

*Within every*

*person is the*

*potential for*

*greatness...*



**G.R.E.A.T**  
POSSIBILITIES

# E



*education*

LATAN serves as a clearinghouse for information related to Assistive Technology. We provide and coordinate the training and education Louisiana citizens need to make Assistive Technology part of their lives.

We currently have three LATAN Regional Centers which serve as a focal point for our educational efforts. The center in your area can show you how to take advantage of the GREAT possibilities available through Assistive Technology.

Regional Centers:

Baton Rouge 1-800-269-8802

New Orleans 1-800-695-7325

Shreveport 1-800-737-2909

# A



*assistive*

Assistive Technology is any item which can be used to make life easier or to help you perform a specific task. It can be used by people of all ages and with any disability, at work or play, at school and in everyday living.

Assistive Technology provides freedom...the freedom to be what you want to be and go where you want to go.

It can help you achieve the potential which is within us all. Assistive Technology opens the door to GREAT possibilities.

G.R.E.A.T  
POSSIBILITIES



Please cut out, place in an envelope and mail to:

Louisiana Assistive Technology Access Network (LATAN)

Post Office Box 3455, Bin 14

Baton Rouge, Louisiana 70821-3455

or call:

1-800-922-DIAL(3425)

1-800-256-1633(TDD/TT)

b : i : l : i : t : i

**Specialized Training Workshop  
RESNA Technical Assistance Project  
Wednesday, October 6 - Thursday, October 7, 1993  
Washington D.C. Renaissance Hotel, TechWorld**

Objectives of the Workshop:

- \* Assist the state projects in diversifying and expanding their resources to provide assistive technology services throughout their states;
- \* Gain knowledge of common business practices which can be used to manage, organize and expand project activities;
- \* Learn from the experience of others who have diversified their funding efforts.

Wednesday, October 6, 1993

9:00-9:30	<b>Introductions and Welcome</b> <i>M. Nell Bailey</i>	<b>East Salon</b>
9:30-12:30	Break out sessions	
	<b>Long Range Planning</b> <i>Lane Erwin, Director of Consultant Services Support Center of Washington</i>	<b>Room 2</b>
	<b>Developing a Business Plan</b> <i>Gordon Taylor, Support Center of Washington</i>	<b>Room 3</b>
	<b>Marketing</b> <i>Bob Michalski, Support Center of Washington</i>	<b>Room 16</b>
12:30-2:00	Lunch	
2:00-3:00	<b>How do you ensure that diversifying means consumer responsive?</b> <i>Paul Hearne, President The Dole Foundation</i>	<b>East Salon</b>
3:00-3:30	Break	
3:30-5:00	<b>Three Little Pigs Go To Market: Moving products developed under the Tech Project to the commercial arena</b> <i>Joseph Lane, MBA, MPA, Project Director REC on Technology Evaluation and Transfer University of Buffalo</i>	<b>East Salon</b>

-over-

**Thursday, October 7, 1993**

- 9:00-12:00 Break out sessions
- Long Range Planning** Room 8
- Developing a Business Plan** Room 9
- Marketing** Room 10
- 12:00-1:30 Lunch
- 1:30-2:00 **Results of Virginia Study on Loan Programs** East Salon  
*Ken Knorr, Director*  
*Virginia Assistive Technology System*
- Joey Wallace, Funding and Policy Analyst*  
*Virginia Assistive Technology System*
- 2:00-2:30 **Using Volunteers to Manage Assistive Technology Programs** East Salon  
**Vista Volunteers**  
*Joyce Palmer, Administrator*  
*Assistive Technologies of Alaska*
- Interns**  
*Deborah Buck, Project Manager*  
*New York State TRAUD Project*
- 2:30-2:45 Break
- 2:45-4:15 **To be or not to be a 501(C)(3) nonprofit** East Salon  
**Learning from other states' experience**
- Terri Dederer, Project Liaison*  
*Illinois Assistive Technology Project*
- Chip Harriford, Funding and Information Specialist*  
*South Carolina Assistive Technology Project*
- Matthew Watson, Support Center of Washington*
- 4:15-4:30 **Evaluation and wrap up** East Salon

RESNA Technical Assistance Project  
Specialized Training Workshop  
October 6-7, 1993  
Ramada Renaissance TechWorld  
Washington, DC

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Lane Erwin, Director of Consulting Services, Support Center of Washington. Ms. Erwin is a general management consultant and trainer for the Support Center of Washington. She brings to the Support Center a variety of for profit and not for profit experiences. Ms. Erwin's areas of expertise include strategic planning, program planning, and best practices consulting. Ms. Erwin is actively involved as a volunteer with local not for profit organizations such as the Alexandria Hotline and the Chesapeake Bay Foundation. She currently sits on the Board of Directors of the Mental Health Association in Alexandria.

### **Paul Hearne**

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Paul G. Hearne, president of The Dole Foundation for Employment of People with Disabilities, has been an advocate for people with disabilities for over 20 years. He is a leading authority on legal rights and employment of disabled persons, and has been instrumental in creating national awareness and opportunities for them. As president of the Dole Foundation, Mr. Hearne manages the distribution of Foundation funds raised from private sources to qualified nonprofit organizations operating innovative job training, placement and career advancement programs for citizens with any recognized form of disability. When he joined the Dole Foundation in 1989, Mr. Hearne became the first individual with a disability to direct a foundation for person with disabilities. In addition to his role at the Foundation, Mr. Hearne is active in the political and corporate worlds. He served on the drafting committee for the Americans with Disabilities Act and assisted in bringing it before Congress. He is Chairman of the AT&T Consumer Advisory Group for the AT&T Special Needs Center, and promoted research and production of telephone equipment by Bell Labs for people with mobility, speech, hearing, and visual impairment. In 1988 he was appointed Executive Director of the National Council on Disability.

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Joseph P. Lane is Director for the Rehabilitation Engineering Research Center on Technology Evaluation and Transfer which is working to bring prototype assistive devices to the marketplace. He is also the Associate Director for the Center for Assistive Technology. Mr. Lane collaborates with researchers, educators, and service providers to develop new programs on assistive technology. He also prepares the competitive grant proposals that sustain these programs. Mr. Lane is co-author of *Managing Information Systems* (Jossey-Bass, 1989), based on a longitudinal research program at the University of California, Irvine.

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Robert Michalski, founder, Robert Michalski, Inc. Mr. Michalski is a marketing policy consultant, specializing in associations, attorneys and accountants. He began his Washington career as Marketing Director of several national associations. In 1981, he planned, organized and created the Presidential Inaugural Parade. He has served as a Senior Product Manager in the Marketing Departments of both MCI and Sprint. He is a member of the American Marketing Association, American Society of Association Executives, and served on the board of Special Olympics and the Jelleff Boys and Girls Club.

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Gordon Taylor, National Account Executive, AT&T. Mr. Taylor has extensive training and consulting experience in strategy, finance, and information systems development for not for profit organizations throughout the United States. As an executive for AT&T, he is directly responsible for providing information services to United Way organizations and organizations funded by the United Way. He holds a MBA from Harvard University with a concentration in Strategy and Finance, and a degree in Organizational Psychology from Brown. He currently serves on several not for profit boards, and is on the Audit Program Advisory Committee for New York University.

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Matthew Watson, Esq., Partner Noasberg & Norton. Mr. Watson has practiced law for more than 20 years. He has extensive experience in representing not for profit organizations and small businesses. Between 1975 and 1981, he was the Auditor of the District of Columbia. In addition to his law degree, he also holds a Masters of Law degree in Government Procurement Law.

**RESNA Technical Assistance Project  
 Specialized Training Workshop  
 October 6-7, 1993**

**How effective was the workshop?**

- Responding to issues of importance to you?
- Providing constructive strategies to assist you in diversifying your program?
- Extending your range of contacts (networking)?
- Providing knowledge of common business practices?

Very	Somewhat	Marginally	Not At All	Did Not Attend

**How useful were the break out sessions?**

- Long range planning (Erwin)
- Developing a business plan (Taylor)
- Marketing (Michalski)

Very	Somewhat	Marginally	Not At All	Did Not Attend

**How useful were the group sessions? - October 6**

- How do you ensure that diversifying means consumer responsive? (Hearne)
- Three little pigs go to market (Lane)

Very	Somewhat	Marginally	Not At All	Did Not Attend

- OVER -

## How useful were the group sessions? - October 7

- Results of Virginia study on loan programs (Knorr & Wallace)
- Using volunteers to manage assistive technology programs (Palmer, Buck)
- To be or not to be a 501(C)(3) nonprofit (Dederer, Harriford, Watson)

Very	Somewhat	Marginally	Not At All	Did Not Attend

## How about the hotel accessibility?

Do you have accessibility needs? \_\_\_\_\_ Yes \_\_\_\_\_ No

If so, did the hotel meet your accessibility needs? \_\_\_\_\_ Yes \_\_\_\_\_ No

If "No", please explain:

## What was the possible impact of the workshop?

How likely is it that the workshop will assist you in diversifying your project?

Very	Somewhat	Marginally	Not At All	Did Not Attend

If very likely, can you give an example of what you learned that will assist you?

What did you like about the workshop?

What did you not like about the workshop?

What suggestions do you have for future meetings?

What year did your project receive funding? \_\_\_\_\_ FY89 \_\_\_\_\_ FY90 \_\_\_\_\_ FY91 \_\_\_\_\_ FY92



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The American Warehouse Association opposes the Privacy for Consumers and Workers Act (H.R. 1900 and S. 984) because it restricts the use of electronic monitoring technologies for security purposes and for the enhancement of productivity and job performance.

The American Warehouse Association is the national association for the public warehouse industry -- an industry which provides third-party transportation, distribution and logistics services.

The American Warehouse Association opposes the legislation for the following reasons:

- ◆ Although the proposed legislation does not bar employers from monitoring workers, it does set out stringent conditions which must be met in order for employers to conduct monitoring conditions that may preclude the use of existing technologies and stymie the development of future technologies.
- ◆ The legislation denies employers the ability to protect employees with the use of security cameras to ensure quality control and to complete objective employee evaluations.
- ◆ In public warehouses, electronic monitoring is critical to security. Public warehouses utilize television surveillance and video tape for security measures consistent with their responsibilities as a bailee of property. Warehouses frequently use surveillance cameras at remote entry points, loading docks or in areas where high value/small sized articles are stored.
- ◆ The legislation restricts the use of technology that has been specifically developed for warehousing. This electronic technology (called RF, for radio frequency control) allows radio signals to be used to monitor the location of a forklift within a warehouse. The forklift operator is issued instructions electronically (by radio frequency) on product retrieval.
- ◆ The restrictions in the bill are so broad and complex that it will be difficult for even the best intentioned warehouse operator to comply with what is permitted or prohibited under the law. The effect will be to deny warehouse owners access to a valued management tool for measuring employee productivity and performance.



## NEGOTIATED RATES ACT OF 1993 - H.R. 2121

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The American Warehouse Association urges Members of Congress to co-sponsor H.R. 2121, The Negotiated Rates Act of 1993. H.R. 2121, introduced by Representative Norman Mineta, is a fair and equitable solution to the undercharge crisis.

The American Warehouse Association is the national association for the public warehouse industry -- an industry which provides third-party transportation, distribution and logistics services.

The American Warehouse Association requests your support for this legislation for the following reasons:

- ◆ H.R. 2121 balances the interests of all parties to undercharge claims: carriers, shippers and employees.
- ◆ H.R. 2121 allows a shipper to settle an undercharge claim based on a percentage of the difference between the applicable rate and the rate originally billed and paid. Small businesses could settle at a rate of 5 percent.
- ◆ H.R. 2121 allows a shipper to challenge the charging of an unfiled rate as an unreasonable practice or to contest the unfiled rate as an unreasonable rate.
- ◆ H.R. 2121 recognizes the unique position of a public warehouse in transportation.
- ◆ H.R. 2121 provides a specific provision for settlement of claims where the public warehouse originally was billed and then paid the transportation bill.
- ◆ H.R. 2121 permits recovery of an undercharge amount that is equitable and does not exceed the compensation received by the public warehouse on the original shipment.

The public warehouse provision of H.R. 2121 only applies to undercharge claims made against a public warehouse as a result of the warehouse being the party legally responsible for payment of the original freight bill. The provision does not change current law as to who is responsible for payment of an undercharge claim.

**PLEASE COSPONSOR AND SUPPORT H.R. 2121**



## STRIKER REPLACEMENT LEGISLATION

The American Warehouse Association urges the Senate to oppose "Striker Replacement" legislation -- S. 55.

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The American Warehouse Association is the national association for owners and operators of public warehouses. The public warehouse industry provides third party transportation, distribution and logistics services.

The American Warehouse Association opposes the legislation for the following reasons:

- ♦ **Impact on Non-Union Employees** -- This measure would block the hiring of permanent replacement workers by any company -- union or non-union -- during a strike or other work stoppage.
- ♦ **Organizing Tool for Unions** -- Unions would be able to "guarantee" jobs if employees join the union and strike in support of union demands.
- ♦ **Banning Permanent Replacements Will Encourage Strikes** -- The measure would eliminate a major check on spontaneous strikes, promote increased labor unrest and disrupt the flow of commerce. Unions would no longer fear for the welfare of their members who are assured of getting their jobs back.
- ♦ **Upset the Balance in Labor-Management Relations** -- Employers would be forced to accept unreasonable union contract demands that do not reflect market realities in order to avoid the severe economic consequences of a shutdown caused by a strike.
- ♦ **Negative Economic Impact** -- Employers would be forced into agreements to increase wages and enhance benefits and working conditions because of increased union leverage. This would increase inflation, decrease profits and inhibit growth of businesses. Employees who did not strike could suffer wage and benefit cuts or be subject to lay-offs.

**AWA MEMBERS URGE SENATORS TO VOTE NO ON S. 55**

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**YOU HAVE A GREAT IDEA**  
**FOR A NEW REHABILITATION PRODUCT!**  
**NOW WHAT DO YOU DO?**

Don McNeal

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## **YOU HAVE A GREAT IDEA FOR A NEW REHABILITATION PRODUCT! NOW WHAT DO YOU DO?**

### **INTRODUCTION**

#### **Purpose of This Booklet**

You have this great idea for a new product. You know that it will benefit thousands, maybe millions, of people who are disabled. You would like to take this idea and turn it into a commercial product so many people can be helped -- and, hopefully, you can make a lot of money! You would like to do this, but how? You've never done this before, and you really don't know how to proceed.

If this describes you, then this booklet is for you. It is intended to be a basic, introductory guide for persons interested in commercializing ideas for products, who have not been through this process before. This booklet will get you started and will make you aware of some of your options, but it will be up to you to further your education by doing additional reading and consulting with knowledgeable individuals. The Resources section at the back of the booklet will provide suggestions for seeking additional information.

#### **Be Prepared to Work Hard**

Let's assume that you truly do have a great idea. The first thing you have to understand is that the idea, by itself, is worth virtually nothing. It may have the potential to be worth a lot, but this potential will only be reached if you are willing to invest a great deal of your time and at least some of your money. You will need help along the way and you may find people who are willing to provide financial support, but each invention needs a "champion," a person who believes in the potential product and is willing to make personal sacrifices to make it happen. That person is most likely you.

