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Foundations for Operating an Independent Living Program

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FOREWORD

Looking back over the past decade, one can see enormous progress made in the delivery of independent living services to individuals with severe disabilities. In the early 1970's, barely a handful of independent living programs existed. These programs were founded for the most part by severely disabled people who were unable to obtain services that would enable them to live independently in their communities. Today, thanks in large part to support committed to independent living by the federal government, there are over 75 of these programs located all over the country.

There can be little doubt that independent living programs have had remarkable success in assisting persons with severe disabilities to acquire greater control over their lives and to participate more fully in society. To a large extent, the programs' achievements can be attributed to the exceptionally high level of consumer involvement which characterizes all independent living programs.

It is this very consumerism, however, that has produced what may be the greatest single weakness in independent living programs: unfamiliarity with sound business practices. Typically, because the severity of their disabilities has often restricted vocational opportunities, people involved in the operation of an independent living program have had limited experience in managing what is essentially a small business. As a result of inexperience at the administrative level, many programs have become vulnerable to high staff turnover, board-staff conflict, fiscal mismanagement, risk resulting from inadequate insurance coverage, and litigation arising from a variety of sources, including charges of employment discrimination and liability for injuries sustained by clients or staff members.

In the opinion of authors Peg Nosek and Quentin Smith, many of these problems could have been avoided or at least mitigated had systematic planning occurred at the time programs were founded. They also feel certain that established programs can benefit from assessing and revising their current policies and methods of operation.

It is for these reasons that On the Right Track: Foundations for Operating an Independent Living Program has been written. It is designed to provide

administrators of independent living programs with guidelines and basic information required to incorporate sound business practices into their programs.

We at ILRU are confident that as basic business and management tools become fused with the unique and effective methods of service delivery provided in independent living programs, individuals with severe disabilities will have even greater opportunities to live as full members of society. It is our hope that On the Right Track will contribute to this effort.

Laurel Richards, Editor
ILRU Project
Houston, June 1982

INTRODUCTION

A recent innovation in rehabilitation service delivery is the formation of community-based independent living programs (ILPs). These dynamic experiments in human development have recorded more than a decade of impressive results. Organized, managed, and staffed primarily by disabled people, ILPs specialize in delivering independent living support services and advocating for people with severe disabilities. The ultimate goal of ILPs is to assist disabled individuals to be independent and productive members of society.

Independent living can be defined as "control over one's life based on the choice of acceptable options that minimize reliance on others in making decisions and in performing everyday activities."[1] The contemporary image of the severely disabled person living an independent life, in which traits of self-determination and self-management are prominent, contrasts sharply with the stereotypical, subservient roles traditionally assigned to people who have disabilities. In order to change the image and, more importantly, the role, of the severely disabled person in society, considerable pressure was brought to bear on policy makers, from both the governmental and private sectors, to assign higher funding priority to programs designed to reduce dependency and to improve the quality of life for the disabled person. In order to ensure that the disabled person has an equal opportunity to live a life that encompasses both human dignity and optimal quality of life, action is required, not just empty promises. Independent living programs have provided much of the impetus in recent efforts to achieve these goals.[2]

Independent living programs generally have several distinctive characteristics in common: they are community-based and usually nonresidential; they are managed and controlled by disabled individuals; and they involve disabled consumers of their services in the operation of the program. Certain core services also characterize these programs, including information and referral; financial and legal advocacy; peer counseling; attendant, reader, or interpreter referral; and housing referral. Other services might include independent living skills training, transportation, equipment repair, social and recreational services, and community education/outreach.

A major boost to the independent living movement occurred in 1979 and 1980

when Congress appropriated funds to establish independent living programs across the country. This federal money has provided start-up funds for new programs and has helped existing ones expand so that to date, every state has at least one independent living program. However, the presence of federal financial assistance brings a new level of responsibility and may encourage an almost false sense of financial security. ILP administrators must anticipate the possibility of a reduction in federal funds, and, in order to prepare for this reduction, they must establish solid relationships with state and local agencies which might provide needed resources. In order to form such relationships, the credibility of ILPs as responsible and competent business enterprises must be established.

The task at hand, then, is for ILPs to preserve the spontaneity, responsiveness, and spirit of grassroots advocacy organizations, yet combine these features with financial integrity and sound business practices. The fact that disabled people have traditionally been excluded from business professions and denied experiences which foster business expertise makes achieving this goal a formidable challenge. Advocacy organizations, more often than not, operate from one grant or contract to the next, and, consequently, lack both a sense of direction and a strategy for achieving long-range goals. All too frequently, one finds organizations delivering hundreds of thousands of dollars worth of services without having by-laws, workable personnel policies, or other basic management tools necessary for the proper operation of any service delivery organization.

Questions that every nonprofit volunteer organization should ask itself include:

- Does the organization have a mission to perform? Is there a valid reason for it to exist?

- Does the management have assets (money, people, equipment) entrusted to it?

- Is the management accountable to some person or authority for a return on the assets?

- Can priorities be established for accomplishing the mission?

- Can the operation be planned?

- Does the management believe it must manage effec-

tively even though the organization is a non-profit one?

- Can accountabilities of key personnel be pinpointed?

- Can the efforts of all key personnel be coordinated into a whole?

- Can necessary controls and feed-back be established?

- Is it possible to evaluate the performance of key personnel?

- Is a system of positive and negative rewards possible?

- Is the management receptive to improved methods of operation?

- Does the organization have a reporting system which accurately reflects its financial status?

- Is the management aware of its obligations to be an equal opportunity employer?[3]

To answer "no" to any of these questions is to advocate inefficient management.[4] With increased competition for diminishing funds and growing demand for independent living services, ILPs cannot afford to operate irresponsibly or inefficiently.

The purpose of this handbook is to help community-based independent living programs develop sound business practices. The first part deals with the components of a foundation upon which an ILP should be built: a duly established corporation with well-constructed articles of incorporation and by-laws, an effective board of directors, a sound financial and accounting system, and adequate protection through risk management and insurance. The second part deals with implementation and daily administration of independent living programs: preparing workable job analyses and descriptions, establishing a fair system of wages and benefits, hiring competent staff in a responsible and legal manner, and developing a comprehensive system of personnel management.

The suggestions in this handbook are no guarantee of success; they merely present what has proven to be useful by other for-profit and non-profit enterprises. The real test of a successful ILP will be whether, by applying these principles, it can become self-reliant, responsible, productive, stable, and dynamic--qualities which it expects as outcomes from the disabled persons who receive its services.

References

[1]Lex Frieden, Laurel Richards, Jean Cole, and David Bailey, ILRU Source Book: A Technical Assistance Manual on Independent Living, Independent Living Research Utilization (Houston: The Institute for Rehabilitation and Research, 1979), p. 3.

[2]Justin W. Dart, Jr., Yoshiko Dart, and Peg Nosek, "A Philosophical Foundation for the Independent Living Movement," Rehabilitation Gazette 23 (1980): 16.

[3]Dale D. McConkey, MBO for Nonprofit Organizations (New York: Amacom, 1975), pp. 6-7.

[4]Ibid.

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P.N.
Q.S.
L.R.

ON THE RIGHT TRACK
Foundations for Operating an Independent Living Program

by
Peg Nosek
and
Quentin Smith

edited by
Laurel Richards

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The Independent Living Research Utilization Project
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PART ONE: LAYING A FIRM FOUNDATION

A survey of independent living programs across the country reveals a wide diversity in background and origin. They tend to fall into four categories:

- A group of disabled individuals becomes interested in the concept of independent living, incorporates, and seeks support from community and state funding sources in order to form a program to deliver services to their peers.

- An established disability advocacy organization decides to sponsor an independent living program, using state and local funds, with the expectation that it will, at some point, become a separate entity.

- A state vocational rehabilitation agency, receiving funds under Title VII Part B of the Rehabilitation Act, helps disabled individuals in certain communities to become organized in order to work with the agency to delivery community-based independent living services.

- An established rehabilitation service provider seeks to expand services to its clients in the area of independent living.

Although the specific background of an ILP may generate particular management concerns, the information provided in this section should be of value to any ILP, regardless of administrative structure or type of management arrangement employed.

is not one hundred percent reliable. This method should only be used for general, non-essential mailings.

Certain materials sent by independent living programs may qualify as free matter for blind and handicapped people. If the material is intended for persons who are blind or handicapped in some way which prevents them from reading regular print, this provision may be used. No permit is required, and there is no restriction on the number of pieces per mailing. The material must be printed in at least fourteen point type and the words, "Free Matter for the Blind and Handicapped," must appear in the upper right corner.

Prospectus

A very useful tool in helping a new organization get established is the prospectus. This document should emerge out of efforts to write the articles of incorporation and by-laws, and it should indicate the type of work the organization does, a statement of purpose, a description of the services delivered or planned to be delivered, a description of administrative structure, and other essential information concerning operations and accountability. It may be used to introduce the organization in its fund-raising efforts, in making contacts with potential referral sources, and so forth. The prospectus should be well organized, concise, exact, and readable. It should cite specific examples of accomplishments, identify community needs which the organization fills, emphasize characteristics that make this organization different, and stress the future not the past. A well written prospectus followed by a personal contact may lead to the establishment of many valuable relationships in the organization's future.[12]

Summary

The process of beginning a corporation demands careful planning and foresight. Many problems which some ILPs are currently facing could have been avoided if a solid foundation had been established from the start. The process of incorporating should not be treated lightly or as a mere formality; rather, it should be viewed as the opportunity to build a sturdy framework around which a dynamic organization can develop.

References

[1]Howard L. Oleck, Nonprofit Corporations, Organizations, and Associations, 4th ed. (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1980); Eric Peterson, Nonprofit Arts Organizations, Formation and Maintenance (Ann Arbor, Michigan: Braun-Brumfield for Bay Area Lawyers for the Arts, 1977). The information in this chapter has been compiled from these sources.

[2]Peterson, pp. 29-37.

[3]Prentice-Hall Federal Taxes 1981 (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1981), IRS Regulation (section 1. 501(c)(3)-1), paragraph 21, 016.

[4]Ibid., paragraph 21, 026.

[5]Ibid., paragraph 21, 017.

[6]Ibid., paragraph 21, 026.15.

[7]Peterson, pp. 150-151.

[8]Oleck, Nonprofit Corporations, p. 329.

[9]Ibid., pp. 410-412; Peterson, p. 33; Howard L. Oleck, Parliamentary Law for Nonprofit Organizations (Philadelphia: American Law Institute-American Bar Association Committee on Continuing Professional Education, 1979), p. 144; and William Conrad and William R. Glenn, The Effective Voluntary Board of Directors: What It Is and How It Works (Chicago: Swallow Press, 1976), pp. 143-161.

[10]Oleck, Nonprofit Corporations, pp. 377-379.

[11]Peterson, p. 119.

[12]Ibid., p. 87.

notarized copy of the articles and a certified check or money order for the filing fee must be submitted in person or by registered mail to the secretary of state. A cover letter should be included which briefly describes the organization and states the intention to incorporate. The articles must also be filed with the county clerk. Complete information on state filing requirements should be found in the packet of information on non-profit corporation statutes, available from the secretary of state.

Third Meeting: Selection of Directors and Officers

Once the secretary of state responds with verification of incorporation, a third meeting of the organizers should be called with appropriate notice. At this time existing directors should be confirmed and additional ones chosen. Officers should also be elected at this meeting if they have not been elected at a prior meeting.

The Official Organization Book

All the official documents of the organization should be kept in a file called the organization or corporate book. The by-laws should designate who has custody of the book and where it is kept (usually at the principal office). It should contain the official copy of the articles of incorporation, all correspondence with and certificates from the secretary of state, a copy of the by-laws, notice of tax-exemption and the employer identification number from IRS, and minutes of all meetings of the general membership and the board of directors.

The importance of keeping good minutes cannot be stressed enough. They constitute the most reliable record of business transacted at meetings, and, once approved by the membership and signed by the presiding officer, can be held as first-hand evidence in court. The following is a suggested format for minutes:

- Time and date;
- Place;
- Statement that the meeting was duly called, by whom, and by what kind of notice (attach a copy of the notice or waiver);
- Presiding officer;
- Secretary of the meeting;
- Names of individuals present;
- Quorum statistics;
- Reading, correction, and adoption of the minutes

of the previous meeting;

- Record of what occurred at the meeting
  - --Resolutions proposed
  - --Resolutions adopted
  - --Record of vote
  - --Reports of officers and committees;

- Adjournment time;

- Signature of secretary; and

- Countersignature of presiding officer (when minutes are approved).[10]

Permits and Licenses

Several permits and licenses exist which an organization should consider obtaining in the early stage of its development, and these vary considerably from state to state. If any fund-raising activities are planned, a solicitation permit should be obtained from city hall or the police department. In most states, certain types of non-profit corporations are exempt from sales tax. It might be useful to obtain a resale number which entitles the holder to buy merchandise wholesale and resell it at retail prices.

Mailing permits are somewhat complex; and the details seem to change daily. The most current information is available from the main post office in any city. Bulk rates are considerably lower than first class rates, and they are used by many non-profit corporations for mailings in lots of 200 or more. To apply for a bulk-rate permit, a copy of the IRS letter showing the organization's tax-exempt status, a copy of the articles or by-laws, and a completed application must be submitted to the post office. An annual fee is charged for use of the permit imprint. The conditions for using the bulk-rate permit are:

- A minimum of two hundred pieces must be mailed at one time.

