

STATEMENT BY SENATOR HUBERT H. HUMPHREY
BEFORE THE SUBCOMMITTEE ON THE HANDICAPPED
SENATE COMMITTEE ON HUMAN RESOURCES
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Mr. Chairman, within the last two years, I have appeared before your Committee several times to propose a program of wage supplement payments to handicapped individuals in sheltered workshops. Perhaps my message today is repetitious. But the conditions it describes have become more acute. At the same time, a receptive climate and a growing body of supporting data encourage me to hope that this effort will be successful.

The amendment to the Rehabilitation Act of 1973 proposed in S. 506 will authorize the Secretary of Health, Education and Welfare to conduct demonstration projects in public or non-profit sheltered workshops and work activity centers in every region of the United States to determine the feasibility of paying wage supplements to severely handicapped individuals employed on a long-term basis.

There are an estimated 10 million severely disabled Americans. Perhaps two million of them need and can benefit from sheltered employment and work activity. Approximately two hundred thousand are being served in less than 3,000 workshops and work activity centers.

Among the financial constraints on these workshops are low client productivity, and the continuing costs of services not supported by vocational rehabilitation funding.

We need to confront the problems of low wages and work disincentives that seriously undermine the contribution of our current sheltered workshop system.

The role of the workshop has grown more financially untenable as a direct result of progress in other areas. Increasing mobility and progress in rehabilitating the

physically disabled, an emphasis on deinstitutionalization, and the mandatory priority on services to the severely disabled have resulted in a shift in the workshop population. The greatest growth in recent years has come from the mentally retarded and chronic mentally ill who now comprise a clear majority of the caseload.

It is progress that in Minnesota and throughout the nation thousands of disabled Americans have been released from the apathy and loneliness of state hospitals.

Yet, a recent GAO report on deinstitutionalization notes that too many discharged patients fail to find the support and services they need for meaningful integration into their communities.

The increasing number of severely disabled served by workshops cannot earn, on the basis of productivity alone, anything near the minimum wage. Their entry into competitive employment requires longer training, and is not always possible.

Mr. Chairman, recent studies and the most superficial observation confirm that the earnings of disabled workers only rarely sustain even a modest livelihood. Yet, like other Americans, the disabled measure their success by their earnings and their worth by their independence.

Sheltered workshops remain a principal--and frequently the only--source of long-term employment for the severely handicapped. Only ten percent of clients trained and/or employed in sheltered workshops enter competitive employment in any one year.

Slightly over one-half of clients sampled in the Greenleigh study relied on their families as the primary source of support. Less than half, 45 percent, depended on other forms of local, state or federal public

assistance, often from fragmented and unstable sources that vary from state to state. Should these sources diminish, or aged parents or relatives die or be unable to continue support, the workshop client faces the prospect of reentry into tax-paid institutions at a current average cost of about \$17,000 per year.

Wage supplements would make a direct contribution to the well-being of the disabled, and at the same time lighten the financial strain that has caused hundreds of workshops to go broke and reduce even further the options for the disabled.

Well-managed workshops offer a sound alternative both to institutionalization and to the indirect human and social costs of neglect. Client earnings reduce the need for public assistance and contribute to the economy with taxes and productivity.

Quite apart from the economic advantages is the major therapeutic value of work opportunities.

In our society, work gives the disabled adult a measure of achievement; it is basic to self-esteem, to community respect, and to individual identity. Even where career or vocational training is not feasible, work is the means to independent living.

Our commitment to the education of the handicapped would be a wasted investment if there were no productive role for the disabled adult.

Workshops are an essential link in the continuum of community services for the handicapped. Our goal must be to fully integrate handicapped workers into regular economic and industrial activity. But we must recognize that there are no current alternative systems to provide the services and work opportunities available through sheltered workshops. This means not only sub-contract and proprietary work within the shops, but also imaginative efforts to contract on-site services and on-the-job training in industry.

Besides decreasing the cost of dependency, workshops enlist community support that the public sector could replace only at great expense. Approximately 30 percent of all spending by State Vocational Rehabilitation agencies is for services in rehabilitation facilities, but this investment is still only one-third of the operating cost. The remaining two-thirds come from workshop earnings and community donations.

The wage supplement proposal has been carefully developed to address the problems faced by workshops in fulfilling their training and employment role, without reducing the incentive to the disabled employees to improve their skills and move from the system to competitive employment wherever possible.