Thomas Edison, whom everybody regards as one of the greatest inventors of all time, said "Genius? Nothing! Sticking to it is the genius! ...I failed my way to success." By this he meant that nothing works the first time; that only after repeated failures, many design iterations and much hard work did he finally develop a successful product. And, as we shall see later, developing a successful working prototype is only one of many steps that must be taken to achieve a successful commercial product.

#### **Two Roads to Travel**

There are two main roads to travel to produce a commercial product:

1. You can sell or license your invention to an existing company and let them manufacture and distribute the product, or

2. You can start your own company.

Both are difficult, but starting your own business requires the greater commitment from you. If you choose to do this, you must be prepared to cut way back, at least for several years, on many activities that you currently enjoy; things such as inventing, research and development, recreation, and time with your family. Only a few new businesses are successful, and, to be one of those few, you have to make this your number one priority and be prepared to do whatever it takes to succeed.

Starting a business is not for everyone, and you must be absolutely certain that this is for you before you make the commitment. For those of you who enjoy inventing and developing new products -- and don't want to give this up -- then licensing your product may be the better option.

**What You'll Find in This Booklet**

Whichever road you decide to take, there are many basic things that you need to do. These will be discussed in the next four sections on Protecting Your Idea, Developing a Prototype, Evaluating Commercial Potential, and Patents and Other Ways to Protect Your Idea. The next two sections deal with the two "roads" -- Licensing or Selling Your Invention and Starting Your Own Business. The final section lists a number of resources that can help you proceed down the road you select.

## **PROTECTING YOUR IDEA**

### **Be Careful Who You Tell**

If you truly have a great idea that you hope to commercialize, then you should be very concerned about someone stealing your idea. There are many people looking to make a buck, and they are not at all adverse to using your idea to do it. So be extremely careful about telling others about your idea -- the fewer the better. Eventually, you will have to discuss your idea with others, but, before you do, you should take the steps described in this section.

### **Maintain Good, Permanent Records**

The more successful the outcome of your idea, the more likely you are to someday end up in court trying to establish your right to capitalize on the idea. This is why it is of paramount importance to document the inception and development of your idea from Day One. The best way to do this is to maintain all of your records in a bound, stiff-cover laboratory notebook with consecutively numbered pages. Notebooks like this can be purchased in most stationery or office supply stores. If you don't have one, buy one immediately and begin entering all pertinent information.

The first entry into your notebook should be a description of your idea. Provide as much information as you can. The material should be written so that an intelligent person could obtain a clear understanding of your idea from reading your written description. Sign and date the entry, then ask one, or preferably two, persons whom you trust to read it. Have them also sign and date the entry attesting that they have read and understood your idea. These persons must not only be capable of understanding your invention, they must also be credible witnesses if they are someday called to testify in court. They must not be co-inventors, and it is best if they are not family members.

This is the best way to document the "date of conception" of your idea. There are other ways to do this, but this is the preferred method. Mailing a registered letter describing your invention to yourself is not an acceptable way to document date of conception. This does not provide you with another person to corroborate your concept and is therefore of little value. The date of conception will be extremely important if you do end up in court, because the judge will be very interested in who had the idea first.

Having the idea first, though, isn't enough. If you do end up in court, you also have to demonstrate continued progress in developing and commercializing the idea. This is called "due diligence." For this reason, you should continue to work on developing your idea and record all pertinent information in your notebook. Entries should be sufficiently clear and complete so that someone could duplicate your work without additional explanation.

All notebook entries should be made in ink. Do not erase. If you make a

mistake, line it out. All entries should be made sequentially, and there should be no blank spaces in your notebook. Your latest entry should immediately follow your last entry. Do not tear out or add pages. Photographs, drawings, computer output, receipts, correspondence, and other material may be glued or taped into your notebook. All entries should be dated.

### **Confidential Disclosure Agreement**

At some point, you will have to discuss your idea and subsequent developments with other people. It is good practice to ask them to sign a confidential disclosure agreement prior to doing so. This agreement informs the person that the information that you are about to discuss with him or her is confidential, and, by signing the document, they are agreeing not to discuss the information with anyone else or to use the information to their own advantage. Sample confidential disclosure agreements can be found in some of the reference books listed in the Resources section of this booklet, but it is a good idea to ask an attorney to review your disclosure agreement to ensure that you are adequately protected.

### **What About Publishing?**

For most academics, publishing their ideas is the lifeblood of their profession. Should you publish an idea that you plan to commercialize? You take two risks by doing so. First, you are inviting someone to take your idea and develop it themselves. You can take them to court, but that is expensive and may not be worth doing. Second, you may jeopardize any patents for which you may apply. Your patent application must be filed within one year of the first date of publication; otherwise the patent office will consider your idea to be in the public domain and not patentable. Furthermore, the moment you publish, you automatically forego most foreign patent rights as of that date.

The best policy is not to publish until your product is on the market -- at which time the publicity will be beneficial to your product. If you must publish before then, delay publication as long as possible -- certainly after you have adequately documented your idea as described above and preferably after all patent applications have been filed.

### **What About Patenting?**

Obtaining a good patent is one of the best ways to protect your idea. However, patenting is an expensive process and is not always worth doing. This topic and other ways of protecting your idea are covered in a later section, Patents and Other Ways to Protect Your Idea.

## DEVELOPING A PROTOTYPE

Once you have documented your idea, you will want to build models or prototypes of your idea. There are several reasons for doing so:

- To determine feasibility and functionality.
- To demonstrate -- to yourself and others -- that it does what it is intended to do.
- To revise and refine your idea.
- To identify materials, tooling and fabrication steps so you can determine manufacturing cost.

To accomplish the above, you will likely go through several iterations. Early versions may look nothing like the final product, but are constructed as experimental models to test concepts and work out design parameters. Later versions may be working prototypes that can be tested by potential users to demonstrate efficacy. The final prototype should be as close to the final product as possible. This is what you will be demonstrating to potential licensees or investors. This prototype should be fabricated with high quality workmanship and proper finishing. You should not proceed too far with modeling -- and certainly should not spend a great deal of money -- until you are convinced that there is a market for your product and there is money to be made (see next section).

At some point, you may need help with constructing the models. Ask friends to recommend persons who have the skills that you need, or check the Yellow Pages under "Model Making" and "Engineers." In either case, talk to the individuals before you contract with them to make sure that they have the appropriate experience to do your job, that their price is within your budget, and that they can work from sketches (unless you already have blueprints or detailed mechanical drawings). You should also ask them to sign a confidential disclosure agreement before you turn over any drawings or discuss details about your idea.

## **EVALUATING COMMERCIAL POTENTIAL**

### **Will I Make Money From This Idea?**

If you haven't asked this question before now, you should. If your goal is to produce a commercial product, you must determine whether there is a good likelihood that you or someone else can make money from selling the product. If the answer is "probably not," then it is perhaps time to focus your energy and resources on a new idea.

This is a question that should be addressed early -- before you have invested a great deal of time and money in the project. It is also a question that generally has no clear, unambiguous answer. It may well come down to your own "gut feeling" on whether the product will be successful. Even so, your decision should be based on all available information. Some of the key things that must be considered are discussed in this section.

### **Compare Your Product With the Competition**

One of the first things you should do is compare your product with products or techniques that are currently available. To do this, you must of course be aware of what is available. Make a list of all those things with which your product will be competing. Don't limit your list to similar products -- also include alternative ways of addressing the same problem. For example, if you have an idea for a new wheelchair, list other wheelchairs, but also add orthoses, crutches and other mobility aids that could be used as well.

Don't assume you know the market. Check other sources to make sure that your list is complete. Possible sources include those below.

- Visit dealer showrooms. Ask to see catalogs or get names and addresses of manufacturers and distributors so you can order their catalogs.
- Talk with vendors, professionals and persons with a disability -- especially those who are potential users of your product.
- Check trade publications as well as clinical magazines and journals. You may not be able to find these at your local library, but ask vendors and professionals if you can look at copies of publications that they receive.
- Contact AbleData, an extensive database of information on assistive technology. Call 800-227-0216 for more information or to initiate a search for a particular type of product.

The next step is to compare your product with the competition. List the positive and negative factors of your invention with respect to each of the available products. Try to put yourself in the shoes of the person who is going to buy or use your product. What are the benefits of your product? Why should people buy yours

instead of a competing product? Keep in mind that customers buy benefits (appearance, function, price, durability) not the technical sophistication that may be most appealing to you.

It is also helpful to ask others how your product compares. Again, talk with vendors, professionals and potential users of your product. Show them a drawing or prototype and ask them what they see as the positive and negative features of your invention. If you will be revealing essential information about your product, then you should consider asking each person to sign a confidential disclosure agreement before telling them about your product. This may be awkward at first, but if you keep your disclosure agreement short and simple, and you explain the reason for asking them to sign it, few people will object to doing so.

### **Determine a Selling Price**

Cost is certainly one of the most significant factors to be considered during your product comparison. "How much will it cost?" is a question that will be asked by each person to whom you show your prototype. So it is imperative that you come up with a realistic estimate of cost early on.

First ask yourself "what will the market bear?" If there are similar products already on the market, find out what they sell for. If there is a wide range in prices, determine whether you want to compete at the high end (expensive products with many features) or low end (cheaper products with few features). If there are no similar products on the market, you may be able to estimate market value by looking at the cost of products which are sold for different clinical applications, but which have features that are similar to your product.

Given an estimate of market value, the next question is "can your product be manufactured, distributed and sold at that price -- and still return a decent profit?" If not, you have a problem. The rule of thumb in the rehabilitation market is that the selling price must be at least three to four times the cost of manufacturing the product for the product to be successful. For some products, it may be as high as six times the manufacturing costs. Manufacturing costs include costs of materials and supplies, labor, plant overhead, and packaging and shipping. People generally don't understand why things (especially medical or rehabilitation products) cost as much as they do. This is because they don't appreciate the extraordinary costs of advertising and marketing, dealer markup, product liability, and amortization of development costs (including, in some cases, conducting clinical tests and getting approval from the Food and Drug Administration).

### **Estimate Market Size**

The next major question to be answered is "how many units of my product can I sell?" This is usually a very tough question to answer. If there are products similar to yours already on the market, try to find out how many units of these products were sold in previous years. This information is not easy to come by because companies do not willingly give out this information. With a little effort,

though, you may be able to get the information that you are looking for from one or more of the following sources:

- If companies are publicly owned, they will publish an annual report. Obtain a copy. There may be useful information inside.
- Attend trade shows and talk to company representatives. They probably won't give out sales figures, but you may be surprised at how much information you can get -- especially if you wear your "researcher's hat." People love to talk about their products and their business, so this is an excellent way to get information.
- Look through trade publications (e.g., Home Care, Medical Product Sales, Team Rehab, Rehab Management). You may be able to find total sales figures for various rehabilitation products in some of the articles.
- Check with one of the business organizations near you that provide help with evaluating the commercial potential of your invention (see Resources).

Keep in mind that it is very unlikely that your product will capture the entire market. So if you do get a figure on the number of similar products sold in previous years, then you still have to estimate what percentage of the market you can reasonably expect to achieve.

Estimating the market for your product will be even tougher if there are no similar products already on the market. Now it is up to you to determine the number of people for whom your product is appropriate and how many of those can be expected to purchase your product. Suppose you have developed a product for persons who are quadriplegic. By doing a little research, you can determine that there are approximately 100,000 persons with quadriplegia due to spinal cord injury in the United States with an incidence rate of about 4,500 per year. The much more difficult question to answer is "how many of these persons could use and benefit from my product?" And finally, "how many of the persons for whom the product is appropriate will buy the product (or have it purchased by a 3rd-party)?" A realistic estimate of the number of units you can actually hope to sell is probably a much smaller number than the total number of persons with quadriplegia.

There is a huge amount of information available. The difficulty is in locating it. Various agencies of the federal government annually publish figures on the number of people with specific disabilities or functional limitations. Check with your local library to see what they have. You should also talk with clinicians and persons who may be potential users of your product to try to obtain estimates of the number of persons who could use your product.

Market estimates are just that -- estimates; your best guess at the number of units that you can hope to sell. For this reason, it is advisable to determine a range, the high end and low end of expected market potential. This will allow you to be more realistic in negotiations with potential licensees or to prepare upside and downside scenarios for your business plan if you decide to start your own business.

You can hire marketing consultants to obtain market estimates for your product, however, market surveys are very expensive and should be considered only if you are absolutely certain that the potential market is big and you need to know how big. If you decide to purchase a market survey, select a marketing consultant on the basis of a personal recommendation, if possible. If not, you can find them listed in the Yellow Pages of your phone book. In either case, make sure the consultant has done previous work in your field or related fields and discuss their fees in advance.

A less expensive alternative is to purchase market research reports from companies like Theta Corporation (Middlefield, CT) and Biomedical Business International (Santa Ana, CA). They conduct market studies of selected fields and sell the reports at prices generally less than \$1,000. Three reports available in the 1991 Theta catalog, which are pertinent to the rehabilitation field, are Orthopedic Joint Implants, Orthopedic Prostheses/Appliances, and TENS and Electrotherapeutic Devices.

### **Conduct a Patent Search**

It is a good idea early on to conduct a patent search to 1) identify similar, prior patents, 2) determine whether your idea is patentable, and 3) further familiarize yourself with the field. If you find there are no prior patents related to your idea, then you know that you have a clear path to obtaining a patent should you decide at some point to submit a patent application. Even if there are prior patents, they may not preclude you from obtaining a patent that will provide protection for your idea. As discussed in the next section, you will need a patent attorney should you decide to apply for a patent, and your attorney can advise you on the desirability of filing an application given the existing patents. In the meantime, read the prior patents carefully – they may contain information that will be very useful to you.

Patent searches can be done by patent attorneys, agents and searchers. Ask friends or business persons for references. If you do not get a name that is highly recommended, check the Yellow Pages. As you should always do before hiring anyone to help you, ask questions to make sure they are qualified. Find out if they have done searches in your field before. Ask them how much they charge. You should expect to pay \$150-\$800 for a patent search. Some searchers may provide only a list of related patents. Others may provide opinions on how previous patents affect the patentability of your invention; information that is far more valuable than a list. Ask prospective searchers exactly what you will get for the quoted fee.

It is interesting to note that most searches are actually conducted in the Patent and Trademark Office (PTO) in Arlington, VA, although Patent Depository Libraries are located throughout the United States. These libraries have a complete listing of recent patents and are linked electronically with the PTO, but it is easier and faster to do the search in Arlington. The PTO's classification system is better organized, making it much easier to conduct a comprehensive search.

You can do a patent search yourself, but unless you are really strapped for cash, your time is probably better spent doing other things while someone else does

the search. If you want to conduct the search yourself -- and it may be informative to do so at least once -- you can do this at the PTO or at one of the Patent Depository Libraries. Before you go to one of these facilities, look at competitive products -- you may find patent numbers on the product, packaging or enclosed literature that will give you a start in your search. A listing of the Patent Depository Libraries and other useful information about patent searches and patenting are contained in *General Information Concerning Patents*, which may be purchased from the U.S. Government Printing Office. There are several books in the Resources section that provide helpful information if you decide to do a search yourself.

### **For an Outside Opinion**

Although it is important for you to go through the steps outlined above, it is possible to get an outside evaluation of your idea at no charge or for a nominal fee. Three organizations that will perform an initial screening of your idea and give you an honest opinion of its merits and market feasibility are listed below:

Batelle Development Office, Invention Administrator, 505 King Avenue,  
Columbus, OH 43201. Tel: 614-424-7455.