- The permit imprint must appear in place of a stamp on each piece (any printing process may be used except handwriting and typewriting).

- All pieces must show a zip code and be pre-sorted according to zip code.

- Postage must be paid in advance at the time of mailing.

- The mailing must be accompanied by a pink mailer statement which can be filled out at the post office.[11]

Keep in mind, however, that bulk-rate mail is not forwardable and the service

• Members
--Definition of membership (active, inactive, lifetime, honorary, etc.), qualifications, termination;
--Rules for withdrawal, censure, suspension, and expulsion of members (including appeals);
--Dues and other fees;
--Voting and other rights of members, including method of voting--voice, ballot, proxy;
--Regular meetings, time and place;
--Annual meeting, time and place, issuing notice;
--Special meetings, authority required to call them, issuing notice;
--Procedure for conducting meetings according to Roberts' Rules of Order or Oleck's Parliamentary Law for Non-profit Organizations;
--Quorum (number and type of members required to be present before official business may be conducted);
--Action by members, number of votes needed to approve an action (majority or 2/3 of the total membership or the members present at the meeting), status of tie votes (defeat, or presiding officer votes to break tie); and
--Membership certificates.

• Board of Directors (treated in greater detail in Chapter Two)
--Powers and duties, actions that need approval of membership, power to amend by-laws;
--Number (how number can be increased), qualifications (a substantial number of members must be disabled in order for the ILP to qualify for certain funds), conflict of interest, employment as staff (direct or indirect benefit from activities of the organization), method of nomination, election, term of office (staggered);
--Regular meetings, time and place;
--Annual meeting, time and place;
--Special meeting, authority required to call;
--Notice, waiver of notice by members unable to attend;
--Quorum;
--Manner of acting (majority or two-thirds vote);
--Removal, resignation, vacancies;
--Compensation for expenses incurred while representing organization; and
--Liability and indemnification of directors.

• Officers
--Number, eligibility, qualifications;
--Method of nominating;
--Election, term of office, authority required to call an election, method of balloting, procedure if election is challenged;
--Removal, resignation, vacancies;
--President, description of powers and duties;

--Vice-president, description of powers and duties;
--Secretary, description of powers and duties; and
--Treasurer, description of powers and duties.

- Committees
  --Executive committee, description, powers, responsibilities;
  --Standing committees, number and descriptions;
  --Nominating committee, method of appointment, approval by board;
  --Ad hoc committees, method of appointment;
  --Chairpersons, method of appointment, term of office;
  --Vacancies;
  --Quorum;
  --Operating rules; and
  --Reporting requirements.

- Operation of organizational components
  --Right to establish separate operating procedures;
  --Right to establish separate budget and funding;
  --Appointment or election of principal parties; and
  --Accountability.

- Contracts, checks, deposits, and funds
  --Contracts;
  --Checks, drafts, etc., authorized signatures;
  --Deposits, bank accounts;
  --Gifts, special and general funds;
  --Required reports; and
  --Audits of the books.

- Office and books
  --Office, location, hours of operation; and
  --Books, location, content.

- Corporate seal
  --Description;
  --Location, custody; and
  --Method of use.

- Fiscal Year

- Amendments

- Dissolution procedures

- Distribution of surplus assets upon dissolution

Second Meeting: Adoption of Articles and By-laws

After the articles and by-laws have been drawn up, a second meeting should be called of the individuals involved in forming the ILP. A notary public should also be asked to attend. The group should discuss and adopt the articles and by-laws at this time. The articles must be signed by the incorporating directors and the attorney who drew them up, if any. The signatures must be notarized.

The Filing Process

The process for filing for incorporation may vary slightly from state to state; however, at the minimum, an approved, signed, and

concern to ILPs with an advocacy component, is the restriction on political activities. The code states that attempts to influence legislation include: contacting or urging the public to contact legislators in order to support, propose, or oppose legislation; and advocating the adoption or rejection of legislation.[6]

Such activities are disallowed only if they constitute a substantial part of the organization's total effort. If more than five percent of the total effort is so spent, then the organization may keep its 501(c)(3) status by electing to be covered by the Tax Reform Act of 1976, in which expenditures for lobbying activities must be claimed.

If the organization intends to have a major part of its total effort involved in attempts to influence the political process, then it may seek status under Section 501(c)(4) as a social welfare organization. It will still be considered tax-exempt; however, any contributions it receives may not be tax deductible for the contributor.[7]

In some states, exemptions for non-profit organizations do not cover all taxes. Organizers of ILPs can contact their local IRS offices and state controllers to get information about specific state laws.

IRS issues a helpful free publication (#557) entitled "How to Apply for Recognition of Exemption for an Organization." The application itself is IRS form 1023, "Application for Recognition of Exemption." Another important form which new ILPs should submit is IRS form SS-4, "Application for Employer Identification Number." No salaries should be paid without first securing this number. All of the above materials may be ordered from any local IRS office.

Articles of Incorporation

The articles of incorporation state all essential and legally required information needed to establish the organization as a non-profit corporation. Formats vary from state to state; therefore, the office of the secretary of state should be contacted for information on the state's non-profit corporation statute.

The following is a list of topics that must be included in most state non-profit corporation articles:

- Title (articles of incorporation);

- Name and number of the statute under which incorporation is sought;

- Name of the corporation;

- Purpose;

- Statement of non-profit nature of the corporation (use the language of IRC 501(c)(3));

- Statement barring prohibited activities (use the language of IRC 501(c)(3));

- Authority of the corporation (use the language of the state law);

- Locality where the corporation's activities will be conducted;

- City and county of principal corporate office (some states require a street address also);

- Number of directors (minimum number varies according to state);

- Name, address, and phone number of individuals who will be directors until the first official meeting (incorporating directors);

- Statement that all subscribers to the articles are of legal age and two thirds are U.S. citizens;

- Name and address of the designated agent for the service of process (such as an attorney);

- Membership as specified in the by-laws; and

- Right to amend the articles (the process by which the directors and/or the membership can vote to change any provisions in the articles).[8]

By-laws

While the articles of incorporation are the organization's primary public document, the by-laws are its corresponding internal document, setting forth procedures for operations and management. There are no strict legal requirements concerning the format of by-laws except that the content of the by-laws must be consistent with the content of the articles of incorporation. They should be constructed to meet present and anticipated needs of the organization. Once accepted, they are binding on the membership and on all organizational activities.

The following is a list of topics that should be covered in a well-constructed[9] set of by-laws:

- Purpose, as stated in the articles of incorporation but with more detail.

CHAPTER ONE
INCORPORATING

The first step in laying a firm foundation involves a decision as to whether or not to incorporate. The advantages to incorporation include obtaining status as a non-profit corporation, which opens the door to tax-exemption on both purchases and contributions; acquiring certain legal rights; and becoming eligible for many types of funding. Incorporation is a somewhat lengthy and complex process, and the assistance of an attorney is almost mandatory. However, necessary information concerning state non-profit corporation statutes and Internal Revenue Service (IRS) regulations is available for persons who wish to pursue the process on their own. In addition, several excellent publications are available which describe the incorporation process in detail.[1]

First Meeting: Preparing to Incorporate

The first step in the incorporation process is to hold an organizational meeting of key people involved in establishing the ILP. The goal of this meeting should be to establish the following:

- Corporate name
  Choose a name that communicates the purpose and does not resemble the name of any other organization or corporation. The IRS has on occasion questioned the non-profit intention of corporations named for a particular individual.

- Statement of purpose
  Sum up in one sentence the mission of the corporation. A longer statement can follow which includes some of the activities that will be undertaken to carry out the purpose.

- Address of the principal place of business
  If no office has been established, then the address of the person carrying out the majority of the organization's business should be listed.

- Directors
  List at least three people who are the principal organizers and who will agree to act as incorporating directors. Include their address and phone number. In general, these people must be legal residents of the state in which the organization intends to incorporate. People who are potential directors may also be listed.

- Date of the annual meeting

- Decide whether to observe a fiscal or calendar year.

- Designate individuals to draw up the articles of incorporation and the

by-laws.[2]

• Officers may be elected either at this time or after the articles and by-laws have been filed.

The incorporation process may move along faster in some states if the name selected for the corporation is cleared and reserved with the secretary of state. A certificate of reservation may be obtained for a nominal fee by writing to the state's secretary of state.

Internal Revenue Service Definitions and Forms

The term "non-profit" means that the organization does not distribute its gains to individuals involved in the business. It does not automatically imply tax-exemption. In order to gain tax-exempt status from the IRS, certain requirements must be met and must be reflected in the documents of incorporation.

In order to be classified as tax-exempt by IRS, an independent living program, or the organization sponsoring it, must comply with Section 501(c)(3) of the Internal Revenue Code (IRC). This section refers to:

> organizations that are organized and operated exclusively for charitable, religious, educational, or certain other purposes, provided no part of their net earnings inures to the benefit of a private shareholder or individual, and provided they do not engage in certain political activites or (as a substantial part of their activities) in attempts to influence legislation.[3]

This statement establishes three conditions related to purpose, net income, and political activites.

The first condition concerns the purpose: the organization must serve a public rather than a private interest. ILPs would be considered as having an educational purpose.

Second, none of an ILP's gains may be distributed to individuals. This does not mean that the organization cannot attempt to earn profits; however, profits must be reinvested in the organization or used in some manner which furthers its exempt purpose. A qualifying organization may even operate a trade or business as a substantial part of its activities if such an operation furthers its exempt purpose.[4] In the event that the organization is dissolved, its assets must be distributed for a public purpose and not to its members.[5]

Third, and of critical

program planning, resource development/community relations, fiscal management, and personnel management. To accomplish specific tasks, ad hoc committees with predetermined durations should be appointed. The board may delegate certain powers to the executive committee, composed of all the officers. The composition and scope of this committee should be clearly delineated in the by-laws.

Board membership should be handled by two separate committees. One should be a subcommittee of the resource development committee and should be responsible for recruitment, orientation, continuing education, and recognition of members. An ad hoc nominating committee should evaluate members who are up for re-election and should nominate the board's officers.[14]

Summary

The board of directors of the ILP should serve as a valuable resource to be used in achieving organizational goals. If the board is chosen properly, it will establish ties to key community and business representatives, provide access to skills and services that would otherwise be expensive to secure, and offer administrative support that will ultimately strengthen the program and encourage development of sound management policies and procedures.

Consideration of such issues as complimentarity of board members with each other and with staff is crucial, and careful initial selection can serve to avoid or to minimize conflicts that could, over the long term, be damaging to the organization.

Establishing communications channels that keep both board and staff well informed of organizational activities and progress is of paramount importance, as is the planning and running of board meetings that are productive, and make optimal use of board members' time and talents.

Board members can also play key roles by serving on various committees. Often, influential board members can initiate action or serve as catalysts in the committee process and can bring professional expertise and training that is often lacking in the nonprofit sector.

All of these potential attributes make board selection one of the most crucial aspects of ILP development and ongoing operation.

References

[1]Years of personal experience with non-profit corporations and considerable research underlay the two works from which the majority of the materials in this chapter was gathered: Non-profit Corporations, Organizations and Associations by Howard Oleck and The Effective Voluntary Board of Directors by William Conrad and William Glenn.

[2]Conrad and Glenn, p. 117.

[3]Oleck, Nonprofit Corporations, pp. 533, 625.

[4]Oleck, Parliamentary Law, p. 32

[5]Oleck, Nonprofit Corporations, p. 647.

[6]Conrad and Glenn, p. 25.

[7]Ibid., pp. 27-42.

[8]Ibid., pp. 44-45.

[9]Ibid., p. 43.

[10]Ibid., pp. 80-81.

[11]Oleck, Nonprofit Corporations, p. 535.

[12]Ibid., p. 525.

[13]Conrad and Glenn, p. 83.

[14]Ibid., p. 110.

special. He or she is responsible for submitting recommendations to the board based on observations and input from the staff. Recommendations should be in writing in the form of a brief, concise statement followed by an annotated listing of alternatives, advantages, and disadvantages.

The board should approve most of the executive's recommendations. If most executive recommendations fail to receive board approval, a serious appraisal of the board/executive relationship should be undertaken. The outcome of the appraisal process may dictate significant changes in board or staff composition.

Conflict management

Conflicts are inevitable in any organization. Many organizations become ineffective because more time and energy is spent on handling personality issues than is spent on achieving organizational goals.

The inevitability of conflict should be anticipated, and proper personnel and employee-relations procedures should be developed for dealing with conflict.

A good working environment depends in large part on the relationship between the person chairing the board and the executive. Trust must exist between the two, and they should be able to discuss issues honestly. Agendas for meetings should be prepared jointly, and both parties should agree on all recommendations. Any disagreements should be clearly stated to the board. A similar relationship should exist between persons chairing committees and the staff assigned to them.

Communications

One way to prevent conflict is to ensure good communication among all parties of an organization. Well-constructed board meetings and committee meetings with concise minutes plus a regularly published newsletter can serve to keep everyone well informed.

There are various ways to facilitate communication between the board and the members of the organization or the public. One approach provides for open board meetings in which members, clients, staff, and others, can attend the meetings and address the board directly. While this provides occasions for effective communication, it also consumes a considerable amount of time. For this reason, policies for dealing with

inappropriate discussion should be established in advance.