Results of the HEW and Labor studies show that public assistance is available to less than half of workshop clients, yet their earnings are too low to support a decent standard of independent living. Even families able to support a disabled adult resent as unjust and demeaning the inability of a conscientious worker to earn a decent wage with a day's labor.

Token pay saps the incentive and undermines the self-image of the handicapped worker. The handicapped share, to a larger degree than is recognized, the motivations and values of the more fortunate. The social stigma attached to their condition is confirmed by low pay. There is little incentive to work harder when pay based solely on productivity will never be adequate to achieve independence.

The wage supplement I propose would not be cut off suddenly as the worker's earning capacity increases, but would provide a continuous incentive. At my request,

the Labor Department has proposed a refined formula for payments which would lower the beginning point of wage supplement reduction to 30 percent of the minimum wage and eliminate it entirely when the client's earnings reach the statutory minimum. I consider this suggestion an acceptable substitute to the scale proposed in my amendment which would bring the supplemented wage eventually above the minimum wage and might possibly discourage entry into the lower rungs of outside employment.

Mr. Chairman, wage supplements have too long been timidly deferred because of uncertainty about the nature of our workshops, their functions and their clientele.

The facts developed by the Greenleigh Study of 1976 support wage supplements as a viable approach. The recently completed Department of Labor study reports that 80 percent of workshop clients are mentally handicapped, that wages and placements remain low, and that the sheltered workshop remains a necessary adjunct to public programs.

The implications are clear. The long-term employment function of the workshop will continue in the foreseeable future. We cannot allow theoretical solutions, however desirable, to forestall needed improvements in current conditions.

Many doubts expressed concerning this proposal are based on a distaste for the low wages paid to the handicapped and the resulting sense that these workers are being exploited. If worker productivity cannot justify an immediate increase in wages, if workshop resources are already strained by the indirect costs of rehabilitation services, if public assistance fails to adequately meet the need--in short, if better alternatives are not

imminent--then I think we should determine, on the basis of facts and not speculation, whether wage supplements can help the sheltered worker achieve greater wellbeing.

The Labor Department study found that the majority of workshops favor some form of wage subsidy. Goodwill Industries and the Association of Rehabilitation Facilities have again testified in support of this concept. My colleagues, Senators Gravel, Magnuson, Case, Huddleston, Anderson, Leahy and Riegle, have joined me as cosponsors. There are a rising number of inquiries from constituents, and many states are looking to the federal government for innovative leadership in meeting this challenge.

This interest reflects the growing hopes and expectations of the handicapped themselves and their advocates. When Secretary Califano signed the regulations to implement Section 504 of the Rehabilitation Act, he pledged that our government would be an active advocate of the right of handicapped Americans to a meaningful, respected, productive role in society.

To realize the personal and social progress implicit in these regulations, and the objectives supported by the White House Conference on Handicapped Individuals, will require imagination and new policy initiatives.

The Administration has promised a thorough revision of the welfare structure. A major concern is the effect of ill-coordinated programs where the federal government gives with one hand what it takes away with the other. This is not only self-defeating, it creates cynicism among the persons affected, and undermines the credibility of efforts to address positively human and social problems.

The results of this demonstration program will have important applications for general programs of assistance and work incentives.

We have made strong commitments to the handicapped.

Institutional care, where it remains necessary, must meet high standards.

Education must be available to all handicapped youngsters.

Vocational rehabilitation must help integrate the handicapped worker fully into our economy.

Job discrimination must be eliminated and positive efforts made to redefine jobs, adapt work places and, especially, overcome barriers of prejudice on the part of employers and coworkers.

The new, comprehensive approach to rehabilitation envisions a continuum of community-based services to help the handicapped develop their full potential.

Serving as a conduit of this movement, and where necessary a long-term alternative, the sheltered workshop will continue to be a major resource for employment of the handicapped.

As a constant and enlightened champion of the handicapped, Senator Randolph, you have said repeatedly that rehabilitation benefits the nation through increased income and taxes and from reduced welfare payments.

This is the bottom line.

Do we want to build programs that maintain the disabled at public expense, with little hope of progress and independence, or do we want to explore vigorously better means to help the handicapped participate as contributing members of society?

Mr. Chairman, this modest experiment could have a decisive effect on our rehabilitation planning and orientation. I urge that we undertake it promptly.

I ask unanimous consent that there be included at the conclusion of this testimony the U.S. Department of Labor evaluation of my wage supplement proposal.

Thank you.



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