Wisconsin Innovation Service Center, 402 McCutchen Hall, University of  
Wisconsin, Whitewater, WI 53190. Tel: 414-472-1365.

The John F. Baugh Center for Entrepreneurship, Hankamer School of  
Business, Baylor University, P.O. Box 98011, Waco, TX 76798-8011.  
Tel: 817-755-2265.

Contact them to find out exactly what they will do for you and how much it will cost. For a list of other organizations that provide similar assistance, check your library for a copy of *Catalog of Organizations that Assist Inventors: Activities and Services*, a publication of the National Technical Information Service.

### **Now It's Decision Time!**

If you have followed all the steps described in this section, you now know how your product compares with products and techniques that are currently available; the estimated market size for your product; whether your idea is patentable; how much your product would sell for and whether you (or someone else) can make money by manufacturing and selling your product. Now is the time to make a decision -- before you spend more of your time and money to develop a working prototype or to apply for a patent. If you still believe in your idea and think that there is profit to be made, then, by all means, push forward as rapidly and aggressively as possible. But don't be pig-headed! Be willing to drop your idea and go on to something else if things don't look right. Ask yourself if your idea has looked better and better as you've talked to others and investigated the commercial potential of your idea.

## PATENTS AND OTHER WAYS TO PROTECT YOUR IDEA

### Patents

At some point, you will have to decide whether you want to apply for a patent. There are a number of reasons why you may decide not to file a patent application. The biggest reason is cost. Obtaining a patent can cost \$5,000 - \$30,000. Unless you expect to make much more than this from your idea, there is probably no reason to seek a patent. One rule of thumb is that the potential product market should be at least \$100,000 per year before you should decide to apply for a patent. Conversely, if it is a multimillion dollar market, then it doesn't matter how much you spend on the patent – just make sure you get the best possible protection.

If you plan to license your product to another company, you may be able to get them to pay for all or most of the cost of patenting. You may therefore want to wait until you negotiate a licensing agreement (see the section on Licensing or Selling Your Invention).

There is also the question of how strong your patent will be. Will it really prevent another company from entering the market with a similar product? Defending your patent can be very expensive, and, in over 70% of infringement cases brought by patent holders, the patent itself was held to be invalid. On the other hand, if you don't have a patent, you have virtually no protection in court.

Finally, there may be better ways of protecting your idea. Patents become public information once they are issued, and they provide protection for only a limited time (17 years). Trade secrets, which are discussed later in this section, can be maintained forever. The original formula for Coke might have been patentable, but it could then have been copied after 17 years. Instead, it has been maintained as a trade secret since 1886. In general, if the product derived from your idea cannot be easily copied or manufactured, then you may get more protection from a trade secret.

What can be patented? According to patent law, nearly "anything under the sun that is made by man" can be patented if the requirements for patentability are met. The law stipulates that the subject matter must have a useful purpose and it must work; a perpetual motion machine would not be considered. It must also be new and nonobvious to a person possessing "ordinary skill in the art."

It should be clear by now that if you are seriously considering applying for a patent, you will need a good patent attorney. An attorney can help you decide whether a patent is advisable for you, and, if so, can help with preparation and filing. Find somebody who is good and somebody whom you can work with. Ask acquaintances, especially those with business experience, if they know a patent attorney they can recommend. If not, you can get names from the Yellow Pages or consult with your local lawyer referral service (check your telephone book or ask operator assistance). You can also obtain a pamphlet listing all patent attorneys and agents, entitled *Attorneys and Agents Registered to Practice Before the U.S. Patent and Trademark Office*, from the U.S. Government Printing Office.

Be sure to discuss fees and the attorney's prior experience in your field before making a final selection. You may also want to ask the attorney for names of previous clients and talk to them. Attorneys should not charge you for a brief "get acquainted" session, but ask them in advance if they do.

You can save money by preparing some of the patent application yourself. The key section of the application is Claims. These are brief descriptions of those things which make your invention novel and unique. Your attorney must prepare this section, but you can write all or parts of the Abstract, Background, Purposes of Invention, and other sections preliminary to Claims. You can also prepare the drawings that must be included in the application, but you must be aware of the specific rules to which the drawings must conform. Make sure your attorney is agreeable to your being involved if you want to cut costs by assisting with preparation of the application.

Your application for a patent must be filed with the Patent and Trademark Office (PTO) in Arlington, VA. Once the application has been filed, the invention may be marked "Patent Pending" or "Patent Applied For." Remember that the application must be filed within one year of any publications describing the invention or within a year after selling or advertising the product. The PTO will respond in writing, allowing or denying your claims and giving the reasons why. You must then respond in writing within six months. This process is repeated until the application is allowed, or the Examiner makes final his finding of unpatentability. If they approve your application (and about 2 of 3 applications are approved), you have three months to pay a fee for issuing your patent. Once that fee is received, the patent will be issued (printed) and your patent file will be open to the public. This process typically takes about two years.

Be aware that your patent provides protection only in the United States. International patents can be obtained, but they require separate applications. The procedures and requirements are also different. In Europe, patent applications must be filed prior to any disclosure (publications, advertising or selling of the product). Also, the United States is the only country that provides patent rights to the "first to invent." In other countries, the "first to file" receives preference. Note: Legislation may soon be passed to bring the U.S. in line with the international community on this latter issue.

### **Trade Secrets**

A trade secret is any part of your business operation that is maintained as a secret and which affords the company some competitive advantage. The composition of the paper used to make U.S. currency is a trade secret. So is the formula for Coke. Customer lists can be maintained as trade secrets. A special machine or tool used in manufacturing can be a trade secret. A trade secret has value if it makes it difficult or more expensive to produce or sell the product without that information.

Trade secrets can be more valuable than patents since they can be maintained indefinitely, while a patent affords protection for only 17 years. A patent, once

issued, becomes public information; whereas, a trade secret, by definition, is withheld from the public. Another advantage of a trade secret is that it can be established and maintained at little cost.

Something can be a trade secret only if its possible for you to keep it a secret. A novel electronic circuit is hard to keep as a trade secret because somebody can discover your secret simply by buying your product and tracing out the circuit.

If someone does steal one of your trade secrets, you can sue. But, you must be able to prove that you have taken appropriate steps to maintain the secret. These steps might include securing company premises, especially those areas which contain information pertaining to the trade secret; controlling the flow of visitors and documents; restricting the number of people who have access to the trade secret and requiring those who do to sign a confidential disclosure agreement; and instructing employees who have access to the trade secret about their obligation to secrecy during and after employment.

## **Copyrights**

A copyright is protection granted to an author of an original work of expression (book, pamphlet, video, software, etc.) which excludes others from copying or using the work commercially without proper authorization. User manuals, information for clinicians, and other printed or electronic material that is included with your product can and should be copyrighted. Computer source codes, and in some cases, object codes are copyrightable. A copyright lasts for the life of the author plus 50 years, and it provides protection in over 100 countries besides the United States.

Copyrights are easy to obtain. You do not have to apply for a copyright, you simply register your work with the U.S. Copyright Office. All original material may be copyrighted. The first step is to place the copyright mark © on your work along with the year in which the work was first distributed and the name of the copyright owner; e.g., © 1985 Jane Smith. It's also a good idea to state that the material cannot be reproduced in any form without permission from the appropriate authority. The second, and final, step is to fill out a copyright registration form and send it, along with two copies of the material to be copyrighted and a registration fee (\$20 in 1993), to the Register of Copyrights, Library of Congress, Washington, D.C. 20559. Forms can be obtained by calling 202-707-9100. For general information on copyrights, you may call 202-707-3000.

## **Trademarks**

A trademark is a word or symbol that is consistently attached to goods to identify and distinguish them from other products in the marketplace. Examples of trademarks are company names (properly called a trade name), logos and product names, such as Excalibur™ (E&J), Touch Talker™ (Prentke-Romich), Simplicity Series™ (Quartet) and Jay Active™ (Jay Medical). Included in the trademark is the unique style, color and format in which it is displayed. Trademarks do not provide

protection per se -- though the trademark itself cannot be copied or used by others. Rather, they provide distinction and recognition to a product, and they are an essential and important part of any marketing plan. A service mark is similar to a trademark, except that it is associated with services rather than goods.

When selecting a trademark, do not use a generic name that the public already uses to designate the product on which you want to use the mark. For example, "The Seating System" would not be an acceptable trademark for a new wheelchair seating system. Also, be sure to select a trademark that is distinctly different from any that are already in use; otherwise, you may find yourself in court for infringing on someone else's trademark.

A trademark is owned by the first person or company to use it. Rights may be acquired simply by using the trademark in connection with the sale of goods and services. After the mark has been used, it may be registered with the Patent and Trademark Office (PTO). Registering your trademark makes it easier for you to sue for trademark infringement. The superscripts TM or ® are used prior to registration; ® or "Reg. U.S. Pat. Off." is used once it is registered with the PTO.

To ensure that you are not infringing on an existing trademark, you can search for registered trademarks in *The Trademark Register of the U.S.* or *CompuMark Directory of U.S. Trademarks*. These are available in most libraries. Unregistered trademarks may be found in various trade directories, such as *McRaes*, *Gale*, and *Thomas Register*. You can also hire someone to do a trademark search for you at a cost of around \$250. Also check with your local library -- they may be able to do a computer search on trademarks for you.

Until you use your trademark or register it with the PTO, you should treat it as a trade secret so that others won't adopt your proposed mark and use it first. To register with the PTO, write to them for an application. The cost in 1993 was \$20. You can also register a trademark in your state, but that provides protection only within the state.

## LICENSING OR SELLING YOUR INVENTION

### Introduction

If you have decided that you don't want to start your own business, you can try to license or sell your invention to an existing company. Before doing so, you should be aware of two things. First, the potential financial return from licensing or selling is much less. When you license your invention to a company, they are agreeing to take on the risk of getting your product to the marketplace. It is axiomatic in the business world that he who takes the greatest risk shall reap the greatest reward. The second point is that you may have a difficult time finding a company that is interested in your invention. For many reasons, companies prefer to develop products inhouse and may be reluctant to work with an "outsider." In addition, your product may not fit their product line or the direction in which the company has chosen to go.

If you are unable to find a company that is interested in your invention, then you may be forced to start your own company -- or be willing to drop your idea and go on to something else. Starting your own company, with the intention of selling the company after demonstrating that there is a demand for the product, is in fact another option. It is easier to sell a going business, no matter how small, than an untried invention.

### When to Approach a Manufacturer

One of the first questions you may ask is "when is the best time to approach a company about licensing my product?" In other words, how much should you do, how far along should you be, before contacting potential manufacturers? This will vary from product to product, but, in any case, you do not approach a manufacturer with only an idea -- even if it is a great idea and well documented in your laboratory notebook. An idea by itself generally has very little value.

You should at least have a model or working prototype before contacting a manufacturer. If you have tested your prototype with potential users or conducted clinical trials, that's even better. You should also have gone through the steps discussed previously in Evaluating Commercial Potential. This will help you do a better job of selling your invention to the company, and you should have this information before negotiating an agreement. You should have a realistic understanding of market potential to ensure that your demands are fair and equitable, and it enhances your credibility if you are knowledgeable about the market.

It may be helpful to have a catchy, trademarked name for your product. Logos, slogans and other material that could be used in marketing the product may also help to put you in a stronger bargaining position. Try to sell the company on using these marketing tools, but don't be upset if they want to come up with their own. Yours may be good, but they may not fit the corporate image or their marketing program.

The question of whether you should have a patent in hand or a patent applied for is not as clear. One argument states that doing so affords the inventor greater protection and places him in a better bargaining position, however, most companies say that they prefer that the inventor not apply for a patent prior to negotiating an agreement. If the company is interested in your invention and wishes to sign a licensing agreement, they generally prefer to have their own attorneys prepare the patent application. That way, they have greater assurance that the patent will provide them with the greatest protection. The latter approach is probably the best for most inventors. It saves you the expense of filing for a patent, and your invention will be protected well enough if you have followed the previous instructions in Protecting Your Idea.

### **Selecting a Manufacturer**

There are a number of ways that you can identify manufacturers that may be interested in your invention. Look through directories, such as the Products and Services Section of The Thomas Register, which you can find at most local libraries. Check with trade associations in the technology field concerned. They can provide you with a list of companies and with upcoming trade shows, which you may wish to attend to learn more about specific companies. Talk to business friends. Names can also be obtained from commercial banks and U.S. Department of Commerce field offices.

Ordinarily, when selecting companies to approach, avoid companies that already have an established, successful product with which your product would compete. They would have little incentive to drop their product and begin pushing yours. However, if you believe that your product is clearly superior (has greater benefits) in comparison with other products on the market, then you may wish to approach companies that have competing products. In any case, look for a manufacturer that has the technological expertise to manufacture your product and is already selling other products in the same field. Companies with annual sales of \$5 - \$50 million dollars are best. Larger companies are more likely to rely on their own development staff, while smaller companies may not have the resources to quickly get your product to market.

Having said all this, the most important thing to look at is the company's ability to sell. It is marketing that sells products; everything else is secondary. Look at the quality of their advertising. Find out whether they have their own sales force or work through independent distributors. See how they have introduced new products in the past.

### **How to Approach a Manufacturer**

Your initial contact with a manufacturer should be by letter. This provides you and the company with documentation of your negotiations. The letter should be addressed to a decision-maker (owner, president, marketing director). Try to find out who is the appropriate person to address the letter and get their name and title. The letter should be short and contain the following information:

- A brief description of your invention (but do not give away any important ideas or information).
- The impact your product could have on the market.
- Some new, ingenious feature that makes your product unique or preferable to other products already on the market.
- A request for an opportunity to visit their company and present your invention to them.

Your letter needs to provoke interest. But don't oversell -- this will just turn them off. Give them enough (but not too much) information, and they will quickly see the utility and possibilities of your idea. Follow up with a telephone call to make sure that they received your letter.

If they are interested, you may get a letter back asking you to sign a confidential disclosure agreement and a request for more information. **Do not send additional information about your invention until a confidential disclosure agreement is signed by both parties.** You should have your attorney review their confidential disclosure agreement. If he says that their agreement provides you with adequate protection, sign it and mail it back. This will facilitate and speed up negotiations. If it does not provide sufficient protection, amend their document or send them a copy of yours.

Keep in mind that they too have to protect themselves. They may very well have ongoing developmental activities that are related in some way to your invention. They do not want to be prevented from continuing these activities after talking with you, nor do they want to be sued by you at some later time for "stealing your idea" when in fact they were working on this before hearing from you.

Your objective is to be invited to their facility so you can present your invention to key persons within the company. You want to accomplish this while disclosing as little essential information about your invention as possible. Be sure that you have a confidential disclosure agreement, approved by your attorney and signed by both parties, before you make your presentation.

Don't get discouraged during this process. Only about 1% of the ideas presented to companies result in some type of agreement, so the chances are good that many companies may turn you down. It doesn't necessarily mean that your idea is no good, it simply may not be right for those companies. As stated before, some companies have an aversion to outside inventors. For others, your product may not fit their product line. There can be many reasons for rejection, none of which have anything to do with the "goodness" of your idea. Try to find out why they turned you down, then keep trying. Hopefully, you will find the company that is a perfect match for you and your product.