A different approach to opening communication lines is the chain of command system in which clients, staff, and others are given opportunities to express their concerns to the appropriate board committee (they may even serve on such committees) which then reports to the entire board.[10]

Conducting efficient board meetings

Members of the board should feel that their time at meetings is well spent. One means of assuring effective time management is to send materials for discussion to board members prior to meetings. Assuming that board members are provided opportunity to prepare adequately for meetings, the effective board chairperson will be able to adhere effectively to an established agenda. A model agenda follows:

- Call to order;
- Roll call;
- Announcement of quorum;
- Reading, correction, and approval of minutes of the previous meeting;
- Reports of officers;
- Reports of committee chairpersons;
- Old business;
- Elections (if any);
- New business;
- Appointment of committees or of officers to study or deal with new matter;
- Choice of time and place for next meeting (if necessary); and
- Adjournment.

Polling directors on special issues instead of calling a meeting should be avoided as a practice. Only when no rights of creditors are affected and no violation of public policy is involved are the actions of the directors binding and effective without a proper meeting.[12]

Committees

A successful committee requires a specific charge, an effective person to chair it, a conscientious staff, carefully selected membership, and tightly structured meetings. A person can serve on a committee without being a member of the board.[13]

At minimum, standing committees should be appointed to oversee each of the four management divisions:

way, both members of the organization and people in the community may feel that they have a voice in making decisions and that means exist by which they can help the program succeed. A community that becomes involved in a project is more likely to provide it with ongoing support.

Overseeing the function of the chief executive is an extremely important and often mismanaged responsibility of the board. Specifically, the board is responsible for retaining, supporting, supervising, and appraising the performance of the executive. Before initiating a search for an executive, a comprehensive job description and set of selection criteria should be developed. A search committee should be appointed and should follow proper hiring procedures (discussed in detail in Chapter VII).

Once the executive has been retained, the board has an obligation to support him or her. Supervision of the executive should be coordinated by the person chairing the board. Needless to say, the best practices of personnel management should be followed. A definite procedure for appraising the executive's performance should be established in advance and announced upon hiring. If supervision has been ongoing and adequate, performance appraisal should pose no problems or surprises.

Complimentarity of the Board and the Staff

An effective organization is usually backed by a solid working relationship between the board and the staff. Conrad and Glenn list complimentary elements which should be brought to the relationship by each of these bodies.

The board should contribute:

- Expertise in a variety of technical areas which the ILP could not otherwise afford;
- Influence to attract financial resources, human resources, and public relations resources;
- Objective points of view concerning operations, and a capacity for critical review;
- Knowledge about the community;
- Ability to affect change in the organization;
- Source of collective wisdom;

- Continuity of policy and programs;

- Preservation of the democratic process;

- Sanctions of various external publics; and

- Ability to represent the organization.

The staff should contribute:

- Expertise in their profession;

- Knowledge of the organization;

- Objectivity in reaction to suggestions from the board;

- Ability to interpret board policy decisions; and

- Ability to serve as a bridge between diverse elements within the organization.

What board members can reasonably expect of the staff assigned to their committee:

- Attention to details of meetings, conferences;

- Judicious use of time;

- Complete, concise, and accurate information;

- Candor in individual and organizational relationships;

- Prompt return of phone calls;

- Prompt response to requests for information;

- Meeting of agreed-upon deadlines, with notification if deadline cannot be met; and

- Adequate preparation for meetings in which board members must play a leadership role.

What the staff can reasonably expect of board members:

- Easy access by phone or visitation;

- Fulfillment of commitments within agreed-upon deadlines;

- Sensitivity to the staff's organizational problems;

- Support in controversial situations;

- Candid performance appraisal;

- Recommendations for improving performance;

- Loyalty and confidentiality; and

- Organizational knowledge and ability.

The role of the executive in policy development is

to potential funding sources, referral agencies, or other resources which might promote organizational growth? Does he or she have the skill and knowledge to explore other resources?

- Sanctions

  Does the person represent a particular business, professional, racial, ethnic, political, or disability group? It is important to have representation from the major segments of the community that will benefit from the services.

- Personal characteristics

  A candidate should have a sincere interest in independent living, leadership potential, stature in the community, influence, communication skills, integrity, and success in his or her own field. The person should also be able to give the ILP the time it needs.[2]

Conflicts of interest should not be treated lightly. No board member can act impartially if he or she has financial or professional involvement in the activities of the organization. Many state statutes require that the articles or by-laws of non-profit corporations contain the restrictions that no one on the board may benefit directly or indirectly from any of the organization's activities, thereby precluding employees or spouses of employees from serving in this capacity.

Contracts with a business or organization in which a director or officer of the ILP board has a significant interest may be in violation of state or federal regulations. Should contracts be made with businesses or organizations in which a director or officer of the ILP board has a significant interest, a good faith disclosure of that interest and reasons for awarding the contract must be made in advance with specific authorization of the contract by the board. If approval for the contract is given, the director with the vested interest may not be counted in determining a quorum or in voting on related issues.[3]

All directors present who fail to dissent when an improper loan or contract is approved are liable for the sum involved.[4] Directors who are guilty of fraud or acting in bad faith are severely liable. An honest director who uses reasonable care and acts in good faith has no personal liability for corporate debts or obligations.[5]

Because of complications and disruptions inherent

in these situations, persons who are likely to have frequent conflicts of interest should neither be nominated as board members nor be nominated as officers of a sponsoring organization if holding such office carries automatic board membership.

Motivation

Once individuals are elected to the board of directors of an ILP, it is a mistake to assume that they will generate their own enthusiasm from that point on. It is the responsibility of every board to motivate both its own members and program staff to endeavor to obtain its stated goals. Conrad and Glenn claim that in order for a board and staff to be motivated, they must be given a cause to believe in, a framework within which to work, specific tasks to accomplish, deadlines for tasks to be completed, and opportunities to participate in decisions that affect all of the above.[6]

Role of the Board

The board of directors fulfills four basic functions for the organization: determining policy; developing resources; establishing sanctions; and overseeing the function of the chief executive.[7]

Matters concerning policy involve both the board and staff. Since final policy determinations are made by the board, and implementation of these policies is the responsibility of the staff, consideration of policy options should include input from both. Monitoring must be done by everyone.

Resource development also requires cooperation between the board and program staff. Board members should make contacts with potential contributors, granting agencies, and other resource entities. The task of doing the necessary background work, such as writing applications, is the responsibility of the staff. Board members should not be discouraged from making monetary contributions, if it is within their means. A general principle is that the more the members of the board are involved in securing funds, the more attention they will pay to how funds are used.

If a board is truly operating with the sanctions of the community, then a poll of various segments of the community should show that they feel the organization represents them. Meetings of the board should be structured so that opportunities exist for contribution of ideas from individuals outside the organization. In this

CHAPTER TWO
BOARD OF DIRECTORS

An effective voluntary board of directors working cooperatively with program staff and responding sensitively to the community may be the key to operating a successful independent living program. Several ILPs have either dissolved or balance on the edge of dissolution as a result of a poorly constructed board or a breakdown in board/staff relationships. While conflict may arise because of differences in personalities and personal and professional goals, it can be minimized or, ideally, channeled in positive directions by clearly defining roles, delineating authority, and establishing procedures for accountability.[1]

Purpose

The board of directors is the official management body of the organization, vested with authority to conduct the affairs of the corporation. Persons become directors either through election by the membership or proclamation in the articles of incorporation. The board is responsible for ensuring that the organization operates within the confines of the law and progresses toward its stated objectives.

Types of Boards

There are several different types of possible relationships between a board and its organization. Systems most often used by ILPs are boards which are self-perpetuating and boards which are elected by the membership.

With some independently incorporated ILPs, the directors on the board may be the organization's only members. Such a board is self-perpetuating: existing directors nominate and elect their replacements. While this system permits selection of board members to fill a particular program need, such as an accountant or attorney, no easy mechanism exists for direct input from program clients or the community at large.

With other ILPs, clients and other interested parties may become members of the organization, and nominate and elect representatives to serve as directors. This type of board tends to be more responsive to the wishes of the community and has stronger lines of accountability, but has more difficulty maintaining a complementary balance in terms of the members' professions and life experiences.

The lines of authority are somewhat more complex between advocacy organizations and ILPs which they sponsor. Some groups maintain strict control over the ILP by having their board of directors preside over the ILP in addition to their other responsibilities. Other groups establish a separate board or committee to manage the ILP. Generally, this separate board is composed of members of the sponsoring organization and individuals from the community. As a rule, the person chairing the ILP board is a member of the sponsoring organization. In situations where the general membership, the board of directors, and possibly even some of the ILP staff are all members of the same organization, risks associated with multiple roles and conflicts of interest are increased.

The boards mentioned so far function as governing boards, and a substantial number of their members must be persons with disabilities in order for the organization to qualify for certain types of funding (for example, Title VII Part B). The main concerns of such boards are determining policy; developing resources; and retaining, supervising, and appraising the executive director.

Many successful ILPs find it valuable to have an advisory committee consisting of experts in various fields from local businesses, agencies, and universities. This committee has no official capacity and probably never meets as a group, but performs the invaluable function of being available for advice in crucial areas. Establishment of advisory committees allows for access to community leaders and resource persons without reducing consumer representation on the board.

The Directors

Members of the board of directors are vested with authority to conduct the affairs of the corporation. As such, they need to possess certain qualifications in order to fulfill their responsibilities effectively, and, therefore, should be chosen quite carefully. In recruiting prospective board members, several factors should be considered:

- Expertise
  Does the person possess competencies in areas of need, such as grant writing, law, management, public relations, specific service delivery areas, etc.?

- Access to resources
  Does the person have personal or professional ties

References

[1]Peterson, p. 111.

[2]Ibid.

[3]Ibid., pp. 111-112.

[4] Ibid., pp. 112-113.

[5]National Health Council, Inc.; National Assembly of National Voluntary Health and Social Welfare Organizations, Inc.; and United Way of America, Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations (revised 1974), p. 19.

[6]Emerson Henke, Accounting for Nonprofit Organizations: An Exploratory Study, Indiana Business Information Bulletin No. 53 (Indiana: Bureau of Business Research, Graduate School of Business, 1965), pp. 58-59.

Ledgers

Ledgers are books in which financial information is recorded. Five separate ledgers are recommended.[4]

- Cash receipts journal
  Records of all funds the organization receives, their sources, date received, and category from the chart of accounts.

- Cash disbursements journal
  Records all transactions in which the organization pays money out, identifies the payee, date, check number, and expense account (from the chart of accounts) to which the payment is to be charged. Each receipt should be saved and marked with this information also.

- General journal
  Records noncash transactions such as donations of services, property, equipment, and materials.

- General ledger
  Combines the above three journals by listing totals for each entry in the chart of accounts.

- Payroll summary
  Records payments and withholdings for each employee; includes the employee's name, payroll period, hours worked, gross income, number of exemptions, withholdings for federal and state income tax, social security, state temporary disability insurance, etc., total deductions, net salary, and check number.

Accounting for donated services

Many ILPs rely on grants for funding. Often funding agencies require matching funds or in-kind contributions from the grantee. Some funding agencies allow grantees to include noncash donations as part of their matching funds or in-kind contribution.

Assigning a value to donated services is difficult. It is recommended that such services only be counted if they are performed as a normal part of the program or its support services and would otherwise be performed by salaried personnel; if the organization exercises control over the employment and duties of the donors of the services; and if the organization has a clearly measurable basis for the amount claimed. It is therefore extremely important that accurate records be maintained indicating the amount of services donated, and the value of the donated services. Donated land, buildings, and equipment should be recorded at their fair value at the date of the gift. Likewise, rent-free space should be recorded at the fair rental value.[5]

Financial statements

While ledgers are primarily for internal use, financial statements represent full disclosure of an organization's financial condition to its board of directors, funding agencies, and public. They are produced either monthly or at the end of regular reporting periods. Three statements are required.[6]

- Balance sheet
  Lists assets (what program has), liabilities (what program owes), and the fund balances (what's left); assets should be classified according to whether they are restricted for use in certain areas or can be used where needed; balance sheets use cash-basis accounting.

- Statement of revenue and expenses
  Lists funds received and owed on an accrual basis.

- Statement of sources and application
  Shows extent of compliance with the accepted budget.

An optional statement which ILPs may want to use to help with administrative and program planning is:

- Statement of changes in net assets
  A listing of balances available for operating purposes vs. restricted balances.

Statements for an ILP should be separate from statements for the entire sponsoring organization. Also, all statements should clearly indicate funds that are available for general use, i.e., unrestricted funds, and funds that can only be used for certain items as designated in a grant or contract, i.e., restricted funds.

Summary

The elements of a good financial system are a duly established payroll, accurate and complete record keeping, and comprehensive financial statements. Any organization planning to deal with significant amounts of money, enter into contracts or other financial agreements, hire employees, or deliver services for a fee should take great care to establish a financial system that will satisfy legal and funding agency requirements and insure adequate accountability.

CHAPTER THREE
FINANCE AND ACCOUNTING

Sound financial and accounting systems are of paramount importance. This is particularly true for newly established ILPs that are under pressure to demonstrate their effectiveness to federal, state, and other funding agencies. Funding agencies as well as the public have an interest in knowing where a non-profit service provider obtains its money, how much of it is spent on delivering services, and how much is spent on administration and fund-raising efforts.

Well-constructed financial statements should reflect not only the financial condition of the organization, but also whether its management is using available resources responsibly and to what extent stated objectives are being met. Such statements are often required at regular intervals by federal, state, and local funding sources. Matters of this importance should be handled by trained staff and supervised by qualified board members.

