effort on basic functions is confined to three individuals so that again the estimate of efforts expended on these functions should be quite accurate.

Based upon the above, NIB has estimated the cost of both Basic Functions and Supplementary Functions. These are made up direct payroll costs of

principal professional personnel, to which was applied a factor of 150% to cover overhead and other costs. They are set forth below on a fiscal year basis, together with the estimate contained in the NIB operating plan and budget for the same period of the contributions from the shops.

<u>Expenses</u>		<u>Contributions</u>	
Basic Functions	\$290,000	Govt. Sales Prgm.	\$686,000
Supplementary Functions	\$360,000	Govt. Resale Prgm.	\$109,000
		TOTAL	<u>\$795,000</u>

For the same period the NIB operating plan and budget contains total expenses of approximately \$1.3 million.

It is obvious from the above figures that the costs of performing the Basic Functions are a small part of the total expenses of NIB operations, and that they are also a small part of the total contributions made by the Workshops which are connected with sales to the Government.

If the Committee were to limit the contributions of Workshops in connection with the Government program to an amount which would reimburse NIB only for the Basic Functions, the effect would be to reduce NIB's income by about a half million dollars. NIB's alternatives in this case would be either to reduce its staff and functions proportionately or to increase contributions connected with commercial sales drastically. It is obvious that the first alternative would eliminate most of the services NIB now makes available to the Workshops which are intended to improve the overall program. The second alternative would change the name tag but not the amount of contributions by the Workshops.

It would appear that the Committee has three alternatives:

(1) Withdraw from NIB the responsibilities which have been delegated to NIB and which are described herein as the "Basic Functions." This would require that the Committee establish some other means of discharging its responsibilities, presumably through some Government agency. It is not apparent at this time that the cost of performing these functions in this manner would be appreciably less than the cost experienced by NIB. The net result would be the transfer to a Government agency budget as a direct cost to the taxpayers, a function which is now being paid for by non-Government agencies and as an indirect cost of the taxpayers. This would certainly involve the Committee as a working group in day-to-day administration of its responsibilities, quite conceivably a considerable involvement.

(2) The Committee could limit contributions by the Workshop to NIB to the \$290,000 mentioned above, or to any lesser figure which might be considered appropriate to reimburse actual costs. This would force NIB and the Workshops to decide jointly whether the NIB program would be reduced to the point of abandonment, or whether it would continue at the same level based on the same total contributions by the Workshops, but with the contributions attributed to non-Government programs. It would also entail an immediate and continuous audit of NIB costs, and would, in effect, saddle the Committee indefinitely with the administration of an arrangement analogous to a cost-type contract.

(3) The Committee could continue its present posture of being informed of the contribution rates established by NIB as well as the background and reasons for the rates established, and of the degree of acceptance by Workshops of such rates. It could take appropriate corrective action if warranted.

It appears to this reporter that the central point which the Committee must consider is whether or not the Workshops receive value for the contributions made to NIB, and whether there are any objectionable aspects to the attribution of all or part of these contributions to the Government program. It would appear that the Workshops themselves are the better judges of the first point, and that the Committee could be satisfied with the judgments of the Workshops if it takes appropriate steps to be continuously aware of these judgments and the basis upon which they were made. The second point can be adequately covered by action of the Committee at any point in time when it feels that action is appropriate.

Recommendation

It is the recommendation of this reporter that the Committee continuously give attention to the matter of contributions by the Workshops to NIB and that, in order to take independent action whenever appropriate, the following be done:

- (1) Continue to receive and review complete reports of NIB activities including the financial aspects thereof.
- (2) Assure itself that each Workshop, specifically through the Council of Workshops for the Blind, has been afforded by NIB

the opportunity to express its approval or disapproval of the contribution rates.

(3) Respect the majority decisions of the Council concerning contributions.

(4) That the Committee limit its action to those cases where disapproval of an individual Workshop remains unresolved after a position has been taken by the Council.

Action Required

If the Committee approves the above recommendations, it should require NIB to:

(1) Notify the Workshops of the Committee's position and make arrangements for presenting proposals for adjustments of contributions to the Workshops for their review prior to making such changes.

(2) Provide the Committee with a record of Workshops' reactions to the proposed adjustments of contributions, including minutes of meetings at which the adjustments were voted upon.

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