## **Presentation of Your Invention**

Let's assume that you have received an invitation to present your invention. It is important that you be well prepared when you give your presentation. If appropriate, use high quality, professional-looking diagrams and charts. You may wish to prepare a handout for each person attending the presentation, consisting of one or more photographs of your prototype and a short description of your invention. Have a high quality model or prototype that is as close to the final product as you can make it. It is good to have a working prototype, but, if you do, make sure that it works during your presentation! Practice your presentation beforehand. You want to appear competent and well-prepared. Be prepared to defend any disadvantage raised by company staff, to suggest marketing strategies, and to state what you want in a sales or licensing agreement. Do not B.S. If you don't know something, just say so.

On the day of your presentation, dress to look successful. Be positive. Push the virtues of your invention, but don't oversell. You want to impress them with your understanding of your product, the competition, and the market. But remember, this is a time to evaluate them as well, so don't be shy. Ask them questions which you want answered to make a determination as to whether this is a company that you can work with and one that can successfully produce and market your invention.

Your attorney should not attend the presentation. It is not a cost-effective use of your attorney's time, and his or her presence may inhibit conversation. This is a time to sell yourself to the company and a time to learn more about them. Terms of a licensing agreement may be discussed during your meeting, so you should discuss what you want from the company with your attorney prior to your presentation. Do not sign any agreements at the time of your presentation. Simply say that you would like your attorney to review and approve any agreement before signing. Any reputable company would not only understand, but would expect you to do this.

## **Terms of Sales or Licensing Agreement**

There are rules of thumb, but no set terms for agreements between inventors and companies. Each agreement must be negotiated individually to satisfy the unique circumstances of each case. Two types of agreements are commonly used: sales agreements and licensing agreements. Each is described below.

*Sales Agreement.* In this type of agreement, the company pays you a lump sum for your idea and anything else that may be of value to the company (prototypes, descriptions, documentation, trademarks, patent application, etc.). The amount of the payment is usually based on an estimate of market potential. A rule of thumb is that the cost of inventing to the cost of commercialization is about 1:10. Therefore, you may receive about 10% of the total expected profit to be made from the product. Often, the inventor will get less than 10% because there is no guarantee that there will be any profit, and it is the company that is taking the risk.

*Licensing Agreement.* This is the more common type of agreement. It is usually preferred by both parties because the payoff is based on actual sales rather than expected profit. Again, terms of licensing agreements are highly variable, but they usually include the following:

- An *up-front payment* that will range from a few hundred to several thousand dollars.
- *Royalties* that are a percentage of net sales (gross sales minus certain charges for taxes, freight, insurance, etc.) with a minimum annual payment. Royalty percentages vary from 1% to 20% (or even more), but 1-3% of net sales is realistic for the rehabilitation field. The percentage may be even less if your invention is a component of a product. In this case, the question is how much does your invention add to the value of the total product?
- *Guarantee of diligence* on the part of the company with penalties if they don't comply. This ensures that the company will make an honest effort to bring the product to market within a reasonable time frame and to promote sales of the product. In addition to financial penalties, there are usually conditions under which all rights to the invention revert back to the inventor if the terms for diligence are not met.
- An *exclusivity clause* that gives the company sole rights to commercialize the invention. This is usual, but not necessary. In some cases, licensing agreements may be signed with more than one company, particularly if the market can be divided into exclusive parts.
- A guarantee that the *inventor will work with the company* during the commercialization phase. Generally, the inventor is compensated for any time that he or she puts in.

Whether negotiating a sales or a licensing agreement, keep the following in mind. (1) Many deals are not made because the inventor overvalues the worth of his invention. Get the best deal you can, but be realistic. (2) Rules of thumb (e.g., 1-3% of net sales) should not be taken too seriously. There is a huge variance among different products. What it really comes down to is what can the company expect to make from your invention, and what should your fair share of that be?

## **STARTING YOUR OWN BUSINESS**

### **Introduction**

Once you have made the decision to start your own business, you are no longer an inventor -- you have now become an entrepreneur. Before committing yourself to this, you should understand just how risky this is. Most new businesses fail within their first few years. To even have a chance to succeed, you must be willing to make a total commitment and invest all of your time and energy into your new venture. You have to have a "passion" for what you are about to do and be willing to sacrifice in order to make it work. Whether you succeed or fail, your life will be forever changed by this decision.

You also need to do some self-evaluation. Are you persistent and highly motivated? Do you have a positive, but realistic attitude? Are you a take-charge kind of person who is able to make decisions and get things done? Are you organized? Do you like people and get along with most? If you can honestly answer "yes" to all or most of these questions, then you have a good shot at becoming a successful entrepreneur. If many of your answers are "no," you may want to give more thought to starting your own business.

If you ask people who have started their own business why they did it, their answer will probably not be "I wanted to make money." This may be especially true in the rehabilitation field! While making money has to be a major objective in starting your own business, the primary motivation is usually something else. For some, it's a desire to be more independent -- to be their own boss. Some believe that they have a better idea, a better way of doing things, and they want to make this available to persons with a disability. For others, starting a business is a challenge, and they want to prove to themselves and others that they can do it.

Whatever your motivation, you need to be well-prepared and knowledgeable before you jump in. This section is only a brief introduction to a few of the more important things you must consider. You can obtain much more information from other resources. So continue reading. Talk to people in business -- especially those who have started up their own companies. Contact the Small Business Administration, Department of Commerce, and local or state economic development agencies. Even though starting a business is risky, you can improve your chances of success by anticipating and understanding the difficulties involved and by knowing how to deal with problems when they arise.

### **Types of Businesses**

One of your first decisions will be to decide what legal structure your business should have. There are basically three types: sole proprietorship, partnership, and corporation. Which structure you select will determine to a great extent the way in which business is conducted and the amount and type of taxes you will pay. Each is briefly described below. Additional information may be found in any book on

starting your own business. If you have an accountant and attorney, you should discuss the pros and cons of each type of legal structure with them. If you don't have an accountant or an attorney, you should be looking for one of each.

*Sole Proprietorship.* A sole proprietorship is simply an individual doing business for himself, perhaps with some employees working for him. It is easy to form a sole proprietorship. Contact your city or county clerk. In a few minutes, you can get a relatively inexpensive license to operate a business. Though you can't get away from paperwork, there is less of it than with any other legal structure. Your taxes may be less because any profits you have are taxed on income to you as an individual rather than as a corporation. The primary disadvantages of a sole proprietorship are unlimited liability and the problem of raising sufficient capital. As owner of the business, you are legally responsible for all debts incurred by the business. Your house, car, and other personal assets are therefore at risk. You will find that your options to raise capital are more limited as a sole proprietor. Capital sources are discussed later in this section.

*Partnership.* There are various types of partnerships, but essentially a partnership is similar to a sole proprietorship with more than one owner. A partnership is relatively easy to form (though more difficult than a proprietorship). Profits to partners are taxed as income to individuals, and the paperwork is much less than is required for a corporation. Because there is more than one owner, there are more people to share responsibilities for running the company and raising capital. On the negative side, it is likely that there will be disagreements on how to run the business. For this reason, it is important to select partners carefully. In any case, there should be a written agreement, drawn up in advance, spelling out the details of the partnership and providing for all contingencies, including terminating the partnership. By law, at least one of the partners must have unlimited liability.

*Corporation.* One of the primary benefits of a corporation is that it limits the liability of the owners. The corporation is responsible for its debts, but the personal assets of the owners are protected. Owners are liable, however, if they endorse or guarantee loans made to the corporation. Banks often require this when making loans to new corporations. Other benefits of incorporation include the option of raising capital by selling equity in the company and the ability to more easily sell your share of the company. Corporations are the most difficult legal structure to form, and it will generally require the assistance of an attorney to incorporate. Corporations are highly regulated by federal and state governments, and this places a heavy paperwork requirement on them. Another disadvantage is that corporations generally pay taxes at a higher rate than that of individual taxpayers, and there can be double taxation in that you may pay taxes on dividends received as a stockholder after the corporation has already paid taxes on its profits.

### **Getting Funding**

One of the hardest things you must do when starting a business is to raise money to operate the business. It is also one of the most important things that you will do. Undercapitalization is a major reason why businesses fail.

The need to raise capital is constant. As the company grows, there are continuing demands for additional capital to market new products, pay vendors, meet payrolls, buy equipment, and extend credit to customers, just to mention a few of the many business activities that require continual financing. Many companies do well initially, but end up in failure later on because they can't cope with the "capital squeeze" that invariably occurs.

There are many sources for financing your company, and your success or failure will depend in large part on your ability to tap into these sources. A common trait of all successful entrepreneurs is their ability to raise money. You need to be aware of funding sources that are available to you, learn how to tap into them, and realize that funding opportunities will change as your company proceeds through the key stages of its life cycle.

Generally, there are two ways to fund new and existing businesses. *Debt financing* is money that is borrowed and must be repaid with interest. With *equity financing*, you exchange ownership (equity) in the company for capital resources. Funds received do not have to be repaid, but investors will expect a return on investment in the form of dividends and/or capital gains from the future sale of their share of ownership in the company. Many companies use a combination of both types of financing to raise capital.

The most available source of funding for a new business, especially if this is your first commercial venture, is *your own personal assets*. Money from savings accounts or other investments can provide funds to at least get the company off the ground. You can also talk to your banker about borrowing against savings without disturbing the funds. In some cases this may be beneficial to you. Other assets, such as your house, and the cash value of your life insurance policies, can also be used as collateral to obtain a bank loan.

You should realize that if you are starting a business for the first time, you will almost certainly not be able to obtain a bank loan without using your personal assets as collateral. Banks are very conservative lenders and will seldom lend money to a business that is just getting started. After your company has been established, you may be able to use company assets, such as customer accounts, inventories, equipment and land, to secure a loan.

Even if you are unable to get a bank loan early on, it is good policy to get to know your banker. Try to identify a bank and banker that have been actively involved in helping small enterprises and entrepreneurs. Once you have selected a bank, visit your banker and let him know what you are doing. Continue to update him about your company's progress. If you have incorporated, you may want to include him on your Board of Directors. Eventually (it may take a couple of years), the time invested in your banker will pay off, and you will be able to obtain loans for supplies, equipment and other business expenses.

Once you are successful in getting a bank loan, continue to maintain contact with your banker -- especially if you find yourself in a cash-short situation. They

want you to succeed, and they will generally be willing to work out a plan to help you through a crisis.

Another source of money for a new business is your *friends and relatives*. Their funds can be made available as loans (debt financing) or for a share of the company (equity financing). The former is preferable. If they become equity partners in your business, you may find it difficult to keep them out of day-to-day operations and decision making. Unless they have know-how to contribute, as well as money, there is no reason for them to participate in the business. Keep in mind that this raises an additional risk -- if you lose their money, you can also lose your friends and alienate your relatives.

If you have a previous track record, your company is incorporated, and you need considerable funds (more than \$250,000), you may wish to approach *venture capital firms*. A previous track record is important because venture capitalists will be judging you and any other members of your team as well as the products or services that you propose to offer. They will be looking in particular at your skills and previous experience in management. It is one thing to be a creative inventor, but something altogether different to be a successful entrepreneur. They will be looking carefully to see if you fit into the latter category.

Venture capital firms will generally want an equity position in the company. You should make every effort to maintain a majority ownership in the company. By exchanging ownership for capital resources, you give up some of your control in running the business, but you have the final word as long as you are the majority owner. You should realize, however, that if you have to go back for additional venture capital -- and it is very likely that you will -- they will want additional ownership in the company in exchange for additional financing.

You may also have to agree to include persons designated by the venture capital firm on your management team. They will certainly want to be represented on your Board of Directors. This is not altogether bad because these individuals can provide valuable insight into running a company successfully.

Venture capitalists want to receive a return of ten times their original investment within five to seven years. This means that they expect the company to grow rapidly and to go public or be sold to another corporation within that time period. Venture capital financing is not the preferred option for raising capital if you are trying to start a long-term, family business!

The sources described above are some of the most common sources for capital, but there are many, many others. Loans can be obtained from Small Business Investment Companies (SBICs) or the Small Business Administration (SBA). The SBA can provide information on both. Check your Yellow Pages for the telephone number of the SBA office nearest you. The Economic Development Administration (EDA), which is part of the U.S. Department of Commerce, provides funding to companies of all sizes. However, EDA considers only requests that will have a positive impact on areas designated as needing economic assistance. Most states also

have economic development programs that will provide loans, loan guarantees or grants to assist developing companies.

Small Business Innovation Research (SBIR) grants are available from federal funding agencies. Initial grants of \$50-100,000 are available, with later commitments of up to \$750,000. These monies do not have to be repaid, nor do you have to give up equity in the company. Many entrepreneurs are reluctant to apply for SBIR funding, however, because the application process is lengthy and all information contained in the application becomes public as soon as the initial funding is approved. If you are interested in obtaining more information about this program, call the Office of Innovation, Research and Technology, U.S. Small Business Administration, 202-205-7777.

Your library is filled with information on obtaining funding for new businesses. Ask your librarian for assistance. Talk with your banker. He may be able to provide you with information or to refer you to others who can help. Visit your local SBA office and ask them for information. Seek information from friends or acquaintances with business experience. Finding money is hard work, but the more you know about it, the better your chances will be of obtaining needed capital for your business.

### **Preparing a Business Plan**

Before you approach any source for financing, you must take the time to prepare a business plan. A business plan is essentially a sales tool used to stimulate investor interest, and it must be packaged properly to attract the interest of targeted funding sources.

However, the business plan should not be viewed as being solely for the purpose of raising capital. It is also a guide or "road map" which states what you want to accomplish and details how you will get there. Your plan should describe your product and its market, your management team, how much money will be required, how it will be put to use, and how much it will pay off. You need to describe opportunities and potential obstacles, along with contingency plans for dealing with problems that may arise.

Preparing a good business plan is a major undertaking. It will probably run between 40-60 pages (typed and double spaced) with appendices providing additional appropriate material. You will spend hundreds of hours and many months preparing the plan. But, it must be done. A well-prepared plan can be the difference in obtaining the funding you will need to start-up and run your company, and it will ensure that you have considered all of the issues that are essential for success.

Consult reference books in your local library for detailed information on what should be in your business plan. Consider taking a class at a local university or college. You can also purchase software to assist with preparation. In any case, you will likely need to enlist the services of outside experts to assist with preparation of a

good, comprehensive plan.

### Dealing With the FDA

Businesses that manufacture products for human use must conform to rules and regulations of the Food and Drug Administration (FDA). With respect to medical devices, it is the FDA's job to ensure that devices are safe and effective and that these products are labeled truthfully with the information that people need to use them properly.

Complying with these regulations can be expensive, and noncompliance can result in fines and even criminal penalties -- so it is important that you understand your responsibilities as a product manufacturer. Some of your more important responsibilities are summarized below.