Setting up a payroll

In setting up a payroll, a new ILP must be sure that all required IRS forms have been filed and mandatory insurances secured. Required IRS forms are 1023, to establish tax-exempt status; SS-4, the employer identification number; and 990, the annual tax return. Mandatory insurances are state unemployment insurance, workers' compensation, and withholding for both federal and state income tax (for regular salaried employees, not independent contractors). Some states require a temporary disability insurance. Federal unemployment insurance is not required by organizations with 501(c)(3) status. Social security (FICA-Federal Insurance Contributions Act) is optional. If the organization elects to have FICA, then IRS forms SS-15 and SS-15a must be submitted.

Record keeping

There are many reasons for maintaining a good daily record-keeping system. These include:

- To identify sources of receipts;
- To comply with government reporting requirements;
- To prepare financial statements for the board of directors;
- To prepare budgets and projections for the future; and

• To determine depreciation of assets.[1]

Cash-basis accounting is the system used for daily record keeping. Transactions involving expenditures or receipts of cash are recorded as they occur. Accrual-basis accounting should be used at the end of each month or reporting period. The accrual-based system records expenses incurred and revenue accrued by the ILP, and gives a more accurate picture of the organization's financial activities.[2] ILPs that offer services to clients of other agencies for a fee paid by a third party should record the fee as soon as the service is rendered, even though the third party may be slow in paying.

A chart of accounts is an index used to categorize all aspects of an organization's finances. The following index is a sample chart of accounts which can be adapted for use in ILPs.[3]

Assets

100 Cash in bank
101 Petty cash
110 Inventory
120 Accounts receivable
130 Fixed assets
135 Accumulated depreciation
140 Other assets

Liabilities and Fund Balance

200 Accounts payable
210 FICA withheld from employee
211 FICA employer share payable
212 State Disability Insurance withheld
213 State Unemployment Insurance payable
220 Wages payable
230 Loans payable
300 General fund balance
310 Restricted fund balance

Income

400 Private foundation grants
401 Government grants and contracts
402 Individual contributions
403 Fees for services
404 Miscellaneous

Expenses

500 Rent
501 Telephone
503 Utilities
504 Office supplies
505 Insurance
506 Salaries and wages
507 Payroll taxes
508 Postage
509 Advertising
510 Office equipment

A chart of accounts allows for quick access to current financial status, and ILP administrators may find it useful in the financial decision-making process.

may pressure an insurer to provide better coverage and/or more rapid claims service for clients.

An independent agent is a direct representative of a small number of insurance companies and can contract directly on behalf of these companies. The independent agent may have authority to issue policies from her or his office or change the written terms of contracts, though not all agents have this power. Some companies allow their independent agents to settle routine claims and thereby provide prompt claims service. The same may be true of a direct writer, depending on the company.

Brokers, on the other hand, represent the insured party, not the insurance company. They place a client's business with an insurance company which can best serve the client's needs; however, they are not affiliated with the companies. The broker is thus able to "shop" among many companies for the best insurance value. If a program has some unique insurance needs and has trouble finding an insurance company to cover the needs, then it may be helpful to deal with a broker rather than an independent agent or a direct writer.

Summary

The intricacies of determining appropriate insurance coverage can be quite confusing. Knowing the basic principles of risk management and understanding the various types of insurance and areas of coverage is of enormous value to the new program manager. Having this knowledge and understanding will enable the program manager to ask the right questions and make informed decisions regarding options presented by the agent. Of equal importance is identifying a competent agent who is established in the community. Asking appropriate questions of an agent who has a thorough understanding of business insurance and liability should be invaluable in assuring that all considerations are examined and the insurance program purchased will be adequate and appropriate for the size and scope of the program being operated.

References

[1]The material in this chapter is based on a publication from the Small Business Association, Risk Management and Insurance: A Self-Instructional Booklet, No. 1018, Business Basics Series (Washington, D.C.: U.S. Small Business Administration Office of Management Assistance, 1980).

• All-risk commercial property insurance

The most common property insurance is the all-risk commercial property insurance policy. All-risk policies cover all perils except those specifically excluded by name. This has many advantages including:

--Knowledge that the ILP is covered for all perils not specifically excluded and thus avoiding the possibility of having any gaps in coverage.

--Reduced likelihood of duplicate coverage which might result from coverage with several different policies.

--Ease in obtaining settlement for losses covered by an all-risk policy as compared to coverage with several policies.

--Generally lower premium on an all-risk policy as compared to the total premium for several different policies.

All-risk property policies usually provide coverage up to a stated amount for losses in various major areas including:

--Fire;

--Water damage (with the exception of floods);

--Hail and windstorm damage;

--Theft and burglary;

and

--Vandalism.

Special exclusions for which all-risk policies usually do not provide coverage include such items as manuscripts, jewelry, cash, accounting records, securities, automobiles, steam boilers, machinery, and neon signs. It is therefore especially important to read the policy carefully to determine what is covered and what is not.

Damage to program vehicles usually requires a separate policy as does coverage for flooding and burglary, robbery or theft and embezzlement by employees.

Damage caused during riot or civil disruption is also usually excluded. However, if a program is in a high-risk area, such as certain urban sections, it may be eligible for crime-and-riot insurance available from carriers who offer it in conjunction with support from the state and federal government.

• Crime insurance

While burglary and theft can often be covered in the comprehensive "all-risk" policies, various other crimes such as off-premise robberies, disappearance of money, employee theft, and embezzlement are not. These usually require either separate policies or comprehensive crime coverage. Reading the fine print or working with a reliable and competent agent is necessary to assure that coverage is really appropriate for the program.

- Vehicle insurance

Just as automobile liability insurance is usually not covered in a general liability policy, so damage to vehicles owned by the program is also excluded from all-purpose property policies. A separate policy is therefore required unless the insurance company will provide a rider.

Selection of the insurance agent

Selecting an agent is of great importance in buying insurance. A reliable agent will help develop an insurance plan that is complete but not excessive, and will provide assistance in collecting on claims when a loss occurs.

One should work only with an agent who can advise on types and amounts of coverage needed, provide suggestions with respect to the specific details within a policy, and is established within the community. Because agents are paid on a commission basis, they benefit from higher premiums. A program needs an agent who considers service to customers important and will therefore check opportunities for reducing premiums and will search out insurance companies which can give a program the best overall coverage for its premium dollar.

Basically, there are three types of insurance representatives: direct writers for individual insurance companies, independent agents, and insurance brokers.

When an insurance company maintains its own sales offices, its insurance services are distributed through direct writing. The direct writer, also known as a sales representative, can usually offer lower premiums than an independent agent. Because he or she works for only one insurer, the direct writer is usually fully knowledgeable about details of the range of services offered by that company and can provide immediate answers. In addition, the direct writer may have more time for giving complete service to the customer.

Insurance companies who use independent agents give them representation rights in a given territory. Since independent agents usually represent several insurance companies, they are usually able to offer a greater variety of coverage than a direct writer. An independent agent may also have greater incentive to serve a client who places all or most of the insurance business with the agent. Motivated by commissions and a desire to retain clients, an independent agent

family, should the employee die. Group coverage can be obtained at low rates even if ten or fewer employees are in the group.

Three major types of group health insurance plans exist:

- Basic hospitalization and medical

  Pays cost of hospitalization, medical care, and medication while hospitalized. Some also pay for a portion of medical care outside of hospitals and for diagnostic services such as x-rays and blood tests. In some instances, medical/surgical and hospitalization plans may be on separate policies. This is typically the case with Blue Cross policies.

Basic medical insurance is usually less expensive in group plans except in the case of very small groups. When a program has only three or four employees to be covered it may be less expensive to cover them with individual policies.

- Major medical

  Designed to meet costs of catastrophic illnesses; usually contain deductible clauses so that they apply only to costs above that which basic medical and hospitalization plans will cover. Major medical insurance plans are not very expensive and are available even for small groups. Such insurance is an excellent way to protect employees against major medical expenses.

- Disability

  Mandated in some states; pays employees a proportion of their salaries during temporary or extended disabilities resulting from illness or from accidents that are not connected with work.

Retirement plans

Retirement plans are not recommended for independent living programs. It is characteristic of ILPs to have a relatively high turnover in staff. This high turnover not only results in significant administrative problems in operating a retirement plan, but also makes this benefit of less consequence to the employee than other benefits.

Property insurance

Property insurance, often referred to as casualty insurance, insures the program against losses stemming from destruction of real property (buildings) and personal property (machines, equipment, furniture, etc.).

Property insurance covers risks in two main areas:

- Risks to property owned and used by the program, such as buildings, materials, and equipment; and

- Miscellaneous risks such as robbery or operating costs during the transition period after a disaster (business interruption insurance).

Protection against such risks includes the following insurances:

- Fire insurance

The standard fire policy insures against three causes of loss: fire, lightning, and loss of goods removed from program premises because of fire. The policy excludes theft and failure to protect the property after a fire.

- Extended coverage

Most business firms supplement their basic fire insurance policy with extended coverage endorsements including such perils as theft and burglary, windstorm, hail, explosion, riot, aircraft damage, smoke damage, and vandalism. Sometimes all these perils are covered in policies called all-risk policies. In addition, firms have to cover risks which are usually excluded from such broad policies, such as a vehicle damage (collision), flood damage, manuscript damage, and others.

One important feature of most fire-and-extended-coverage policies is a co-insurance clause. Co-insurance requires the insured to carry a specified amount (percentage) of insurance based on the value of the insured property or bear part of the loss. The amount the insured is required to carry is usually 80 or 90 percent of the actual cash value of the property.

This means that if a program carries this much insurance relative to the actual value of the property, the insurance company will pay the total value of the loss. For example, if an ILP-owned van worth $20,000 is destroyed in a fire, the insurance company would pay the full $20,000 even though the program only carried insurance on it up to $16,000. A significant reduction in policy premium results when a co-insurance clause is included.

An important thing to keep in mind is that coverage is often for only the depreciated value of the property lost. It is necessary to specify otherwise if replacement value coverage is desired.

pharmaceutical expenses of employees is often done simply as a matter of good will to employees.

Potential liability from claims resulting from injury to non-staff personnel may be covered under a general liability insurance policy, often referred to as a multi-risk or comprehensive liability policy. An awareness of the types of liabilities not covered by a comprehensive liability policy is essential, however; and expert guidance from an insurance specialist may be helpful in avoiding problems related to inadequate or incomplete coverage. The most prominent risks against which comprehensive general liability insurance does not provide protection are:

- Liability for claims resulting from an automobile accident by one of the program employees while on the job.

- Employer liability insurance covered under workers' compensation laws.

Whether or not coverage for these risks is mandatory in the state in which the ILP operates, the risks involved must be weighed and some determination regarding purchase of additional coverage must be made. The following general descriptions provide basic information about policies available to cover the two previously mentioned situations.

- Automobile liability insurance

In most states, a business is required to maintain insurance on all automobiles that it operates. In addition, a program can be legally liable for accidents by cars owned by others, such as employees or clients or sub-contractors who are involved in accidents while using their vehicles on behalf of the program. This may even be true when its employees use rented or leased vehicles, and, of course, it applies when an employee is operating a car belonging to a client.

- Workers' compensation insurance

Workers' compensation insurance is generally required by law and protects the employer against liability in the event of an accident. Under the law, employers are required to:

--Provide employees with a safe place to work;

--Hire competent employees (so they will not endanger each other);

--Provide safe tools; and

--Warn employees of any existing dangers which may exist or develop on the job.

Under workers' compensation insurance, an employee can collect payment for doctor bills and medications as well as hospital expenses and income payments for time lost beyond a specified minimum period. With regard to injuries which result in permanent damage, the individual can collect a lump sum payment to compensate for that loss.

In most states, compensation awards to employees are made on the basis of a hearing by an examiner or board, at which the employer has the right to be represented either directly or jointly with the insurance company to assure that the liability of the employer is properly represented. For instance, awards may be smaller in case of contributory negligence by the employee, or when the loss is the result of an injury caused by a fellow employee.

- Umbrella policies

Once a program has protection for various areas where it is exposed to potential liability suits, it can purchase an overall insurance which covers large liabilities over and above its basic coverage, such as a million-dollar law suit for the loss of a life in an accident. These general coverage umbrella policies are not expensive because the insurance company which provides coverage has to consider only the few claims which exceed the basic coverage, which usually is several hundred thousand dollars. Such policies can, however, protect an ILP against high potential losses.

It is important that one read the policy carefully, especially regarding coverages and exclusions so that one is aware of what the policy covers and what it does not. Since there is generally a considerable amount of fine print involved, one should have the insurance agent explain it the first time a policy is taken out. Consulting with an experienced insurance agent will also be valuable in determining appropriate coverage.

It is important to recognize that increasing limits of an ILP's liability does not increase its premiums proportionately. Sometimes very large increases in liability insurance will bring only relatively small increases in premium because few claims are in excess of the basic insurance level.

Life and health insurance

The purpose of life insurance for employees is to provide financial protection to the employee's

A contract may specify that it will pay up to $100,000 per person injured or a total of $300,000 in any one accident. Other policies may have a single limit applying to both bodily injury and property damage.

- Deductibles

The purpose of deductibles is to reduce premiums by permitting the program to eliminate coverage for small losses and to carry the responsibility itself. Deductibles are usually a specified dollar amount or percentage of loss, above which the insurance company will pay.