- If you manufacture a device intended for human use, then you must register your company with the FDA and provide a list of any products that are in commercial distribution. Required forms can be obtained from the Center for Devices and Radiological Health (HFZ-342), Food and Drug Administration, Department of Health and Human Services, 1390 Piccard Dr., Rockville, MD 20850.
- All medical devices must be manufactured according to the Good Manufacturing Practice (GMP) regulation. This regulation specifies the controls, procedures, and records that must be followed and/or maintained, which are necessary to ensure the production of safe and effective devices. A *Device Good Manufacturing Practices Manual* can be purchased from the FDA or the U.S. Government Printing Office.
- A premarket notification submission must be submitted to the FDA at least 90 days before a new product is introduced to the market. The FDA will review this information and either approve the application or advise the applicant that additional information or action is required.
- All commercial products must be appropriately labeled. Complete instructions for labels may be found in Part 801 of the *Code of Federal Regulations* (see Resources under FDA).
- Premarket approval (PMA) is required on all devices that are classified as Class III. Generally, Class III means that the device poses "significant risk" to the user. Examples of Class III devices are prosthetic joint replacements, implanted stimulators (including cardiac pacemakers), apnea monitors and stair-climbing wheelchairs. All Class III devices require submission of a PMA application to the FDA which contains detailed scientific and clinical data demonstrating that the device is safe and effective for its intended purpose(s).
- An investigational study must generally be performed to collect the data needed to support the PMA application. Your company must apply for an

Investigational Device Exemption (IDE) before you can distribute Class III devices for use in an investigational study. The process of obtaining premarket approval for a Class III device can be extremely time-consuming and expensive and must be factored into your business plan.

### **Additional Considerations**

Once you have prepared a business plan and raised sufficient capital to get started, you can proceed with all of the other aspects of starting your business. These include the following:

- Obtain facilities for your company.
- Ensure that they meet local, state and federal codes for your type of business.
- Obtain equipment and furniture.
- File for necessary business permits and licenses.
- Set up production and packaging capability.
- Identify suppliers and get best pricing.
- Establish record-keeping and billing systems.
- Design and print required forms.
- Design a company logo and a "presentation style" to use on business cards, stationery and advertising materials.
- Contact an agent about business insurance and product liability.
- Hire and train employees.
- Implement the marketing and sales plan detailed in the business plan.

Sound overwhelming? It can be. That's why it is so important to have a detailed plan and to approach it in an organized way. Your objectives must be very clear, and your energies must be focused on meeting these objectives. Success will not come easy, but if you have done your homework and follow a logical plan, you can make the business adventure a fulfilling and profitable experience.

On a closing note, it must be emphasized that you cannot start up a successful business on your own. No one person has all of the skills and experience required. It is worthwhile to study Table 1: The Innovation Process, which may be found in *From Invention to Innovation: Commercialization of New Technology by Independent and Small Business Inventors* (see Resources). This table lists the steps required as you proceed from the pre-product stage, through the entrepreneurial stage, and into the

managerial stage. It also lists the skills required to complete these steps and the people whom you may need to get involved as the company begins to grow. Be aware that as your invention moves toward the market, business skills, especially marketing, become more important than technical skills. It is essential that you put together a team of people that have the appropriate expertise. Selecting the right people is one of the most critical and important tasks that you must do to turn your great idea into a successful product.

## **RESOURCES**

In the few pages available, this book can only be a brief introduction to the many things you need to know to commercialize your invention. But there is a wealth of information out there for you to tap into. This section is a guide to some of these resources. The information is there. It's up to you to find it and use it to turn your great idea into a great commercial product.

### **Small Business Administration (SBA)**

SBA was created by Congress in 1953 to help America's entrepreneurs. They offer financial assistance, training, individual counseling, publications and video tapes. Offices are located in every state, the District of Columbia, the Virgin Islands and Puerto Rico. For a list of SBA publications and videotapes on starting and managing a small business, write Small Business Directory, P.O. Box 1000, Ft. Worth, TX 76119. To locate the SBA office nearest you, consult the "U.S. Government" section in your telephone directory. For general information about the SBA, call 800-827-5722.

### **Service Corps of Retired Executives (SCORE)**

SCORE is a nonprofit association launched by the SBA in 1964. It has 13,000 retired and active executives in over 750 locations, with many years of business expertise, who can provide practical advice and counseling – free of charge. Contact the SBA for more information on SCORE.

### **Small Business Development Centers (SBDCs)**

SBDCs serve as local business assistance resource centers. There are about 700 SBDCs scattered throughout the U.S., so chances are there is one close to you. They provide free, one-on-one counseling and assistance to emerging and existing businesses, and they can assist you in determining the potential commercial success of your product. Help is provided in planning, financial analysis, marketing and management. Some can do a preliminary patent search for you. Contact the Association of Small Business Development Centers in Omaha, Nebraska (402-595-2387) to locate the SBDC nearest you.

### **Rehabilitation Engineering Research Center (RERC) on Technology Transfer and Evaluation**

The Center for Therapeutic Applications of Technology at the University of Buffalo operates the RERC on Technology Transfer and Evaluation. Entrepreneurs, businesses and research centers can send a prototype of a new assistive device for evaluation and possible commercialization. The RERC will select those devices that have promise and will work with the individual or organization submitting those devices to move them into manufacture and distribution for the commercial marketplace. Contact the RERC (716-829-3141) for additional information on this program.

## **NASA Regional Technology Transfer Centers**

NASA operates six Regional Technology Transfer Centers (RTTCs) that provide a variety of services to entrepreneurs and businesspersons, including patent and trademark searches, testing and evaluation of new products and services, and an array of marketing services. To locate the nearest RTTC, call 703-557-8160.

## **Inventors Organizations**

There are a number of organizations for inventors that provide information and assistance on commercializing your ideas and provide an opportunity to meet and talk with other persons with entrepreneurial ambitions. You can obtain a list of inventors organizations in your area by contacting the National Congress of Inventors Organizations in Logan, UT at 801-753-4700.

## **Other Organizations**

There are many other organizations that will assist inventors and entrepreneurs with evaluating, developing, marketing and licensing an idea or invention. Refer to the following publications for lists of these organizations:

Catalog of Organizations that Assist Inventors: Activities and Services, Edition II. National Technical Information Service (NTIS), DE90-008158. Tel: 703-487-4650.

Directory of Federal and State Business Assistance, 1988 & 89: Guide for New and Growing Companies. National Technical Information Service (NTIS), PB88-101977. Tel: 703-487-4650.

How to Protect and Benefit From Your Ideas: 1991 Supplement. American Intellectual Property Law Association, 2001 Jefferson Davis Hwy., Suite 203, Arlington, VA 22202. Tel: 703-415-0780.

The States and Small Business: A Directory of Programs and Activities, 1989. U.S. Government Printing Office, S/N 045-000-00257-8. Tel: 202-783-3238.

To obtain these publications, check your local library or contact the agency listed.

**WARNING:** There are many unscrupulous organizations that will promise to commercialize your invention for a fee. Be wary of any organization that is overly optimistic about the commercial potential of your invention and that asks for a large up-front fee for their assistance. Most reputable organizations will provide a preliminary screening of your idea for a modest fee (less than \$200). If you require further assistance, look for companies that will agree to be compensated by a percentage of the income that is ultimately earned by sale or licensing of the

invention.

### **Trade Associations**

Trade associations can be a valuable source of market information. To identify the associations representing your particular area of interest, ask your librarian for a copy of the Encyclopedia of Associations. The index of "Healthcare Products" may be most useful to you.

### **AbleData**

AbleData is an extensive database listing information on assistive technology and rehabilitation products. Information specialists will conduct product searches for you for a modest fee. This service can be accessed by calling 800-227-0216 or 301-588-9284. You can also purchase the entire database on CD ROM or diskette.

### **Computer Databases**

There are more than 5,000 databases available through 600 online services. Many of these databases contain valuable information about companies and enormous amounts of data that can be useful in defining potential markets. Two online services that offer databases of great value to entrepreneurs are Dialog (800-334-2564) and CompuServe (800-848-8990). These and other online databases and services are included in The Gale Directory of Online Databases, which can be purchased from Gale Research, Inc., 835 Penobscot Bldg., Detroit, MI 48226. Tel: 800-877-4253.

### **Food and Drug Administration**

All companies that manufacture products for human use and the devices that they manufacture are subject to requirements enforced by the Food and Drug Administration (FDA). These requirements are detailed in the *Code of Federal Regulations* under a section called Title 21, Parts 800 to 1299. This book can be purchased from the U.S. Government Printing Office. A toll free telephone number (800-638-2041) has been established for small medical device manufacturers who need assistance with either understanding or implementing the various FDA requirements. They can also provide you with the telephone number of your regional small business representative, whose function it is to deal with small businesses and provide information as to how FDA laws and regulations apply to you.

### **U.S. Government Printing Office**

The U.S. Government Printing Office offers more than 21,000 books, pamphlets and periodicals for sale to the public. Many of these publications contain valuable information for inventors and entrepreneurs. A few are listed below:

General Information Concerning Patents (revised 1992). 43 p.

Basic Facts About Trademarks (revised 1992). 30 p. il.

Copyright Law of the United States of America. 126 p.

Financial Management: How to Make a Go of Your Business (1986). 79 p.

The States and Small Business: A Directory of Programs and Activities, 1989. 419 p.

U.S. Industrial Outlook, 1993. 618 p. il.

Business Statistics: 1963-91. 343 p. il.

Statistical Abstract of the United States, 1992. 999 p. il.

Code of Federal Regulations, Title 21, Parts 800-1299, Medical Devices, Food and Drug Administration, 1993. 614 p.

To get the catalog, "U.S. Government Books: Publications for Sale by the Government Printing Office," write to U.S. Government Printing Office, Superintendent of Documents, Washington, D.C. 20402 or call 202-783-3238. The catalog also contains addresses of U.S. Government bookstores throughout the country. There are also thousands of publications that are not for sale, but can be accessed at any of the 1,400 depository libraries throughout the U.S. and its territories. To find the Depository Library in your area, contact your local library or write to the Superintendent of Documents at the address given above.

### **National Technical Information Service (NTIS)**

NTIS is a self-supporting agency of the U.S. Department of Commerce and the largest single source for public access to federally produced information. The NTIS collection of 2 million works covers current technologies, business and management studies, foreign and domestic trade, health and the social sciences, general statistics and hundreds of other areas. To obtain a NTIS Products and Service Catalog, call 703-487-4650 or write to the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.

### **Magazines**

Inventors' Digest, 2132 E. Bijou Street, Colorado Springs, CO 80909-5950. Tel: 719-635-1234. Bimonthly.

Entrepreneur Magazine, Subscription Department, P.O. Box 58808, Boulder, CO 80321. Tel: 800-274-6229. Monthly.

The Lightbulb, 7332 Mason Avenue, Canoga Park, CA 91306. Tel: 818-340-7184. Bimonthly.

Entrepreneurship: Theory and Practice, John F. Baugh Center for Entrepreneurship, Baylor University, P.O. Box 98011, Waco, TX 76798. Tel: 817-755-2265. Quarterly.

Inc., 38 Commercial Wharf, Boston, MA 02110. Tel: 617-227-4700. Monthly.

Journal of Small Business Management, West Virginia University, Bureau of Business Research, P.O. Box 6025, Morgantown, WV 26506-6025. Tel: 304-293-7534. Quarterly.

### **Suggested Reading**

Basics of Licensing, The (1988). Licensing Executives Society (USA and Canada), Inc., 71 East Avenue - Suite S, Norwalk, CT 06851.

Brooks JK and Stevens BA (1987): How to Write a Successful Business Plan. American Management Association, New York.

Burstiner I (1989): The Small Business Handbook: A Comprehensive Guide to Starting and Running Your Own Business. Prentice Hall Press, New York.

From Invention to Innovation: Commercialization of New Technology by Independent and Small Business Inventors (1991): United States Department of Energy, Washington, D.C. 20585.

Gumpert DE, ed. (1984): Growing Concerns: Building and Managing the Smaller Business. John Wiley & Sons, New York.

How to Protect and Benefit From Your Ideas (1988): American Intellectual Property Law Association, Inc., 2001 Jefferson Davis Highway, Suite 203, Arlington, VA 22202.

King LT (1989): How to Invent Your Way to Wealth: How to Conceive, Develop and Profit From Your Own Invention. Knolls West Press, Wilmington, CA.

Levy RC (1990): Inventing & Patenting Sourcebook: How to Sell and Protect Your Ideas. Gale Research Inc., Detroit.

MacCracken CD (1983): A Handbook for Inventors: How to Protect, Patent, Finance, Develop, Manufacture and Market Your Ideas. Charles Scribner's Sons, New York.

Mancuso JR (1984): How to Start, Finance and Manage Your Own Small Business. Prentice-Hall Press, New York.

Mancuso, JR (1982): Have You Got What It Takes?: How to Tell if You Should Start Your Own Business. Prentice-Hall, Inc., Englewood Cliffs, NJ.

Park R (1986): The Inventor's Handbook. Betterway Publications, Inc., White

Hall, VA.

Pooley JA (1989): A Guide to Protecting Proprietary Business Information. American Management Association, New York.

Poteet GH (1991): Starting Up Your Own Business. Liberty Hall Press, Blue Ridge Summit, PA.

Pressman D (1992): Patent It Yourself. Nolo Press, Berkeley, CA.

Silvester JL (1984): How to Start, Finance and Operate Your Own Business. Lyle Stuart Inc., Secaucus, NJ.

Stevens M (1988): The Macmillan Small Business Handbook. Macmillan Publishing Co., New York.

Stevens M (1978): Small Business Mistakes and How to Avoid Them. Parker Publishing Co., West Nyack, NY.

Timmons JA (1990): Planning and Financing the New Venture. Brick House Publishing Co., Acton, MA.

Touchie R (1989): Preparing a Successful Business Plan: A Practical Guide for Small Business. Self-Counsel Press, North Vancouver, BC.





DEVELOPMENTAL DISABILITIES

Post Office Box 3455 • Baton Rouge, Louisiana 70821-3455 • 504-342-6804 (Voice & TDD)  
Member, National Association of Developmental Disabilities Councils

August 26, 1993

MEMORANDUM

TO: Karen Franklin  
172 ~~Highway~~ Creek Rd.  
Old Lyme, Connecticut 06371

FROM: Jill Rivers, Director  
Louisiana Technology Assistance Network

RE: Information requested

Enclosed please find the information on Delta Service Corps that you requested.

If I can be of further assistance, please call.

TO: State Personal  
Attached is great information if your  
State is interested in developing a  
Service Corp program.

Karr



STATE OF LOUISIANA  
OFFICE OF THE LIEUTENANT GOVERNOR

MELINDA SCHWEGMANN  
LIEUTENANT GOVERNOR  
AND  
COMMISSIONER  
DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM

P. O. BOX 44243  
BATON ROUGE, LOUISIANA 70804  
(504) 342-7009  
FAX (504) 342-1949

June 11, 1993

Dear Friend:

I am writing today to invite your organization to become a Service Site for the Delta Service Corps, an innovative community service program headquartered in my office.

At the present time, the Delta Service Corps is recruiting non-profit and governmental organizations that are engaged in projects that address critical community needs in the areas of health, education, public safety, human services, and the environment to serve as hosts for Delta Service Corps members in your area. Hosting a Delta Service Corps member offers a non-profit or government organization the opportunity to have a full- or part-time corps member work on a project of the agency for a full year.

My staff will be in your area for a presentation about the Delta Service Corps in the next few weeks, and I urge you to attend. The enclosed list provides details about the dates, times, and locations of these meetings across the state. Please feel free to invite additional groups who might be interested in the Delta Service Corps, or with whom you could collaborate on a project. Please see the enclosed list of eligible parishes.

Thank you for your interest in the Delta Service Corps and for your efforts to make our communities stronger. If you have any questions or would like additional information, please do not hesitate to call Sabrina Woods on my staff at (504) 342-2038.

Sincerely,

A handwritten signature in cursive script, reading "Melinda Schwegmann".

Melinda Schwegmann  
LIEUTENANT GOVERNOR

## *Types of Membership in the Delta Service Corps*

### Full-Time Corps Members

- Serve a minimum of 40 hours per week (35 at the site; five on team activities) for the Delta Service Corps for at least one year, but not more than two years;
- Receive a living allowance of \$9,190 per year for the 93-94 year;
- Are eligible to receive a post-service benefit of \$5000 per year of service, which may be used to pay tuition for higher education, vocational education, or an approved apprenticeship program, or to repay student loans;
- May reapply with the Corps at the end of one year;
- Receive health insurance for themselves; and
- Receive liability and accident insurance while on duty.

### Part-Time Corps Members

- Serve an average of nine or more hours per week (seven at the site; two on team activities) for the Delta Service Corps for three years;
- Are eligible to receive a post-service benefit of \$6000 for fulfilling their three year commitment of service. The benefit may be used to pay tuition for higher education, vocational education, or an approved apprenticeship program, or to repay student loans, or to pay for a down payment or closing costs associated with a first home; and
- Receive liability and accident insurance while on duty.

### Senior Corps Members

- May be either full-time or part-time Corps members;
- Comprise up to twenty percent of the Corps;
- Receive living allowances based on full or part-time service;
- Are not eligible for post-service benefits; and
- Receive liability and accident insurance while on duty.

## Delta Service Corps Meetings

Citizen National Bank  
201 Northwest Ave., Second Floor  
**Hammond, LA**  
**10:00 am Monday June 21, 1993**

Ferriday High School Cafeteria  
801 E.E. Wallace  
**Ferriday, LA**  
**10:00 am Wednesday June 23, 1993**

Monroe City Council Office - City Hall  
400 Lea Joyner Memorial Expressway  
**Monroe, LA**  
**10:00 am Thursday June 24, 1993**

Madison Parish Library  
403 North Mulberry Street  
**Tallulah, LA**  
**2:00 pm Friday June 25, 1993**

Opelousas Public Library  
249 East Grolee Street  
**Opelousas, LA**  
**10:00 am Wednesday June 30, 1993**

United Way  
2515 Canal - Conference Center - First Floor  
**New Orleans, LA**  
**10:00 am Thursday July 1, 1993**

Grambling State University  
School of Nursing - Auditorium  
**Grambling, LA**  
**10:00 am Tuesday July 6, 1993**

YWCA  
409 Plaza  
**Bogalusa, LA**  
**2:00 pm Monday June 21, 1993**

CLECO General Office  
2030 Donahue Ferry Road - Rm. 2A  
**Pineville, LA**  
**2:00 pm Wednesday June 23, 1993**

East Carroll Parish Court House  
First Street, Second Floor  
Police Jury Meeting Room  
**Lake Providence, LA**  
**10:00 am Friday June 25, 1993**

The Riverside Centroplex  
Mayor-President's Room  
275 River Road  
**Baton Rouge, LA**  
**10:00 am Monday June 28, 1993**

Iberia Parish Library  
445 East Main Street  
**New Iberia, LA**  
**2:00 pm Wednesday June 30, 1993**

Lafourche Parish Council  
209 Green Street,  
Second Floor  
**Thibodaux, LA**  
**2:00 pm Thursday July 1, 1993**

## Louisiana Parishes Served By Delta Service Corps

Acadia  
Allen  
Ascension  
Assumption  
Avoyelles  
Caldwell  
Catahoula  
Concordia  
East Baton Rouge  
East Carroll  
East Feliciana  
Evangeline  
Franklin  
Grant  
Iberia  
Iberville  
Jackson  
Jefferson  
Lafourche  
LaSalle  
Lincoln  
Livingston  
Madison  
Morehouse  
Orleans  
Ouachita  
Pointe Coupee  
Plaquemines  
Rapides  
Richland  
St. Bernard  
St. Charles  
St. Helena  
St. James  
St. John the Baptist  
St. Landry  
St. Martin  
Tangipahoa  
Tensas  
Union  
Washington  
West Baton Rouge  
West Carroll  
West Feliciana  
Winn

# Delta Service Corps Site Application



Please submit applications to:

**Trudy Bell, Director  
Delta Service Corps  
P.O. Box 44243  
Baton Rouge, Louisiana 70804**

**504-342-4062  
FAX 504-342-1949**

# DELTA SERVICE CORPS SITE APPLICATION

## AGENCY/ORGANIZATION

Name: \_\_\_\_\_

Section: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

Agency director: \_\_\_\_\_

Title: \_\_\_\_\_

## TYPE OF APPLICANT

Check one:

- |  |   |
|--|---|
| <input type="checkbox"/> State             | <input type="checkbox"/> Special Purpose District       |
| <input type="checkbox"/> Interstate        | <input type="checkbox"/> Community Action Agency        |
| <input type="checkbox"/> Substate District | <input type="checkbox"/> Higher Educational Institution |
| <input type="checkbox"/> County            | <input type="checkbox"/> Indian Tribe                   |
| <input type="checkbox"/> City              | <input type="checkbox"/> Nonprofit 501 (c) 3            |
| <input type="checkbox"/> School District   | <input type="checkbox"/> Other (specify): _____         |

## GEOGRAPHIC LOCATION

Name each county/parish in which Delta Service Corps members would serve: \_\_\_\_\_

## PROJECT LOCATION

Project director: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: ( ) \_\_\_\_\_

## PREVIOUS SPONSORSHIP

Was your organization previously a Delta Service Corps site?

☐ yes ☐ no

If yes, please specify...

year(s): \_\_\_\_\_

number of volunteers: \_\_\_\_\_

## PROPOSED NUMBER OF CORPS MEMBERS

Full-time: \_\_\_\_\_ Part-time: \_\_\_\_\_

■ **Submission of this application** does not guarantee that the Delta Service Corps will assign volunteers or other resources to your organization, nor does it compel your organization to accept any such volunteers. In the event that your organization would agree to accept any Delta Service Corps members, your organization must agree to assume full responsibility in the community(ies) served for the development, implementation and management of their activities and the program in which they serve. If a corps member assigned to your organization withdraws or is released from service, the Delta Service Corps does not guarantee his or her replacement.

\_\_\_\_\_  
Signature of authorized representative (original signature in blue ink required)

Title: \_\_\_\_\_ Date: \_\_\_\_\_

# DELTA SERVICE CORPS SITE APPLICATION

## PROPOSED PROJECT PLAN

① What is the purpose of your organization?

② What are the major program activities of your organization?

③ What experience does your organization have in volunteer management? How do you recruit and recognize volunteers?

④ What is the community need your Delta Service Corps project addresses? Why is it a community need?

⑤ Describe the Delta Service Corps project and how it will meet the community need.

⑥ What will the Delta Service Corps member(s) do to carry out this project? Please give a short job description for each corps member requested. (You may photocopy this page if corps members will have different job descriptions).

A. Job title: \_\_\_\_\_ check one: ☐ Full-time ☐ Part-time

B. Please describe the job responsibilities:

C. Skill level (check one): ☐ interest only ☐ skilled ☐ highly skilled

D. Please list specific skills required to perform the job (e.g. word processing, community organizing, volunteer management, public relations, tutoring, accounting).

- ⑦ Why can't a paid employee do this work? (Remember, a Delta Service Corps member cannot perform a job that has been done by a paid employee of your organization within the last twelve months.)
- ⑧ Who will supervise the Delta Service Corps member(s)? How much interaction will there be between the supervisor and the corps member(s)?
- ⑨ What opportunities for personal and professional development will your organization provide the Delta Service Corps member assigned to you? List any boards or committees to which the corps member(s) will be assigned.
- ⑩ What other organizations will you work with on this project and how will they help? Please describe the contributions of time, material and labor that other organizations will make. (Each organization listed should complete the attached statement of collaboration).

# ***DELTA SERVICE CORPS***

## **BACKGROUND INFORMATION FOR PROSPECTIVE SITES**

### ***Eligibility Requirements***

#### **Delta Service Corps Sites:**

- Must be a non-profit or government agency;
- Must be engaged in addressing the critical educational, environmental, health, human service, or public safety needs of communities in the 132-county Lower Mississippi Delta region of Arkansas, Louisiana, and Mississippi;
- Must be specifically engaged in addressing one or more of the nineteen recommendations of the Lower Mississippi Delta Development Commission's report that were named priorities by the Delta Service Corps;
- Must work in coalition with at least one other public or private agency, preferably both;
- May not use a Delta Service Corps member to displace any paid employee providing the same or similar services at the site, including any position for which a salary was paid within the twelve months preceding placement of a Delta Service Corps member;
- Must certify that their organization is a "Drug-Free Workplace" and in compliance with the requirements for federal grant recipients under sections 5153 through 5158 of the Anti-Drug Abuse Act of 1988;
- Must offer services on a non-discriminatory basis without regard to race, gender, sexual orientation, religion, national origin, age, marital status, physical or mental disability;
- Must demonstrate an ability to achieve proposed outcomes; and
- Must not provide financial compensation to Delta Service Corps members for the services they provide (although reimbursement for mileage and other service-related expenses is acceptable).

### ***Delta Service Corps Site Selection***

- Agencies wishing to become Delta Service Corps sites must submit written applications to participate in the Delta Service Corps program. Site selections are made annually. Each application is reviewed by a regional panel that is comprised of Delta Service Corps team leaders and community leaders. Their recommendations are then forwarded to the State Director for final approval. The criteria used in site selection include:

- the overall quality of the organization;
- the quality, innovativeness, and feasibility of the service project proposed;
- the clarity of the proposed project's goals and objectives;
- the level of community need for the proposed project;
- the link between the organization's proposed project and the mission of the Delta Service Corps;
- the scope of financial and/or material resources leveraged by collaborating organizations;
- the level of professional development and training that would be provided corps members; and
- the information gathered on a visit to the site.

### *Assignment of Corps Members to Delta Service Corps Sites*

The assignment of corps members to agencies serving as Delta Service Corps Sites will be done by the State Director in collaboration with the team leaders. In each case, the agency supervisor will have the opportunity to interview the corps member(s) referred prior to placement. The agency is under no obligation to accept any corps members who are referred. Likewise, the agency is under no obligation to continue hosting a corps member who is not performing up to par or meeting the needs described in the project. A release of the corps member by the service site is possible at any time, but the Delta Service Corps will not look favorably upon agencies who release corps members without sufficient cause.

The Delta Service Corps does its best to place its corps members so that the corps members' interests and talents match the agency's needs. However, in some cases a good match may not be possible and an approved site may not get any corps members referred to it. Likewise, if an agency chooses not to accept a corps member that has been referred to it or is forced to ask a corps member to leave the agency, the Delta Service Corps may be unable to refer another corps member to it because there are no good matches available. Finally, if for some reason a corps member resigns or is dismissed from service, the Delta Service Corps may be unable to provide the agency with another corps member as a replacement.

Because of the difficulty inherent in matching corps members who have diverse interests and talents with agencies that have unique needs, the Delta Service Corps encourages sites that have been selected to help recruit prospective corps members. The recruitment schedule for the Delta Service Corps has been set up so that sites are chosen first and corps members are chosen second. Thus, once a site has been selected, it can help recruit potential corps members who could be assigned to work on the agency's project if they are accepted by the Delta Service Corps. Of course, the Delta Service Corps retains the right to select which, if any, applicants referred by sites are admitted into the Corps.

### ***Delta Service Corps Site Responsibilities***

Delta Service Corps Sites are responsible for:

- conducting advanced training for corps members assigned to the agency;
- conducting on the job orientation for corps members;
- assigning the corps member day-to-day tasks;
- relating these tasks to the mission of the organization and the community need being addressed;
- providing the corps member with any resources and tools needed to perform effectively;
- ensuring that the corps member carries out the assignments given;
- assigning corps members to a board or agency and to community committees;
- providing additional training opportunities as appropriate;
- supervising and monitoring the corps member assigned to the agency;
- conducting quarterly meetings with the corps member and team leader;
- identifying problems that need to be resolved about the placement;
- participating in Delta Service Corps surveys and assessments;
- providing corps members with appropriate mentoring and leadership opportunities that will enhance their professional development;
- maintaining service records and documentation; and
- evaluating corps members' performance.

### ***The Role of Team Leaders in the Delta Service Corps***

The Delta Service Corps is divided into regionally-based teams in each state. Each team is comprised of approximately ten corps members (including both full- and part-timers) and is led by a Team Leader. The purpose of the team structure is:

- To develop an *esprit-de-corps* among Delta Service Corps members in a particular area;
- To provide support for Corps members who are working at different sites in the area;
- To provide opportunities for service-learning and reflection for team members;
- To provide opportunities for networking and professional development for Corps members; and
- To provide a system of regional management for the Corps.

As a Delta Service Corps Site, you will maintain close contact with the Team Leader in your area. The Team Leader is the field manager for the Corps, and is responsible for ensuring that both the corps members and the sites are fulfilling their obligations to the Corps. That means ensuring that the corps member is carrying out all responsibilities assigned by the site supervisor, and ensuring that the site is providing appropriate supervision, training, and support for the corps member and not asking the corps member to perform tasks unrelated to those listed in the site's job description or project workplan. If

there is any problem or question that the site may have, the first contact they should make is with the Team Leader.

### ***The Delta Service Corps Workplan***

Following the assignment of a Delta Service Corps member to your agency, the Team Leader and the site supervisor from your agency will work to create a workplan for the corps member. The workplan will list quarterly goals and objectives for the corps member to work toward as he or she carries out the project proposed by your agency. The work plan is of critical importance to the Delta Service Corps because it serves as a road map for the corps member to follow. It is also a useful evaluation tool for the Corps to use in measuring the impact that the corps member had while working at the agency.

### ***General Liability Insurance***

The Delta Service Corps holds a general liability insurance policy that covers its corps members while they are on their way to or from their service site or at their service site. Liability claims can be submitted to the Delta Service Corps state office, which will submit them to the insurance company. If your organization already holds general liability insurance for volunteers, that policy may be considered the primary insurer.

### ***Delta Service Corps Uniforms***

All Delta Service Corps members receive a set of uniforms which they are required to wear at all times they are serving at the site. The uniform has several pieces that can be combined appropriately for office or outside work. The purpose of the uniform is to ensure that corps members all have appropriate clothing to wear to work and to identify them as volunteers in a community service program.

## What Makes A Good Delta Service Corps Project?

*A good Delta Service Corps project addresses an important community need.*

The Delta Service Corps aims to address the critical community needs that were identified by the Lower Mississippi Delta Development Commission in its report to the President in 1990. We are focusing broadly on the areas of health, education, human services, public safety, and the environment. Within these broad categories, we have identified eighteen priority areas, which are listed below:

- Developing Community Leadership
- Improving Access to Health Care Services
- Expanding Prenatal Health Care Services
- Preventing Teen Pregnancy
- Providing Services for Senior Citizens
- Teaching Parenting Skills
- Expanding Public Transportation Services
- Improving Inter-Agency Cooperation
- Expanding Credit Opportunities for Farmers
- Preventing Substance Abuse
- Assisting Minority and Limited Resource Farmers
- Enhancing Natural Resource Conservation Efforts
- Improving Local Infrastructure
- Encouraging Math and Science Education
- Teaching Adult Literacy Classes
- Reducing the Drop-Out Rate for Students
- Improving Access to Higher Education
- Addressing the Problem of Substandard Housing
- Providing Local Strategic Planning and Community Capacity Building

All Delta Service Corps projects should address one or more of these priorities or be contained within the five broad categories listed above.