For example, a $100 deductible collision insurance policy means that in the event the ILP van is involved in a collision, the program would have to pay the first $100 for repairs to its vehicle, and the insurance company would pay the balance. The premium for a $100 deductible policy might be $185 a year, while the premium for a $200 deductible policy might only be $140 a year. Thus, buying the $200 deductible policy would save the purchaser $45 a year in premium payments, but it would put the purchaser at risk for an additional $100 for each accident in which the purchaser might be involved.

- Indemnity

This is the coverage in which one can collect only the actual loss and not an amount specified as the policy limit. For example, if the ILP takes out $80,000 of flood insurance on a building worth only $50,000, it would not be able to collect $80,000 if the building was totally destroyed by a flood. The indemnity principle prevents programs in high risk situations from purchasing excessive insurance coverage for the purpose of turning a loss into a profit.

Actual loss is generally determined by an insurance adjuster who applies a reasonable allowance for depreciation against the current replacement cost of the lost property except when the policy specifies replacement cost.

Types of insurance

There are three basic types of insurance that should be purchased by ILPs:

- Liability insurance

For protection against injury or other damages that happen to non-staff people and their property for which the program may be legally responsible.

- Life and health insurance
  To provide compensation to employees for losses sustained as a result of illness or death.

- Property insurance
  For protection against losses which may occur to program property.

Liability insurance

In delivering services, a program is subject to laws governing negligence to clients, employees, and anyone else with whom it does business or who is on its property. Negligence may be defined as failure to exercise the degree of care required under the circumstances. For example, a program is expected to maintain a safe place for people to enter. If someone falls on a slippery floor, the program may be held liable (legally responsible) for damages even though signs had been posted warning of danger.

In some cases, it can be shown that the injured person contributed to the loss by personal carelessness (called contributory negligence). Generally, however, when accidents occur on business premises, there is a strong presumption that negligence does exist.

Since liability judgments can be very large, and judgments in the courts have increased in number in recent years, careful consideration should be given to determination of adequate liability coverage.

Basically, an ILP should be insured against two types of liabilities, liability for claims by non-staff persons and liability for claims by staff members.

- Liability for claims by non-staff persons includes:
  --Injuries to others while on program property;
  --Injuries to others from use of the program's vehicles while engaged for business purposes which occur on or off the premises; and
  --Damage to other people's property--as in an automobile accident.

- Liability for claims by staff members includes:
  --Compensation for work-related injuries, such as hospital and doctor bills, and payment for loss of salary (workers' compensation). This form of compensation is required by law in all states.
  --Compensation for illness is more a moral obligation than a legal matter, although some states do require businesses to take out disability insurance to compensate employees for salaries lost while they are ill and unable to work. Covering hospital bills, doctor bills, and

CHAPTER FOUR
RISK MANAGEMENT AND INSURANCE

Insurance is an area that can seem unapproachable and intimidating to inexperienced organizers of a new ILP. While most of the complexities can be worked out by a skilled insurance agent, certain concepts should be understood by organizers of the program. There is more to insurance than paying monthly premiums. There are ways to control and reduce risks, and there are certain questions one should consider in order to determine how much insurance is sufficient for the program.

Risk Management

Risk management means identifying potential sources of loss or injury and controlling the program's exposure to these sources. The four steps in this process are:

- Identification of risks;
- Evaluation of the chance of each risk occurring; the cost, should loss occur; and the cost of insurance coverage;
- Selection of the best way to handle each risk; and
- Control of each risk by implementing the best method of loss prevention in an organized plan.

Identification of risks means to examine and to account for program resources and services to discover possible threats of loss, damage, or expense. Begin by going through the program's financial and organizational papers and tangible resources such as equipment, and asking the question, "What if?":

- What if there were a fire? What would it cost to keep operating?
- What if someone stole essential office equipment?
- What if an employee were injured in the office or while visiting a client?
- What if a client were injured in the office?
- What if someone wrecked the ILP van?

Next, evaluate the chance of occurrence and cost of loss for each risk. For instance, if the ILP is located in a valley, flooding may be a danger and should be covered by insurance. Combine several risks that may happen simultaneously, and re-evaluate the potential loss in dollars. What would a fire destroy? How much would burglars steal? Could the program be sued? By whom? For how much? How does the

cost of insurance coverage compare to the cost of these losses?

Select the best way to handle risks by considering the various options available:

- Spreading risk
  Duplicate valuable records or documents and keep them at another location.

- Prevention of risk
  Install sprinkler systems, strong locks, etc., to minimize the potential of loss. Local fire and police departments should be requested to inspect program premises for potential hazards and to give advice on fire and theft prevention measures. Staff training in office safety would be well worth the time and any expense.

- Transfer of risk
  Contracts with insurance companies can be entered into which will assume property, liability, fire, etc., losses.

Insurance

Insurance can be defined as a system of protection against loss in which an individual agrees to pay a specified sum (premium) for a guarantee that he or she will be compensated for a specific loss. In other words, the insurer promises to give protection (compensation) and service (aid) to the injured.

Common insurance terms

Most insurance policies contain all or at least some of the following terms:

- Coverage
  The types of losses for which a policy will pay. Most liability policies will pay for:
  --The amount the program becomes legally obligated to pay because of bodily injury or damage to property that staff personnel accidentally cause (including any immediate medical attention provided at the time of the accident).
  --Expenses of settling any liability suit, whether the suit is justified or not.

- Exclusions
  The types of losses for which a policy will not pay. Most liability policies will not pay for obligations under workers' compensation laws; damage to property of others which is in the program's care; or for liability resulting from blasting operations, from war, from the operation of state liquor laws, and from mishaps involving nuclear energy.

- Limitations
  The maximum amount of payment which a policy will provide for a loss. For example, the comprehensive general liability policy contains a limit per person and a limit per accident.

PART TWO:
OPERATING AN INDEPENDENT LIVING PROGRAM

Having established a firm foundation, the next challenge facing new independent living programs is even greater and more difficult to meet: hiring and keeping good staff members. Organizers of ILPs generally know what result they want, but frequently they have only a vague understanding of steps needed to obtain that result. The process of providing independent living services is unique in many ways, and until recently, there have been few models to follow.

It is an unfortunate fact that many ILPs begin operating without a clear understanding of the jobs that need to be done. Job descriptions, if available at all, are often vague and incomplete, making the hiring process more difficult. Without clear job descriptions, the hiring agent cannot produce an accurate job announcement which can be used to broaden the scope of the recruitment process to include persons from outside the ILP. Moreover, in a conscientious attempt to hire qualified disabled individuals, interviewers ask questions unrelated to the performance of the job. These practices not only constitute violations of equal employment opportunity laws, but also reveal an unprofessionalism that serves to discourage competent applicants.

Developing sound operating procedures is essential to maintaining good working relationships within a program. New employees should not have to discover the limits of their authority accidentally and should not have to wait until problems become critical before they learn about the procedures to handle them.

The more successful an ILP is at incorporating sound personnel practices into its overall operation, the more respect it will earn as a responsible business enterprise. The following chapters contain hiring and personnel management information taken from experiences of successful ILPs and other non-profit and for-profit corporations.

Able to communicate well with peers.

Physical requirements:

Able to use a telephone (with modifications if necessary).

Summary

The process of developing an organizational structure that will adequately meet some of the unique needs of independent living programs while at the same time maintain a flexibility that will maximize employees' abilities and minimize their disabilities, is a process which is difficult but critical to the success of the program. Establishment of clear organizational lines of communication and authority, accurate job descriptions and job specifications, and a sound evaluation approach will make the difficult process of personnel management an easier task for all involved.

References

[1] Job Analysis, Job Specification, and Job Descriptions: Basic Personnel Management Tools; A Self-Instructional Booklet, No. 1020, Business Basics Series (Washington D.C.: U.S. Small Business Administration, Office of Management Assistance, 1980), pp. 13-14.

[2] Sidney A. Fine and Wratha W. Wiley, An Introduction to Functional Job Analysis: A Scaling of Selected Tasks from the Social Welfare Field, Methods for Manpower Analysis No. 4 (Kalamazoo, Michigan: The W. E. Upjohn Institute for Employment Research, 1971).

[3] Ibid., p. 31.

The most important point to emphasize in this discussion of job specifications is the need to remain flexible in stating requirements and to employ screening practices that do not discourage or inhibit a disabled applicant from seeking or securing employment in the program. The ILP should represent a model of non-discrimination and affirmative action with respect to employment of persons with disabilities.

Job evaluation

Job evaluation is the process of determining the overall value of a particular job within the organization. It differs from both job analysis, looking at the components of a particular job, and performance evaluation, assessing the quality of a particular employee's performance within a given position.

Writing a good, objective job analysis is difficult, but evaluating that analysis objectively is even more difficult. The process of determining each job's value to the overall program should be done by several people at both the board and program administrative levels. A simple ranking system should be established, and jobs should be designated according to how essential or expendable they are to achievement of the organization's objectives. This ranking should conform to both the ideal and the austerity versions of the organizational chart, which should have been the point of origin for every job. Planners must be realistic about identifying positions that can be eliminated or combined with others if funding cutbacks occur.

Individuals conducting the evaluation should also consider the possibility of replacing certain jobs or portions of jobs with equipment. A word processor or a small computer operated by a well-trained, aware person with an understanding of the independent living philosophy could make enormous contributions to the operation of an ILP, and might conceivably be of significant help in sustaining the program in times of extreme austerity. While ILP organizers should plan for growth, they should also make necessary provisions so that the program can continue delivering quality services despite a reduction in forces.

Sample job analysis

Job title: Attendant Referral Coordinator

Statement of job: Coordinate and maintain an attendant referral system.

--Major Duties:

- Help clients identify and evaluate their attendant needs;

- Conduct an advertisement campaign to recruit attendants;

- Gather data on qualifications of applicants for attendant jobs;

- Evaluate and catalog data on clients and prospective attendants;

- Refer names of prospective attendants to at least 30-50 clients per month;

- Coach clients and attendants on maintaining a good attendant/attendee relationship;

- Attempt to mediate attendant/attendee disputes; and

- Establish and maintain an emergency attendant referral system.

--Minor Duties:

- Prepare monthly activity reports;

- Participate in case conferences (client staffings);

- Make occasional home visits to acquire necessary information and to coach clients;

- Assist clients in obtaining funding for their attendant needs; and

- Obtain current information on legislative and agency policies concerning funding for attendant needs.

Relationships:

Serve as member of daily living division along with housing coordinator, independent living skills trainer, and health/nutrition counselor;

Receive supervision from direct services manager;

Consult frequently with financial benefits counselor; and

Comply with program operating and reporting procedures, but otherwise has discretion over attendant referral activities.

Experience/education:

Has five or more years of successful personal experience with attendants;

Has one or more years of experience in counseling.

Knowledge/skills:

Familiar with a variety of handicapping conditions;

working conditions they must be prepared to accept. The education, experience, knowledge, skills, and physical requirements for each position should be determined very carefully. It is extremely important that these be bona fide occupational qualifications (BFOQ). For example, it is traditional to assume that in order to make home visits, an employee must be able to drive. However, if he or she can make home visits by using some other form of transportation, ability to drive is irrelevant. On the other hand, if an employee's duty is to give peer counseling to disabled individuals, it may be required as a bona fide occupational qualification that they themselves be disabled.

Because independent living service provision is such a new field and addresses such a variety of unmet needs, it is difficult to establish educational requirements that are valid and that would attract the best applicants. For some positions in ILPs, it may be more important to have familiarity with the community and a history of successful personal experience than to have specific degrees or certification.

Professional experience requirements should, however, be applied with a considerable degree of flexibility and understanding for the special position of the disabled applicant. As stated earlier, disabled people have traditionally been denied access to many personal and professional experiences due to long-standing physical and attitudinal barriers in society. Consequently, many applicants who are disabled may not have accrued the professional experience that one would usually require from a prospective job applicant. Experiences listed on the disabled applicant's resume may not accurately reflect the applicant's abilities or potential.