*A good Delta Service Corps project has achievable and clearly defined goals and objectives.*

Although Delta Service Corps members are talented and motivated individuals, they will not be able to eliminate hunger, illiteracy, or teen pregnancy in your community overnight. But a Delta Service Corps member can secure donations of two tons of food, tutor ten literacy students each week, or give presentations about teen pregnancy to twelve high school classes each month.

When you complete your application, be specific about which groups will be targeted for services (e.g. 13-17 year old girls and boys at Bayouside High School) and what goals

you expect a Delta Service Corps member to achieve (e.g. recruiting ten troop leaders and 100 boy scouts).

***A good Delta Service Corps project ensures that the corps member will have appropriate training, supervision, and support.***

In order for a Delta Service Corps member to succeed in implementing the project your agency has proposed, he or she may need specialized training from your agency. At the very least, the corps member will need a solid orientation about how to undertake the project. Additionally, the corps member will need appropriate supervision from agency staff in order to complete the project. Finally, you should always remember that corps members are volunteers who receive a small living allowance and/or scholarship in exchange for giving a year of service to their communities. As a result, positive feedback, thank you's, and any other moral support you and your staff can provide them with are most appreciated, and will probably make the corps members even more productive!

***A good Delta Service Corps project affords corps members opportunities for leadership and professional development.***

The Delta Service Corps seeks to enhance the leadership abilities of all of our corps members so that they can take a more active role in addressing the critical needs of their communities. Because of the high priority we place on creating community leaders, we focus significant portions of corps member training on leadership development. As a result, we ask that when agencies are assigned Delta Service Corps members, they make every effort to provide corps members with opportunities to take increased responsibility with agency projects and to participate in agency decision-making in order to increase their understanding of community service work and enhance their professional skills. For example, corps members should attend board, committee, or work group meetings within their agency when appropriate.

***A good Delta Service Corps project leverages volunteer resources in the community.***

Delta Service Corps members are in some ways more like agency employees than more traditional volunteers. Because you will have time to train corps members, they can take on a role in managing or working with other volunteers. They will often be able to serve as volunteer coordinators and enlist volunteers to assist with their projects. For example, instead of proposing that a corps member assist elderly residents with their household chores, a service that may be desperately needed, your project might call for the corps member to organize an "adopt an elderly neighbor program," in which he would enlist community volunteers to help one of their elderly neighbor with household chores. In structuring it this way, your project leverages volunteer resources in your community. Instead of one person assisting as many elderly residents as he can, dozens of community residents would be assisting their elderly neighbors and the benefits to the community would be much larger.

***A good Delta Service Corps project involves the collaboration of several community agencies.***

Few agencies, if any, have all the resources they need to implement an effective community service project. However, if you establish partnerships with other agencies in your community, your agency stands a much better chance of achieving the impact you desire. For example, to run a successful after school program for at-risk youth, an agency may need the school district to provide facilities for tutoring, a church to provide a gymnasium for recreation, a local computer company to provide educational software, and a parent volunteer group to provide staff support. These collaborative efforts do more than provide resources for your project -- they offer you the opportunity to establish partnerships with others in the community in a way that expands the impact that the project will have.

## LOUISIANA DELTA SERVICE CORPS

### RECRUITMENT CALENDAR - 1993

JUNE 20 thru 30	Recruitment Meetings
JULY 1 thru AUGUST 1	Site Recruitment / Technical Assistance
AUGUST 1	Site Applications Due
AUGUST 1 thru 15	Site Evaluations
AUGUST 16	Notify the Sites
AUGUST 16 thru SEPTEMBER 15	Recruit Corps Members
SEPTEMBER 15	Corps Member Applications are Due (Both New and Old)
SEPTEMBER 15 thru OCTOBER 1	Interviews with New Applicants
OCTOBER 1 thru OCTOBER 4	Select Corps Members
OCTOBER 4	Notify Corps Members (Both New and Old)
NOVEMBER 1 thru NOVEMBER 19	Training of Corps Members (full-timers attend one week) (part-timers are trained on weekends)
By NOVEMBER 29	Placement of Corps Members at Sites

*Call  
buddy with  
questions*

# CRS Issue Brief

## National Service: Issues and Legislation in the 103rd Congress

Updated July 1, 1993

by  
Dale Robinson  
Education and Public Welfare Division



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Charlotte Fraas, Education and Public Welfare Division, contributed to the student loan aspects of this issue brief.

## National Service: Issues and Legislation in the 103rd Congress

### SUMMARY

Major new national service legislation, requested by President Clinton, is progressing through the 103rd Congress at a fairly fast pace and will soon be debated on the House and Senate floors. President Clinton had stated for the past year that he would propose a new national service initiative in which students could: 1) pay for college or other post-secondary education through community service, and 2) would have the option of income contingent loan repayment or direct Federal student loans. On May 5, 1993, the President requested immediate consideration of his national service legislative proposals, the National Service Trust Act of 1993 and the Student Loan Reform Act of 1993.

On May 6, 1993, Representative Martinez (H.R. 2010) and Sen. Kennedy (S. 919) introduced the National Service Trust Act of 1993, as requested. Among other provisions, the legislation would create a national service trust program in which participants receive educational awards worth \$5,000 in exchange for part- or full-time service.

The House Education and Labor Committee amended and reported H.R. 2010 on Jun. 24, 1993; the Senate Labor and Human Resources Committee amended and reported S. 919 on Jun. 29, 1993. For FY1994, the President has requested \$394 million for the national service trust program. The Student Loan Reform Act of 1993 has been incorporated into the FY1994 reconciliation legislation, and is discussed in detail in *Student Loans: The Clinton Administration's Direct Loan Proposal*, CRS Issue Brief 93075.

The initial component of the Clinton national service program -- the 1993 Sum-

mer of Service -- involves about 1,500 youth in activities associated with children at risk. The program, which began in June, is funded at \$10 million out of the Commission on National and Community Service funds. Grantees were announced by the Commission on May 6, 1993.

H.R. 2010 and S. 919, as reported, would also extend and amend: the Domestic Volunteer Service Act (DVSA); the National and Community Service Act (NCSA); and the Civilian Community Corps under the Department of Defense 1993 Authorization Act. The funding authority for these laws expires at the end of FY1993. The administering agencies for programs under all three laws -- ACTION and the Commission on National and Community Service -- have a combined budget of about \$295 million for FY1993. The bills would create a new Federal Corporation to administer the above programs and the new national service trust program. In addition, H.R. 2010 and S. 919, as reported, would amend the Youth Conservation Corps Act of 1970, which is administered by the Depts. of Agriculture and Interior.

There is little substantive difference between the House and Senate versions of the National Service Trust Act as reported. In considering the possible implementation of a major new national service program several issues arise: How much money should be spent on a new program? What impact might a large-scale program have on the existing public service work force? Exactly how would the new Corporation for National Service combine the functions of ACTION and the Commission? Exactly how would participants and programs be selected?

## **MOST RECENT DEVELOPMENTS**

*On Jun. 24, 1993, the National Service Trust Act of 1993 was reported by the House Education and Labor Committee (H. Rept 103-155); the Senate Labor and Human Resources Committee reported its version of the Act, S. 919, on Jun. 29, 1993 (S. Rept. 103-70). The bills are expected to be voted on by the full House and Senate in the next few weeks. For FY1994, the President has requested \$394 million for the National Service Trust Act, including \$5 million for the independent Points of Light Foundation. The House Appropriations Subcommittee on Housing and Urban Development, Veterans, and Related Agencies recently recommended a FY1994 appropriation level of \$107 million for the National and Communities Service Act, which would be amended to contain the new national service trust program under H.R. 2010 and S. 919. The subcommittee stated it would not recommend an amount for the new national service initiative until the enactment of authorizing legislation.*

## **BACKGROUND AND ANALYSIS**

### **What is National Service?**

National service requires or allows citizens to perform public service work usually in exchange for benefits such as education financial assistance. National service often has multiple goals including addressing unmet social needs, and providing benefits to its participants such as teaching particular skills and building self-esteem. For many advocates, it has the goal of increasing civic responsibility and community spirit among its participants and beneficiaries. It also can be designed to appeal to middle class and upper middle class persons as well as those who may be economically or educationally disadvantaged. In fact, the concept of national service appeals to many precisely because it has the ability to address several issues concurrently.

The term "national service" is sometimes used interchangeably with "community service." The Commission on National and Community Service uses "community service" to refer to the full scope of service activities -- full-time and part-time -- occurring in freestanding organizations such as youth corps as well as those integrated in schools, and persons simply helping others. They define "national service" as a major life commitment -- one year or more of full-time service or its equivalent in part-time service over a longer period. Community service is almost entirely unpaid; national service participants generally receive some type of assistance, often some combination of living allowance, health or similar benefits, and end of service stipend.

Community service opportunities are offered by a variety of organizations and programs in the U.S., some financed and administered by the Federal Government, but most administered and financed by State and local governments and non-profit organizations. For example, as of June 1992, 63 conservation corps programs operated in the U.S. at an annual cost of \$131 million, including wages and stipends paid to corps members. Less than 10% of the total funding came from Federal sources in 1992, primarily through the Job Training Partnership Act and the Community Development Block Grant.

The Commission on National and Community Service estimates that 30,000 Americans are currently involved in intensive civilian service, of which about half are

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involved in conservation and youth corps. It is estimated that 38 million people volunteered for work without pay for an institution or organization in 1989. There is also evidence to show that young people, in particular, like to volunteer and are doing so in greater numbers. According to a Gallup Organization-Independent Sector study, 61% of teenagers aged 12-17 volunteered an average of 3.2 hours a week in 1991.

The list of potential community-based volunteer opportunities is vast. Proponents believe that in a time of scarce resources, certain domestic social service problems such as lack of programs for youth after school, the need for tutorial help, or cleaning up polluted lands can be ameliorated through national and community service. Potential service opportunities exist in areas such as child care, help for the homeless, teaching, hospitals, environmental conservation, and help for the elderly, among many others.

Examples of service programs that are increasing in number include conservation and youth corps, service learning programs and intergenerational programs. Conservation and youth service corps usually involve teams of young people, often from disadvantaged backgrounds (such as substance abusers, dropouts, or truants) working on community projects such as cleaning up polluted streams or working in day care centers. Usually these corps combine substantial work for the participants, opportunities to advance their education (such as obtain a general equivalency diploma for dropouts), with a highly structured and disciplined environment. Service learning programs combine community service with academic learning. For example, a group of middle-grade science students in Indiana operate a wild animal rehabilitation facility that offers them a way to study animal life, while at the same time, saving endangered animals. Suitland high school in Maryland offers a variety of service programs (e.g. peer mentoring and student conflict mediation) for students to choose as elective courses. Some intergenerational service programs combine youth volunteers with needy elderly or able-bodied elderly with babies exposed to substance abuse.

## **President Clinton's National Service Proposal**

On May 1, 1993, President Clinton outlined his national service initiative in a speech in New Orleans. Under the initiative, community service must address unmet education, environmental, human or public safety needs. National priorities could be established within these areas. The initiative includes the following:

- a national service trust program that offers educational awards to persons who commit to part-time or full-time service;
- EXCEL accounts that offer flexible student loan repayment options such as income contingent repayment;
- one-stop direct loan lending which proposes reforms to the student loan system.
- extension of and amendments to the National and Community Service Act of 1990;
- extension of and amendments to most programs authorized by the Domestic Volunteer Service Act, including VISTA.

- extension of and amendments to the Civilian Community Corps authorized under the Department of Defense Authorization Act for FY1993 (P.L. 102-484).

Legislation authorizing President's Clinton's national service trust program, the National Service Trust Act of 1993, was amended and reported on Jun. 24, 1993 by the Education and Labor (H.R. 2010), and Jun. 29 by the Senate Labor and Human Resources Committees (S. 919). The student loan components (the Student Loan Reform Act of 1993) are included in the Omnibus Budget Reconciliation Act of 1993 (H.R. 2264), which was passed by the House on May 27, 1993 and the Senate on June 24, 1993.

H.R. 2010 and S.919, as reported, would amend and extend the National and Community Service Act of 1990, the Youth Conservation Corps Act of 1970, the Domestic Volunteer Service Act, and the Civilian Community Corps program through FY1996 (S. 919 would extend programs through FY1998).

The following provides information on particular aspects of H.R. 2010 and S. 919, as reported.

**National Service and Student Loans:** Under H.R. 2010 and S. 919 students would earn an educational award of \$5,000 in return for 1 year of full-time or 2 years of part-time service (the reported House version allows a 3 year part-time term). Programs would have to be designated by a State or the Federal Government. Educational awards would be used to repay higher education loans or pay for higher education or training. Awards would not be taxable and would have to be used within 5 years of receipt.

Educational awards would be deposited into a national service trust on behalf of participants with payments paid **directly** to qualified post-secondary institutions, or lenders in cases where participants have outstanding loan obligations. Income contingent repayment of loans would enable borrowers to be employed in low-paying public service jobs, such as teachers or drug counselors, through authorizing annual student loan repayment as a proportion of income.

**Service Placements and Participants:** A variety of service opportunities would be allowed including: placement in existing conservation and youth corps or other specialized service corps designed to meet certain needs; placement in new programs started with seed money from the national service initiative; and individualized placement in programs such as VISTA or nonfederal programs. Programs would be administered by nonprofits organization, institutions of higher education, local governments, school districts, States, or the Federal Government. Programs would be selected according to a variety of criteria including quality, innovation and sustainability. In addition, programs that could receive special consideration include those serving and recruiting from communities designated as enterprise zones, community redevelopment areas, areas with high poverty rates, environmentally distressed areas and communities adversely affected by decreased defense spending.

Individuals could serve in a national service program before, during, or after post-secondary education. Participants would have to be age 17 or older (youth corps participants could be age 16 or older), be a citizen, national or lawful permanent

resident of the U.S., and be high school graduates or agree to achieve their general equivalency degree (GED) prior to receiving educational awards (or granted a waiver by the program).

**Benefits:** Participants would receive educational awards worth \$5,000 for each term of service to be applied to post-secondary education or training. An individual could serve up to two terms and earn two educational awards (\$10,000). In addition, participants would receive stipends that would be at least equivalent to the minimum wage. Federal support for stipends would be limited to a match of 85% of annual stipend/benefits received by VISTA volunteers (\$7,400 in FY1993). Participants without access to health insurance would receive health coverage with Federal dollars paying up to 85% of the costs of those benefits. Participants could also receive child care assistance if needed.

**Administration:** H.R. 2010 and S. 919, as reported would establish a new Federal Corporation for National Service that would be created by combining two existing independent Federal agencies--the Commission on National and Community Service and ACTION. The Corporation would be responsible for administering: the new national service trust program; programs authorized under the National and Community Service Act of 1990 and the Domestic Volunteer Service Act; the Civilian Community Corps; and funding training and technical assistance, service clearinghouses and other activities. The Corporation could solicit and accept private funds. A bipartisan 15-member board of directors appointed by the President and confirmed by the Senate would administer the Corporation. An Inspector General would oversee programs. Programs could arrange for independent audits and evaluations, and could also be required to participate in national or State evaluations.