Careful consideration should be given to applicants whose histories include significant experience in the traditional health care delivery system. Many practices and attitudes that are fostered by the traditional health care delivery system are inconsistent with current practices and attitudes that are promoted by independent living programs. In considering the applicant, one should determine if some degree of time and effort will be required to modify practices and attitudes that have been developed through years of experience in the traditional setting but which may not be consistent with practices and attitudes which enhance

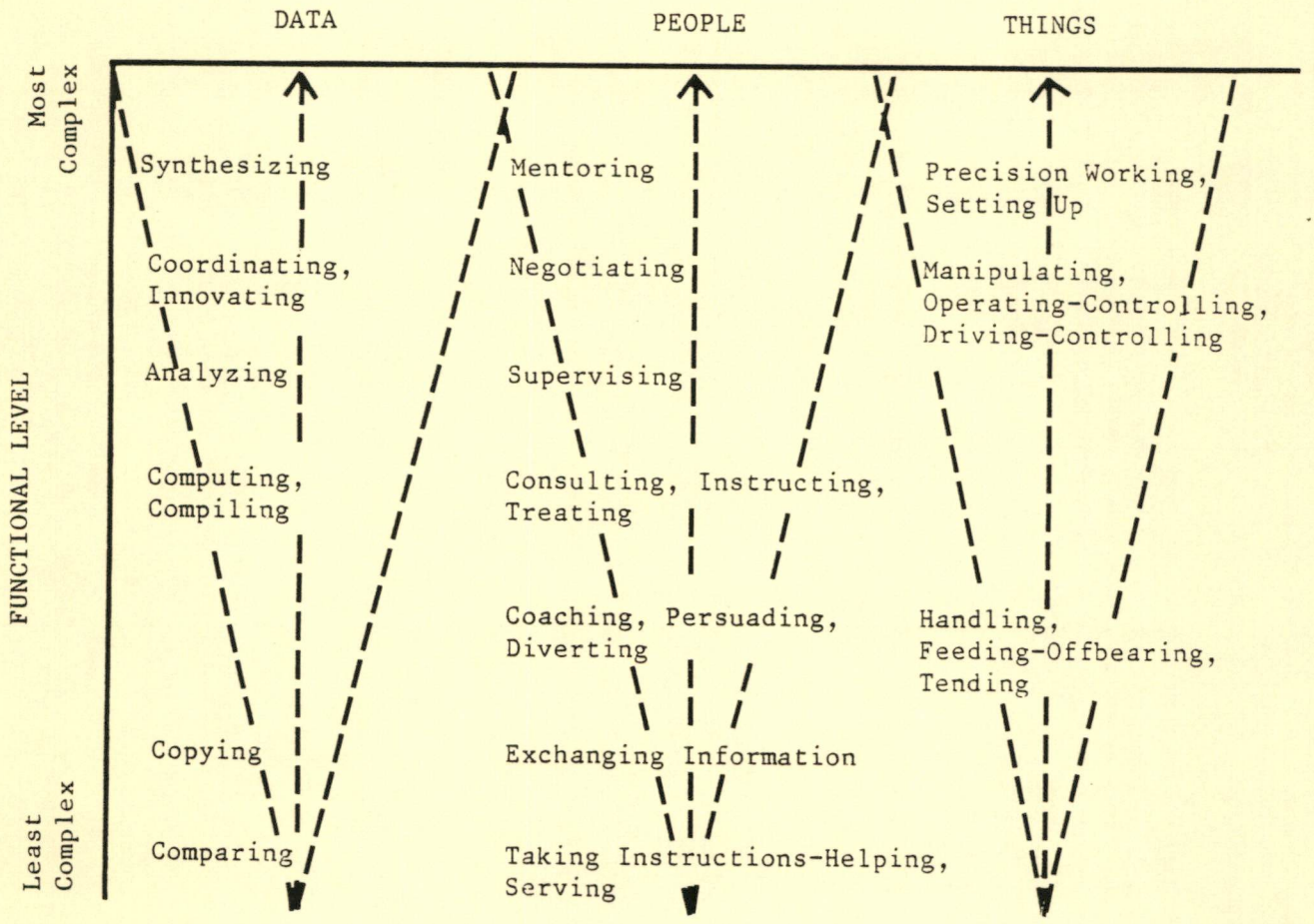
performance in the independent living setting. It may be desirable to trade-off experience in health care delivery to obtain someone, perhaps a disabled applicant, who has less experience but possesses desirable characteristics with respect to personality, potential, interest, attitude, and personal experience with disability. If an applicant with desirable personal characteristics but lacking experience or educational credentials is identified, the program director will need to decide if the ILP should consider investing time, and perhaps money, in securing additional training for the individual. This decision will, of course, require a careful weighing of program resources, including funds, personnel, and time, to determine if returns from such an investment warrant such action.

In establishing physical requirements for jobs, writers of job specifications must be particularly sensitive to needs of various disability groups. It may be necessary to modify a particular piece of equipment, such as a typewriter or a telephone, in order for a disabled employee to perform certain physical tasks. Flexibility should be exercised in assigning such tasks. Jobs may be restructured and duties exchanged in order to maximize the abilities and to minimize the physical inabilities of employees. For example, if a mobility-impaired secretary has difficulty reaching filing cabinets and it would be inordinately expensive to construct accessible cabinets, then that person's filing duties could be exchanged for another secretary's phone-answering duties if the amount of time involved were comparable. Duties which are exchangable in this way should be so designated. This subject will be elaborated in Chapter VII under the "reasonable accommodation" provision of Section 504 of the Rehabilitation Act of 1973.

It is extremely important that any special working conditions or requirements of the job be clearly stated. These special conditions or requirements might include such things as working occasional weekends or transporting clients during peak traffic hours. It is essential that these statements be made as clearly as possible and that any unusual risks associated with a requirement or condition, such as indicated in the statement referring to transportation in peak traffic hours, not be minimized or concealed by the job description.

er must also coordinate, innovate, analyze, etc. Within each of these functional levels, another scale of performance requirements from simple to complex may be established.[2]

CHART OF WORKER FUNCTION SCALES[3]



To apply the Worker Functional Scales to the needs of an independent living program, review each job in terms of every category and functional level. This will help produce a comprehensive list of task statements which should then be divided into major vs. minor duties.

The position of attendant referral coordinator, for example, could be examined in light of the three categories (data, people, and things), and the various tasks in each category analyzed with respect to their complexity. The initial analysis might contain identified tasks such as:

- Data--compiling, analyzing, discussing;
- People--exchanging information, coaching, consulting, instructing, supervising, and mentoring; and
- Things--understanding data collection equipment.

This analysis would then be carried to greater degrees of specificity for each of the three categories until a very precise description of the tasks involved in the job was produced. An example of a job analysis with identification of major and minor tasks involved follows later in this chapter.

Clarification of intra-organizational relationships is a difficult yet important task. If properly done, this effort will result in a better understanding of reporting mechanisms within the organization and could, potentially, help in avoiding future conflict resulting from unclear role relationships and expectations. In clarifying relationships, it is important to look both at individual jobs within divisions and relationships within the organization. This type of examination will require compilation of the numbers and types of jobs in various divisions, identification of supervisor/subordinate roles, and listing of activities, both prescribed and discretionary, associated with each job.

The performance standard required for each task or duty should be stated in both descriptive terms (e.g., "help clients identify their attendant needs") and numerical terms (e.g., "refers names of attendants to 30-50 clients per month"), where appropriate.

Job specifications

The job specifications identify both the personal qualifications that can be expected of anyone who is hired and any unusual

CHAPTER FIVE
JOB ANALYSIS, DESCRIPTION, SPECIFICATION, AND EVALUATION

Because independent living programs are so new and innovative, many traditional organizational structures and job descriptions are not directly applicable to them. However, many of the processes may with modification be applied to ILPs. Organizers should conduct a thorough study of major ILPs to see what structures and types of jobs are being used. This study should be combined with an objective assessment of the needs of the community in which the program will be located. The resulting list of needed services should be divided into operational units that can be assigned personnel. The following information is intended to help organizers of ILPs to design jobs and to prepare functional job descriptions.

Organizational chart

Before jobs can be designed, an organizational chart should be prepared which indicates, in a very simple manner, the interrelationship of all positions that are expected to be funded. It is also helpful to have two other charts: one showing an ideal program, identifying positions required to deliver all the services needed by the community; the other showing the program in a period of austerity, indicating the barest minimum number of staff positions needed to operate the program. The real program will be somewhere between the programs depicted by these two charts.

A good organizational chart should show clearly the lines of authority between various organizational components. These components include the board of directors, the executive director, service divisions, and support staff. The exact content and layout of the chart will depend on the needs of the clients, the resources of the community, and the available sources of funds. A discussion of all the possible variations is beyond the scope of this handbook, so only a few suggestions will be offered based on experiences of leading ILPs.

Job analysis

Job analysis is a method for obtaining important facts about a job that will be used in writing the job description and specification and, later, for training and performance evaluation. Six elements are involved in a job analysis:

- Duties (major and minor);
- Relationship to other jobs;

- Experience and education required;

- Knowledge and skills required;

- Physical requirements; and

- Unusual working conditions.

The first two elements, duties and relationships, form the job description; the remaining elements comprise the job specification.

Job analyses are used for:

- Recruiting, writing advertisements, and explaining the job to applicants;

- Interviewing applicants;

- Training new employees;

- Coordinating activities;

- Setting wage rates and salaries of employees; and

- Maintaining good employee relations.

Accurate analyses are difficult to conduct when the ILP is in the planning stages, yet they are essential if a well-coordinated program is to result. Even if task statements and relationships are arrived at through conjecture, they will provide a starting point for new employees. Later, after the details have been worked out through experience, employees can be consulted and new analyses can be conducted, producing more refined and accurate documents.

Job description

A job description outlines the major and minor duties of a given job and explains its relationship to other positions in the program. It should begin with the job title and a statement of the job's general nature.

Job duties should be listed as task statements which use action verbs instead of passive verbs whenever possible. To develop task statements, it may be helpful to use a system employed in the personnel management field called the "worker function scales." According to this system, everything accomplished in a job involves either data, people, or things. Within each of these categories, various types of activities exist that can be arranged in a hierarchy according to level of complexity. For example, in the following chart, activities which concern data range from "comparing" to "synthesizing," and each successive function involves all those that precede it--i.e., in order to synthesize, a work-

References

[1]Linda A. Roxe, Personnel Management for the Smaller Company (New York: Amacom, 1979) pp. 16-18, 25-27.

[2]Ibid., pp. 190-194.

[3]Ibid., p. 199, quoting "Guidelines on Discrimination Because of Sex," Title 29, Labor, Chapter XIV Part 1604 as amended March 1972.

[4]Ibid., pp. 209-210.

tions must be paid equally if their jobs require equal skill, effort, and responsibility.

--Child labor--minimum age for employment is 16.

Executives, administrative employees, and professionals are exempt from these regulations if they meet all of the following criteria:

--They have primary responsibility for managing an enterprise, perform nonmanual work, or perform original and creative work requiring advanced knowledge;

--They direct the work of at least two other employees, or under general supervision, assist an executive by performing special assignments and tasks;

--They exercise independent and discretionary judgement;

--They do not spend more than 20 percent of their hours in nonexempt work; and

--They receive a specified minimum salary.

• Federal Wage Garnishment law

Limits the amount of money that can be withheld from an employee's paycheck for the payment of a debt.

• Age Discrimination in Employment Act of 1967, Amended 1978

Prohibits discrimination against individuals between the ages of 40-70 years old in many aspects of employment including benefits.

• Civil Rights Act of 1964, Title VII

In granting time off, an employer must make a reasonable effort to accommodate religious needs of the employees. Males and females of the same status must receive equal holiday pay, sick leave, and vacation time. An extended leave without pay for maternity should be treated as any other leave without pay (in some states pregnancy is covered under temporary disability insurance). Requiring a pregnant employee to cease work and limiting her return to a specified time is unlawful. Such decisions should be made on an individual basis depending on the woman's decision and her ability or inability to perform her job.

Employee-benefit programs must be nondiscriminatory; equal benefits must be provided for both sexes. If insurance coverage is available for wives and children of male employees, it must be provided for husbands and children of female employees. A clause specifying dependent status is lawful. Insurance coverage may not limit maternity benefits to married women. Eligibility for insurance and disability programs

may not be based on head-of-household status.[3]

- Health Maintenance Organization Act of 1973

  Requires employers of 25 or more employees to offer employees the option of membership in a health maintenance organization (HMO) if their location is served by a qualified HMO and if a qualified HMO approaches them with a proposal.[4]

Insurance benefits

Although no legislation requires it, an ILP should offer life and health insurance to all its employees. A good system of insurance benefits will make the ILP more attractive to highly qualified job applicants. See Chapter V for information in greater detail.

Time-off policies

The social services have one of the highest "burnout" rates of all fields. Because the best employees are usually dedicated to their work and because that work can be demanding and involved, they are tempted to skip lunch breaks, work on holidays, and sacrifice vacations. Such practices can de-energize a staff quickly. A good supervisor will be sure that employees both understand the ILP's time-off policies and make appropriate use of them. Each employee should be given a copy of the personnel policies which discuss various types of allowable time-off (vacation, sick leave, lunch breaks, holidays, emergency leave, jury duty, leave without pay, personal leave, and compensatory time) and the eligibility requirements for each. This subject will be discussed in greater detail in Chapter VIII.

Summary

A well organized system of wages and benefits reflects a stable, professionally managed ILP. In an organization where funding is, at times, erratic and unpredictable, a stable wage-and-benefit plan may be difficult to maintain. It is essential, however, that a diligent effort be made to secure program support that will allow for a wage-and-benefit plan to be established and maintained in such a way as to attract the best available job applicants and to remain competitive in the local job market.

CHAPTER SIX
WAGES AND BENEFITS

Determining wages and benefits is a difficult task for any organization. This is especially true for embryonic organizations that might be developing in a community where no similar organizations exist with which to compare wages and benefits.

Certain laws pertaining to wages and benefits exist that program organizers should know and follow. Although many wage-and-benefit practices from the business world are not applicable to ILPs, there are some that should be followed when establishing a wage structure and benefit package. The following guidelines are intended to provide a minimum framework in which to begin to establish wages and benefits which are fair to the employee, competitive in the market place, and sound from a fiduciary standpoint.

Determining wages

Ideally, positions which rank higher on the organizational chart and are more essential to the operation of the program should be paid higher wages. A starting point for determining wages is to know salary levels at other agencies which deliver similar services. Specifically, organizers should contact personnel managers at the state vocational rehabilitation agency, the department of human resources, Goodwill Industries, a United Cerebral Palsy Center, a local service center for deaf persons, and other similar human service agencies. This survey should reveal salary ranges for secretaries, direct social service providers, and administrators in the community in which the ILP is to be located. More elaborate statistics can be obtained from the local Chamber of Commerce, the American Management Association, and the U.S. Bureau of Labor Statistics. This type of background work will help to justify salary ranges quoted in grant applications and to ensure the competitiveness of ILP staff openings in the general job market.

Pay increases

In order to retain good employees, a system for awarding pay increases should be established. A number of methods exist that can be used to recognize and reward good performance. The most commonly used method of recognizing good performance by new employees involves the probationary period, during which an employee is hired on the condition that performance meet certain minimal criteria indicating adequate performance on the job.

Employees who meet the established criteria leave probationary status after a predetermined time period (often six months) and are awarded with a pay increase.

For longer term employees, methods of implementing pay increases may include a merit system, a cost-of-living system, a tenure system, or, frequently, some combination of these approaches. Merit increases are awarded to recognize outstanding performance and contributions. Risks exist in using a merit system if the ILP does not have well designed performance appraisal methods or if supervisors are not adequately trained in applying these methods. Cost-of-living increases are pay increments which are awarded based upon some accepted economic indices. Tenure increases are rewards for years of service to the organization and are typically awarded to employees based upon a standard rate or percentage. All anticipated pay increases should be considered when applying for new sources of funding or renewing funding from existing grants or contracts.

Laws pertaining to wages and benefits

The following is a list of laws regulating wages and benefits with which ILPs, like any other business, must comply. Some of these laws have been mentioned in earlier chapters; others will be given a brief description.[1]

- State workers' compensation laws

- State unemployment insurance

  Designed to protect employees from the risks of involuntary unemployment. Each state has its own eligibility criteria and benefit rates, but must meet with certain minimum federal requirements.

- State temporary disability insurance

  Required in California, Hawaii, New Jersey, New York, Puerto Rico, and Rhode Island.

- Fair Labor Standards Act of 1938

  Applies primarily to non-professional staff and regulates:

  --Minimum wage--$3.35 as of January 1, 1981.

  --Overtime compensation--one and one-half times the regular pay rate for all hours worked over 40 in any work-week.

  --Equal pay (1974 amendment to the Act)--pay discrimination based on sex is prohibited; men and women working in the same establishment under similar condi-

the ILP should take extra steps to insure that any reasonable accommodation is made which might allow a qualified disabled applicant to find employment with the program.

References

[1]Affirmative Action and Equal Employment: A Guidebook for Employers, vol. 1 (Washington D.C.: U.S. Equal Employment Opportunity Commission, January 1974), pp. 29-34.

[2]A list of ILPs and other related information can be obtained from the Independent Living Research Utilization Project, P. O. Box 20095, Houston, Texas 77030.

[3]Roxe, p. 196, quoting the Equal Employment Opportunity Act of 1972, Section 703(a).

[4]Ibid., pp. 196-199.

[5]Ibid., pp. 201-202.

[6]The Department of Health, Education and Welfare, Nondiscrimination on Basis of Handicap, Federal Register 42/86 (Wednesday, May 4, 1977): 22678, Section 84.3h.

[7]Affirmative Action, p. 14.

[8]Federal Register, pp. 22680-22681, Section 84.11-84.14.

[9]Roxe, p. 200.

[10]Fair Employment Practice Manual, BNA Labor Relations Reporter (Washington D.C.: The Bureau of National Affairs, Inc., n.d.), pp. 421:361 and 421:651.

[11]Ibid., p. 411:201.

[12]Federal Register, p. 22679, Section 84.6c.

[13]Ibid., p. 22681, Section 84.22e.

[14]Recruiting and Selecting Employees: A Self-Instructional Booklet, No. 1021, Business Basics Series (Washington D.C.: U.S. Small Business Administration, Office of Management Assistance, 1980), pp. 16-17.

[15]Ray M. Powell, Management Procedures for Institutions (Notre Dame: University of Notre Dame Press, 1979), p. 63.

- Ask open-ended questions that will encourage the candidate to do more talking than the interviewer ("How would you respond if . . .?" "Tell me what you think about . . .?" "How would you handle a situation in which . . .?").

- Concentrate on knowledge and skills; don't assume a candidate is well versed on a subject.

- Ask what they liked and disliked about their previous jobs.

- Don't show approval or disapproval.

- Take notes but don't make the candidate feel that everything he or she says is being recorded.

- Probe for the candidate's attitude toward the job and what he or she sees as its advantages and disadvantages.

- Avoid questions which are personal and unrelated to essential functions of the job or the candidate's ability to perform those functions.

- Give the candidate an opportunity to ask questions.

In some cases it may be helpful or necessary to schedule a second interview before making a final decision.

When the field is narrowed to the top two or three candidates, a reference check can provide useful information. Contacting references by phone or in person is the most effective method. Ask for information regarding:

- Length of time with the organization, dates, position held;

- Reasons for separation;

- Reliability;

- Quality and quantity of work;

- Attendance record; and

- Willingness to rehire.[15]

A record should be kept of persons contacted, the date, and the content of the conversation. Keep in mind that not all previous employers will provide all information requested. This should not, however, discourage the potential employer from aggressively seeking information on a job applicant. Some applicants may request that the ILP not contact their current employers. Should such a request be made, it is recommended that the request be honored and a decision made based upon other available information concerning the applicant. Honoring applicant requests

not to contact current employers will enhance the program's image in the community as a fair and reasonable employer.

Selection

Selection should be based entirely upon whether or not the candidate is qualified to perform the essential functions of the job. Other factors such as additional skills and expertise, level of interest, and personal characteristics may be considered to select the best candidate among those who are equally qualified.

Communicating the decision

The candidate chosen to fill a position should be called or visited in person and presented with an offer of employment under specific terms. If he or she accepts the offer, then written confirmation should follow. Candidates who have been rejected should be told of the decision either verbally or in writing. Further inquiries should be answered objectively and truthfully.

Orientation of the new employee

After a candidate has accepted the offer of employment, a member of the administrative staff should discuss with him or her the complete job description and ask about any specific accommodations he or she may need. When a person begins working, he or she should be given a thorough orientation to the program and the job by his or her supervisor. Orientation should include introductions to the other employees, a tour of the facility, a presentation of a copy of the personnel policies, and an explanation of building-use policies and procedures.

Summary

ILPs should be models of non-discrimination in employment. Discrimination based on any criteria, whether race, sex, or disability, should be carefully avoided. The ILP staff person responsible for personnel functions should have a thorough knowledge of all federal and state statutes relating to hiring practices and discrimination and should be vigorously vigilant in assuring that practices which violate the statutes are avoided. The only criteria that should be employed in making decisions in the hiring process should be those that directly relate to applicants' abilities to do the job.

As a responsible advocate for the disabled community,

resolution of complaints alleging prohibited discrimination. An excellent example of grievance procedures for dealing with alleged discrimination can be found in Title VI of the Civil Rights Act of 1964.

- Self-evaluation

Section 504 requires programs to evaluate, with the assistance of interested handicapped persons, their policies and practices in light of the requirements of this law, to modify any policies and practices which are found to be discriminatory, and to take steps to eliminate effects of past discrimination. Guidelines for conducting a self-evaluation can be obtained from the regional Office for Civil Rights in the Department of Health and Human Services or the Department of Education.[12]

- Transition plan

Section 504 also requires progams with 15 or more employees that have identified architectural barriers in their physical plant to prepare a plan for the removal of those barriers.[13]

Responding to inquiries concerning job openings

All inquiries concerning job openings should be channeled to one person who knows the essential duties of the jobs as well as the minimum bona fide occupational qualifications which have been established for the jobs. Throughout the hiring process, only questions related to these two areas may be asked of applicants or potential applicants.

Persons wishing to apply for a job may be asked to submit a resume and fill out an application form. Questions on the application form concerning race, color, religion, sex, national origin, or handicap are prohibited unless they are for the purpose of complying with federal record-keeping requirements, in which case there must be a statement to that effect on the form. The following items of information may be requested on the application form:

- Name
- Address and phone number
- Alternate address and phone number
- Date of application
- Social security number or visa number
- Education and training
  - --Name and location of school
  - --Major area of study
  - --Degree/diploma earned
  - --Licenses or certificates held

- Special skills

- Work history (list 3-4 most recent jobs)
  --Name of employer
  --Phone, address
  --Starting/leaving date
  --Reason for leaving
  --Supervisor, title, request permission to contact them
  --Job title and description

- Signature on a statement varifying all the information as accurate

Questions that are strictly prohibited include marital status, birthplace, age, religion, how or when citizenship was obtained, extra-curricular affiliations or memberships in organizations, information on spouse or relatives, how skill in a foreign language was acquired, arrest for a crime, children, physical size and weight, garnishment of wages or salaries, bond refusals, possessions such as owning a home or car, and request of a photograph of the applicant.[14]

The personnel committee or staff members in charge of the hiring process should review all resumes and applications and select several to be called for interviews.

Interviewing

It should be clearly established who will fill the role of interviewer and who will make all contacts with the candidates. The interviewer(s) should be familiar both with the objectives and operations of the ILP and all legal restrictions on interviewing. Prohibitions concerning the application form apply equally to the interviewing process.

Interviews should be planned carefully so that as much useful information as possible can be obtained from the applicant. A place and time should be chosen which will allow uninterrupted attention to the interview. The interviewer should prepare by reviewing the candidate's application form and resume to determine what additional information is needed. Comparing the candidate's background to the job specifications should dictate the direction that questions will take regarding ability to perform the essential functions of the job.

The following are suggestions for conducting an effective interview:

- Ask short, specific questions; avoid multiple-part questions.

VI of the Civil Rights Act of 1964 by virtue of the fact that it could not provide services to all members of the community, i.e., the Spanish-speaking population.

Section 504 of the Rehabilitation Act of 1973 states that "no otherwise qualified handicapped individual . . ., shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." Each federal agency must issue implementing regulations for Section 504 according to guidelines set down by the former Department of Health, Education and Welfare (now divided into the Department of Health and Human Services and the Department of Education). With regard to employment practices, discrimination on the basis of handicap is prohibited in recruitment, advertising, hiring, promotion, termination, rates of pay, assignments, leave, benefits, training, employer-sponsored activities, and any other term, condition, or privilege of employment. Program administrators must make reasonable accommodation to the known physical or mental limitations of an otherwise qualified handicapped applicant or employee unless the administrators can demonstrate that the accommodation would impose an undue hardship on the operation of their program. Reasonable accommodation may include accessibility modifications to the building or work area, job restructuring, acquisition of equipment (such as a TTY), provision of readers or interpreters, and similar actions. Employment criteria and all pre-employment inquiries must be job related.[8]

Programs which receive at least $50,000 in federal <u>contracts</u> (as opposed to grants) and which have 50 or more employees must comply in writing with two affirmative action laws: Executive Order 11246 and Section 503 of the Rehabilitation Act. Executive Order 11246 was issued in 1965 to upgrade the implementation of Title VII of the Civil Rights Act. It requires programs meeting the stated size and funding criteria to issue an affirmative action plan stating their goals (based upon the size of the labor pool) for the employment and promotion of minorities and women. The plan should also contain a table of job classifications, descriptions, and rates of pay, and an analysis of the utilization of minorities and

women.[9]

Section 503 of the Rehabilitation Act requires that employers with federal contracts over $2,500 take affirmative action to hire handicapped people and offer reasonable accommodation as outlined in Section 504. Employers with federal contracts over $50,000 and with 50 or more employees must prepare an affirmative action plan similar to the one for minorities and women. Affirmative action plans under Section 503 need not contain time tables or numerical hiring goals based on population figures. The plan need not be submitted to the government but must be available for inspection by any employee or applicant on request. It must be renewed and updated annually.[10]

Being an equal opportunity employer

Independent living programs are not exempt from the laws just described. The only exemption to Title VII of the Civil Rights Act is for bona fide tax-exempt private clubs accorded status of social and recreational organizations under section 501(c) (7) of the Internal Revenue Code.[11] In order for ILPs to fully comply with these laws they must observe certain practices:

- Filing assurances

  Inquire at the federal agency from which the ILP receives funds about any forms which must be signed to assure the agency that the program will operate in compliance with non-discrimination legislation.

- Issuing notice

  A program that employs 15 or more persons must take appropriate initial and continuing steps to notify participants, beneficiaries, applicants, and employees (including those with impaired vision or hearing) that it does not discriminate on the basis of race, color, religion, sex, national origin, or handicap. A statement to this effect must appear in all advertising, printed material, written communications, and posted notices.

- Designation of a responsible employee

  Programs with 15 or more employees must designate one employee to coordinate all compliance activities and respond to inquiries regarding equal employment opportunity laws.

- Adoption of grievance procedures

  Programs with 15 or more employees must adopt grievance procedures that incorporate appropriate due process standards and provide for prompt and equitable

school.

A list of recruiting contacts should be kept and updated periodically. Once the ILP is established and its hiring procedures have been in operation for some time, evaluate methods which produce the best applicants and modify the process appropriately.

Equal employment opportunity laws

Some strict standards concerning the hiring process are set by various equal employment opportunity laws. Whether or not a program must comply depends variously on the size of the program and the type of money it receives. Nearly all employers must comply with the Civil Rights Act, the Equal Employment Opportunity Act, and the Age Discrimination Act.

Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, prohibits discrimination in employment on the basis of race, color, religion, sex, or national origin. Specifically it states that it is unlawful "to fail or refuse to hire or to discharge" an individual or to discriminate "with respect to his compensation, terms, conditions, or privileges of employment" on the basis of race, color, religion, sex, or national origin or to "limit, segregate, or classify employees or applicants in any way that would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee" because of race, color, religion, sex, or national origin.[3] All private and public employers of 15 or more employees must comply.

The implications of this law for recruitment are that all advertisements and job notices must not carry references to race, color, religion, sex, or national origin. Terms such as "male," "female," "young," "recent college graduate," or "retired person" may not be used. All advertisements should include a statement identifying the program as an equal opportunity employer.

Concerning pre-employment inquiries, no minority, female, or older applicant should be asked for any information verbally or in writing that is not required of all applicants. These prohibitions do not apply when there are bona fide and nondiscriminatory justifications. For example, when recruiting for an attendant for a disabled woman, specification of female in the recruitment notice

would be justifiable and would not represent unlawful discrimination. In selecting employees, decisions must be made on bona fide job requirements and the applicant's skill regarding the essential job functions.

The Civil Rights Act also requires that employees be treated without discrimination in all compensation, terms, conditions, and privileges of employment. Covered areas include assignments, promotions, dress codes, use of facilities, leave, and benefits. Compliance with this act is enforced by the Equal Employment Opportunities Commission.[4]

The Age Discrimination in Employment Act of 1967, as amended in 1978, prohibits discrimination against individuals between ages 40 and 70 in all employment related matters. Employers of 20 or more employees must comply. Guidelines for compliance are similar to those for Title VII of the Civil Rights Act with respect to recruiting practices and advertising, work assignments, discipline, benefits, and discharge.[5]

If an ILP receives any federal financial assistance, it is obligated to comply with Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973. Federal financial assistance can take many forms: funds (grants, loans, contracts); the services of federal personnel; or real or personal property, including leases of property for less than fair market value from any agency of the federal government.[6] Some examples are: a van purchased with money from the Department of Transportation (Section 16(b)(2) of the Urban Mass Transportation Act); a revenue sharing grant; a grant from the state vocational rehabilitation agency under Title VII of the Rehabilitation Act; free space in a federal office building; or free services of a federal employee to assist in some phase of the program.

Title VI of the Civil Rights Act of 1964 prohibits discrimination based on race, color, or national origin in all programs or activities receiving federal financial assistance. Discrimination in employment practices is prohibited if such practices cause discrimination in services provided to the program beneficiaries (clients). For example, if persons responsible for hiring within an ILP refuse to hire a Spanish-speaking person in a community that has a large Spanish-speaking population, the ILP may be in violation of Title

CHAPTER SEVEN
HIRING

The hiring process can reveal much about an ILP. By inviting members of the public to apply for job positions, the program will open itself to intense scrutiny. Sophisticated, well-informed applicants may be asking themselves, "Do they know what they are looking for?" "Are they aware of the equal employment opportunity laws?" "Can they give me a clear understanding of the objectives of the program?" "Does this program have a future?" "Is there consistency and harmony between the board and the staff?"

If the ILP was established using sound management principles and carefully considered personnel policies, answering these questions should pose no problem. This chapter is intended to offer information on developing an effective and lawful hiring procedure that will equal the expectations of the most discerning applicant.

Recruiting

It is essential for program organizers to have a detailed analysis of a job before they search for someone to fill it. As discussed in Chapter V, a job analysis will provide information for writing job advertisements and answering questions for prospective applicants. Program organizers, however, should not have such a strict concept of the type of person they are looking for that they reject all but "perfect" applicants, which of course never exist. While the list of essential duties should be enumerated, the qualifications criteria should be somewhat flexible (see Chapter V for a discussion of this subject in greater detail).

Finding qualified disabled applicants demands a multi-faceted, creative approach to recruitment. Fifty to sixty percent of people who have disabilities are unemployed, and a high percentage of disabled persons who are in the work force are underemployed. Among this large number of people are sure to be individuals who possess qualifications or potential to be competent, dedicated ILP staff members. Persons responsible for hiring within the ILP are obligated to ensure that a large number of disabled people, especially those in the minority community, learn about positions available and have the opportunity to apply for them.

As will be discussed later, ILPs are encouraged, just as are all businesses with 15 or more employees, to undertake special outreach

activities to recruit applicants from the racial minority community. The following are some suggestions on how to notify minority and disabled people of openings in an ILP:

- Avoid primarily using a word-of-mouth dissemination technique. This technique tends to perpetuate the present composition of a program's work force.

- Keep a file on minority and disabled applicants and let them know when other openings exist.

- Use minority people in the recruitment process.

- Advertise in minority newspapers, TV, and radio stations, and in disability organizations' newsletters.

- Contact high schools, vocational schools, career development centers, junior colleges, colleges, and universities.

- Develop and maintain contact with minority and community organizations such as LULAC (League of United Latin American Citizens), NAACP (National Association for the Advancement of Colored People), National Urban League, and National Puerto Rican Forum.

- Develop and maintain contact with prominent minority and disabled individuals, such as lawyers, ministers, doctors, politicians, and social service administrators.

- Contact recreation centers.

- Contact community improvement groups.

- Contact public training programs such as National Alliance of Businessmen, Manpower Administration Office, city/state Department of Human Resources, office of the mayor, Community Action and Model Cities agencies, and Apprenticeship Information Centers.

- Contact the state vocational rehabilitation agency.

- Contact the state employment agency.

- Advertise in the daily newspapers.[1]

To fill administrative positions, advertisements could be sent to ILPs around the country,[2] and placed in disability-oriented advocacy and professional journals such as Paraplegia News, Mainstream (the San Diego, California-based newsletter), Accent on Living, and Up Front. Copies of these and other appropriate journals may be found in the library of a rehabilitation agency or medical

if possible, a personnel consultant, perhaps from the ILP board, be asked to review the program policies and to suggest strengths and weaknesses. The time and effort that is required to do these things should be more than recovered in problems that may be avoided when the program is operational.

Summary

The success of any ILP will depend upon the ability of the organization to recruit and to retain employees whose productivity is of sufficient quality and quantity to assure achievement of program goals. In order to recruit and to retain employees who will perform adequately on the job, a set of personnel policies must be developed that will allow the ILP to be competitive in the job market and will ensure fair and equitable treatment of employees. Development of a sound personnel management plan, coupled with a firmly established program, incorporating the organizational elements previously discussed in this handbook, should result in an ILP that can attract and retain employees who will serve the needs of the organization and the community.

References

[1]Roxe, pp. 111-114.

[2]E. W. Wolfe, "Staff Evaluations: A Key to More Effective Performance," Journal of Rehabilitation 26/4 (1960): 19-20.

[3]E. Raudsepp, "Performance Appraisals that Motivate Individual Development," Management Review 56/3 (1967): 63.

[4]Wolfe, p. 38.

[5]Ibid., p. 22.

[6]Loren B. Belker, The First Time Manager: A Practical Guide to the Management of People (New York: Amacom, 1978), p. 52.

from the time they begin working for the program how and why their performance will be measured, the method and content of the evaluation, and how it will be used.[2] Performance criteria should include all duties listed in the job description plus such general traits as:

- Job knowledge;
- Quality of work;
- Quantity of work;
- Initiative;
- Creativity and imagination;
- Thoroughness and accuracy;
- Judgment;
- Job attitude;
- Motivation and drive;
- Self-expression;
- Acceptance of criticism;
- Ability to work with others; and
- Leadership.[3]

The purpose of the evaluation process is to help an employee develop increased capacity for self-evaluation and ability to function more effectively on the job. If supervision has been adequate and appropriate, the formal evaluation should present no surprises. Performance appraisals can also be useful to the administration in planning staff development, determining salary increases and promotions, and documenting personnel actions such as demotions, dismissals, and issuing of letters of reference.[4]

The supervisor should combine any negative remarks with constructive suggestions. Also, further training should be considered to address any problem areas. An employee should be encouraged to express any disagreements and opposing points of view freely. If agreement cannot be reached, the employee has the right to have his or her viewpoint entered in the evaluation report.[5]

If serious problems with the employee's performance remain, he or she may be put on probation for a specific period of time and given opportunity to correct the deficit. The standard of performance expected at the end of that time should be clearly recorded on the evaluation report with indications of various methods that the employee could use to resolve the problems.[6] If the stated standards have not been met by

the end of the probationary period, dismissal should be considered. Before any irreversible steps are taken, however, program administrators should ask themselves whether appropriate and adequate training was given to correct the problems, whether the employee was correctly told his or her performance was substandard and given a chance to improve it, and whether the employee could be better used elsewhere in the program. The employee should, of course, have the right to appeal any negative decisions according to the grievance procedure set forth in the personnel policies.

Dissemination of personnel policies

A written copy of the ILP's personnel policies and procedures should be given to every new employee. Sometimes called the employee handbook or manual, this document should present a detailed discussion of:

- Program purpose and administration;
- Employee classifications;
- Employment regulations;
- Positions and compensation;
- Employee benefits;
- Employee expenses--travel and transportation;
- Work schedules;
- Initial probationary period;
- Performance evaluation;
- Employee conduct;
- Personnel actions--changes in status, discipline, and termination;
- Non-discrimination policy;
- Grievance procedure; and
- Amendments.

Administrators and board members of developing ILPs are strongly encouraged to contact established ILPs to obtain copies of personnel policies which might be of value in efforts to establish an overall personnel management plan. It should be cautioned, however, that some ILPs may have poorly developed personnel policies that have resulted in problems with personnel management. It is suggested that copies of personnel policies from other agencies, both from the business and not-for-profit sectors, be secured and reviewed for appropriateness to the ILP program. It is also recommended that,

CHAPTER EIGHT
PERSONNEL MANAGEMENT

Once an ILP has opened, adherence to personnel policies, maintenance of accurate personnel records, assurance of quality of supervision, and consistent application of operating procedures are necessary for smooth operation. For the inexperienced personnel manager, developing a good personnel management plan can be a slow, trial-and-error process. However, based on research and previous experiences from the business sector and the nonprofit sector, certain guidelines for designing a personnel management plan have been developed, and these guidelines are included in the material presented in this chapter.

Administrative personnel procedures

Designation of responsibility for various components of the personnel management plan is essential. Some member of the personnel management staff should be designated to monitor key areas of operation in which personnel-related problems are likely to arise. These areas include:

- Coordination of work hours for all employees to assure optimal coverage and to allow employees to attend meetings and administrative functions as necessary;

- Oversight of work areas and physical facilities to assure a safe, pleasant working environment which fosters productivity;

- Assignation of a liaison person to answer questions relating to payroll and benefits and to assure equitable administration of the wage and benefit program; and

- Designation of responsibility relating to communication to and from staff to assure that all staff are kept informed regarding amendments in policy, program changes, program activities, and other vital information.

In order to document the program's adherence to established personnel policies, records should be maintained on every employee. Included in these records should be:

- Application form, resume, interviewer's comments, reference reports;

- Copies of payroll notification forms;

- Tax forms;

- Copies of licenses, certificates, etc.;

- Copies of employment agreements;

- Emergency notification information;
- Performance reviews;
- Payroll forms;
- Time sheets;
- Requests for time off;
- Time-off record;
- Warnings and discipline notices;
- Written grievances and replies;
- Letters of commendation;
- Copies of accident reports;
- Doctors' statements related to work;
- Termination notice; and
- Letters of resignation.

The employee should, of course, have full access to his or her file, and records should be kept in a file which permits access only to persons who are authorized. Personnel records should be kept a minimum of one year after an employee leaves.[1]

Supervisory practices and performance appraisal

Employees should understand the chain of command throughout the organization and should have a relationship with their supervisor that allows for honest and open communication. In order for such relationships to be effective, a supervisor must spend an adequate amount of time observing the work of individuals assigned to him or her, giving them constructive criticism, support, motivation, and recognition when it is deserved. A good supervisor can detect dissatisfactions and resolve them before they develop into formal grievances.

Evaluation of an employee's performance should take place continuously with frequent informal, individual supervisory conferences. Formal performance appraisals should be conducted periodically as a summation of all the intervening individual conferences. A performance appraisal is an invaluable tool for assessing an employee's progress and identifying problem areas that may be remedied with further training. Formal appraisal conferences with a supervisor should focus on goal setting for improving the level of performance or helping an employee develop his or her skills and knowledge even more.

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ABOUT THE AUTHORS

Peg Nosek, born in Schenectady, N.Y., is a graduate of Baldwin-Wallace College Conservatory of Music (B.M.) in Berea, Ohio, of Case Western Reserve University (M.A.) in Cleveland, Ohio, and of The University of Texas (M.A.) in Austin. Ms. Nosek formerly held positions as an assistant instructor of music at The University of Texas in Austin and as the project director of the Austin Resource Center for Independent Living (ARCIL) during its planning phase. She is presently technical assistance coordinator for ILRU's 504 Satellite Technical Assistance Office in Austin and trainer for Barrier Free Environments, Inc., of Raleigh, N.C., and a research consultant to the ILRU project of Houston. She has served as president of MIGHT I (University of Texas chapter), and as vice chairwoman of the International Year of Disabled Persons ad hoc subcommittee of the Texas Governor's Committee on Employment of the Handicapped. She is the author of several articles and papers on disability-related matters.

Quentin Smith, a native of upstate New York, is a graduate of the State University of New York Downstate Medical Center (B.S.) and the State University of New York at Stony Brook (M.S.). A consultant to the ILRU project, Mr. Smith has served as continuing education coordinator at TIRR (The Institute for Rehabilitation and Research) of Houston. He is currently employed at Baylor College of Medicine of Houston in the Center for Allied Health Professions as assistant to the director for administration and continuing education and in the Department of Community Medicine as instructor. Mr. Smith was an incorporator and third president of the Texas Society of Allied Health Professions and was actively involved in the development of articles of incorporation and bylaws for the organization.