To receive a grant, States would have to establish a commission on national service. Commissions would be comprised of representatives from a variety of fields including: local government, existing national service program, local labor organizations, and community based organizations. A representative of the Federal corporation must be a voting member of every State commission. State commissions would select programs to be funded, design strategic plans for service in the States, recruit participants, disseminate information about service opportunities, and support clearinghouses. They could not operate national service programs, but could support programs administered by State agencies. For one transitional year, existing state agencies could assume the responsibility of the State commissions.

**Cost and Size:** Up to 25,000 persons would be allowed to participate in the first full year of the program (beginning Oct. 1 1993). By FY1997, 150,000 participants could be accommodated. The President has requested \$394 million for his overall national service initiative for FY1994.

H.R. 2010 would authorize programs through FY1996; S. 919 would authorize programs through FY1998. Of amounts appropriated under the trust program, both bills would allocate 1/3 to the States based on State population. The remaining 2/3 would be allocated to programs on a competitive basis--half awarded by the States and half awarded by the Corporation. For FY1994, H.R. 2010 would authorize a total of \$695 million for all programs; S. 919 would authorize \$615.3 million (the difference between these two sums is reflected in higher amounts for the ACTION programs in

H.R. 2010, as reported). Such sums as would be necessary are authorized for all other authorized years.

### **Reported Amendments**

Amendments adopted by the House Committee on Education and Labor, and the Senate Labor and Human Resources Committee generally centered around issues such as targeting poor areas, waiving the GED requirement for some participants, the Corporation structure, amending the Youth Conservation Corps Act of 1970, and limiting the amount of funding Federal agencies could receive under the program.

For example, some members of Congress expressed concern about reaching people in economically distressed areas. Consequently, the House and Senate adopted language requiring that 50% of appropriated funding must be spent on programs in areas of economic distress that recruit participants from their own areas. Another issue was the fact that some people enter college or training without a high school diploma or GED; subsequently, both the House and Senate adopted amendments that allow the GED requirement to be waived under certain circumstances.

Considerable questions were raised about the structure of the new Corporation for National Service, the status of its employees, and exactly how the ACTION agency would be transferred into it. Both the House and Senate adopted amendments that change the structure of the Corporation somewhat. These amendments include: bringing employees of the Corporation into the civil service and eliminating the provision limiting their tenure to 5 years; requiring the Corporation to retain the ACTION field office structure; and prohibiting the transfer of ACTION into the Corporation sooner than 12 months after enactment of authorizing legislation.

Another issue was the potential for Federal agencies to compete for funds with State and local programs. Both the House and Senate adopted language stipulating that Federal agencies can only receive 30% of funds awarded competitively by the Corporation, and must match every dollar requested with a dollar of matching funds.

In addition, both the House and Senate amended the Youth Conservation Corps Act of 1970, which authorizes the Departments of Agriculture and Interior to operate conservation corps programs on public lands. The amendments would restructure the Act to include a public lands corps and an urban youth corps, and would allow participants in the corps to receive a national service educational award, if serving in an approved national service trust slot.

Various other amendments were adopted in committee. For example, the House adopted a demonstration program allowing participants to transfer their education award to a member of their immediate family. The House also adopted an amendment that would prohibit participants who had been convicted of a drug related offense from receiving their educational award for a specified amount of time that varies based on the offense. In the Senate version program applicants would have to include information on how women will be encouraged to participate in programs.

**Summer of Service:** The Summer of Service program is the first component of President Clinton's national service proposal. This program was included in the economic stimulus package that was never passed by Congress. It will now be funded

at \$10 million out of other Commission on National Service funds, and began in June. The program is intended to demonstrate the potential of national service to address a critical national concern -- children at risk. Grantees were announced May 6, 1993.

The main component of the summer program involves approximately 1,500 youth aged 17-25 years old. Participants perform community service for up to 8 weeks, and receive a minimum wage stipend and a \$1,000 post-service benefit to be used for education and training. Sixteen sites have been chosen as demonstration sites, and are administered by partnerships between institutions of higher education and nonprofit organizations. These youth will also be offered placement services for those who want to serve in a future year long program; leadership training so that summer participants can help in expanding and implementing future phases of the program; and funding for those youth who want to create a new service program.

## Current and Expiring Federal Programs

The Federal Government has funded and administered a variety of national service related programs beginning with the Civilian Conservation Corps in 1933. Currently, the Federal Government offers civilian voluntary opportunities through over 20 programs. The following describes some of those programs. The largest programs, in terms of funding and participation, are authorized through the Domestic Volunteer Service Act (DVSA, P.L.93-113) and administered by the independent agency ACTION. Those programs include VISTA, and several older American volunteer programs such as the Retired Senior Volunteer Program and the Foster Grandparents Program. In FY1993, the ACTION agency has a budget of about \$200 million. President Clinton has requested \$206.7 million for the agency for FY1994.

In 1990 Congress passed the National and Community Service Act (NCSA) (P.L. 101-610) which also authorizes a variety of volunteer programs. Programs include school-based service programs (including elementary, secondary and post secondary institutions); conservation and youth corps; and a demonstration program that offers service in exchange for vouchers that are redeemable for higher education, training, or down payment on a home. Several smaller programs authorized by the NCSA are intended for employer-based retiree volunteers and youth volunteers in rural areas. All of the programs under the NCSA are administered by an independent Federal body -- the Commission on National and Community Service. The Commission has a 21 member board of directors appointed by the President. For FY1993, the Commission has a budget of \$75 million. The President has requested \$77.5 million for the Commission for FY1994.

Two new national service programs were authorized as part of the Department of Defense Authorization Act of 1992 (P.L. 102-484). The Civilian Community Corps is authorized to recruit retired or former members of the military to be Corps leaders, and to utilize unused or abandoned military installations as summer and year round residential Corps sites for youth. It will be administered by the Commission on National and Community Service. Approximately \$20 million in appropriated funding was recently transferred from the DOD to the Commission for the program; the Commission expects the program to be operational by fall 1993. The National Guard civilian youth opportunities program is authorized to provide military-based training and supervised service in community and conservation projects to dropouts aged 16-18.

Training is to be provided by State National Guardsmen, and the Department of Defense will administer the program. The program received an appropriation of approximately \$44 million for FY1993. Funding for this program has not yet been transferred to the States.

The Department of Housing and Urban Development (HUD) has also recently launched national service initiatives. Youthbuild, an existing program in New York, Boston, and several other cities, received Federal authorization under the Housing and Community Development Act of 1992 (P.L. 102-550). This program supports economically disadvantaged young adults who work on renovating and constructing low-income housing and housing for homeless individuals. Although funding was not specifically appropriated for Youthbuild in FY1993, HUD has recently reprogrammed \$40 million from HOPE (Homeownership and Opportunity for People Everywhere Programs) I and II for the program, with grants to be awarded this summer. HUD also recently launched the Urban Revitalization Demonstration (URD) Program with \$300 million in funding for FY1993. This program will target distressed or obsolete public housing sites in up to 15 cities for revitalization, and includes a stipulation that up to 20% of a grant may be used for community service.

In addition to the above programs, the Public Health Service administers the National Health Services Corps, which since its founding has placed over 16,000 health care providers in health professional shortage areas. The FY1993 appropriation for the health corps program is \$118.6 million. The Peace Corps, independently administered, offers international service opportunities and received an appropriation of \$218 million for FY1993. The Department of Education offers service opportunities through three programs: innovative projects for community service (\$1.4 million for FY1993); student literacy corps programs at higher education institutions (\$5.3 million for FY1993); and urban community service (\$9.4 million for FY1993). And the Departments of Agriculture and Interior have administered the Youth Conservation Corps (YCC) for 15-18 year olds since 1970 through the National Park Service, the Fish and Wildlife Service, and the Forest Service. Currently the YCC operates only in the summers out of general departmental funds at a level of \$1 to \$3 million.

The Federal Government also offers partial loan forgiveness for employment or service in certain areas. The Perkins student loan program will forgive a certain percentage of a Perkins loan for --

- service in the VISTA or Peace Corps programs;
- for employment as a teacher in certain fields for schools serving high concentrations of economically disadvantaged students, or in special education;
- as a staff member of a head start program;
- as a law enforcement or corrections officer;
- as a nurse or medical technician; or
- as an employee with a family services agency serving high-risk children.

Also, a new demonstration program will provide forgiveness of Federal Family Education Loans (FFEL) for certain teachers, volunteers and nurses. This demonstration program was authorized at \$12 million for FY1993, but funding has not been made available yet.

## **Domestic Volunteer Service Act and National and Community Service Act Reauthorization Legislation and Issues**

The authorization of appropriations for the Domestic Volunteer Service (DVSA) and National and Community Service Acts (NCSA) expires at the end of FY1993. Several House and Senate hearings have been held on the reauthorization of these two Acts and Clinton's proposal to include them in his national service initiative. H.R. 2010 and S.919, as reported, proposes major amendments to NCSA. The bills would extend and expand the existing Serve-America program for school age youth to include planning grants and more training and technical assistance for teachers and administrators. The bills would also allow higher education institutions to receive Federal funding to train teachers in service learning methods. The initiative would also replace subtitles C and D of the Act, which authorize the conservation corps and the national service demonstration program, with language authorizing the new national service trust program in which education awards are given in exchange for service. The legislation would extend NCSA through FY1996 (the Senate version would extend programs through FY1998).

H.R. 2010 and S. 919, as reported, would amend and extend most DVSA programs. Under the VISTA program the number of VISTA volunteers would be increased; a new VISTA summer associate program would be created; the authorized, but not funded, University Year for ACTION program would be changed into a program in which students could volunteer for VISTA and receive academic credit; post-service stipends would be increased (such stipends would not be available if VISTA volunteers accept an education educational award under the national service trust program); and the practice of allowing VISTA service to be credited toward Federal pensions would be restored. The authority under the Special Volunteers program would be broadened to support demonstration programs, provide technical assistance and promote entrepreneurial activities. Specific authority for student community service and drug programs would be eliminated.

The Older American Volunteer programs would be renamed the National Senior Volunteer Corps. Language would clarify that Foster Grandparents could work with children with special needs in Head Start programs, schools and day care centers; a new demonstration program would be authorized for innovative older American projects; and stipend amounts for low income foster grandparents and senior companions would increase over the next 5 year to account for inflation.

## **Issues**

Debating the merits and dimensions of a new large national service proposal as outlined by President Clinton raises many questions. For example, is it feasible to link national service with Federal student loans? Other questions concern the types of national service opportunities, the characteristics of participants, and the size, cost, and administration of the program.

## National Service and Federal Student Loans

The Clinton Administration proposes, and Congressional committees have reported, legislation linking the Federal student loan or FFEL program to his national service plan in two ways. One is to provide student loan forgiveness for participation in a national service project. The other is to encourage employment in low-paying public service jobs through authorizing student loans to be repaid on the basis of the borrower's annual income, known as "income contingent" repayment. The FFEL program is the largest source of Federal funding to postsecondary students and such changes are aimed at providing new incentives for young people who have attended postsecondary school to participate in national service.

The links between national service and student loans would be established in legislation on two separate tracks. H.R. 2010 and S. 919 contain new authority for loan forgiveness (presumably for *any education loan* including a FFEL) as an award for participation in a "term" of national service. The proposal to reform the FFEL programs and authorize an income contingent repayment option for FFELs is included in reconciliation bills, recently passed by the House and Senate.

A major issue relating to the loan forgiveness and the FFEL program has been eligibility for forgiveness. Loan forgiveness, which effectively turns a loan into a grant, is costly. Since over 6 million students borrow FFELs, presumably the primary type of loans that would be forgiven, some restriction had to be made on who would receive forgiveness and how much would be forgiven. The Administration's approach was to provide forgiveness as a benefit only to an individual serving in one of up to 100,000 national service "slots" as funded through the National Service Trust rather than amending the FFEL program and providing forgiveness for more generic public or community service employment. Under the Administration plan, loan forgiveness of up to \$10,000 would be available for 2 full years of national service (individuals could serve up to two 1-year full-time or 2-year part-time terms and earn up to two \$5,000 awards).

A question is whether loan forgiveness will be a sufficient "draw" to attract applicants for national service. Average student loan debt is \$5,000, and studies on student debt burden conclude that most borrowers have no problem repaying student loans. Also, data on participation in student aid programs suggest that devoting one or two years to national service may not be a viable option for many borrowers, given that fewer than half of current post-secondary students are 18-22 year-olds attending college full-time. Many more students have families, are older, work part-time, or have pursued postsecondary education only to improve job prospects. Would these "non-traditional" students want to or be able to work for minimal wages in exchange for forgiveness of Federal education loans that probably do not cover their entire education costs?

The Student Loan Reform Act of 1993 proposes income contingent loan repayment as part of another legislative initiative to reform the FFEL program by transforming it into a direct loan program. While specifics of such a repayment option would be left to the discretion of the Secretary of Education after enactment, the Administration proposes that income contingent loans be available to all existing and future FFEL borrowers. One question is whether it is necessary, given alternative payment options

already available to student loan borrowers such as graduated/income sensitive repayment schedules and loan consolidation.

Still another issue is whether it is advisable to involve the U.S. Internal Revenue Service (IRS) in collections of income contingent or other FFEL loans, particularly if income contingent repayment is optional for borrowers and only a limited number choose the alternative. The Senate version of the Student Loan Reform Act would authorize the Secretary of Education to obtain information from the IRS on the income of borrowers choosing income contingent repayment, and would require the Secretaries of Education and Treasury to develop a plan to provide repayment through the IRS and wage withholding. The House version of reconciliation would authorize a study to examine the use of IRS as a collector. A concern about IRS involvement in loan collection has been whether it would hinder flexibility for changing a borrower's repayment schedule if he or she has changed family financial circumstances, such as an extended illness or loss of a job. The Student Loan Reform Act would authorize borrowers to petition the Secretary for relief under such unusual circumstances.

### **National Service Placements**

For national service to accomplish its goals of building civic responsibility proponents emphasize that participants must have significant jobs, not just "make-work" tasks. How can a large program guarantee significant work for volunteers? What protections would existing public sector employees, particularly low-wage and low-skilled workers, have from job displacement? Although some unions have been optimistic about small programs, such as City Year in Boston (this program had approximately 200 members in 1992), a larger national service program could present problems for them. H.R. 2010 and S. 919 state that participants may not displace or duplicate the functions of existing workers.

H.R. 2010 and S. 919, as reported, would have participants serving in the areas of education, human service, public health, environmental protection and public safety. The Commission on National and Community Service recommends that youth and conservation corps, which are successful in reaching urban and rural disadvantaged youth could easily be expanded. An earlier Ford Foundation study estimated that there is a potential need for 3 million service participants working primarily in education, child care, and health care.

What would a new program do to address the problem of attrition? The average length of stay in full-year youth corps programs is approximately seven months with corps members leaving for various reasons. These include leaving for employment purposes or to enroll in a full-time vocational or academic program. What effect would attrition have on program operations? H.R. 2010 and S. 919, as reported, contain language that would prorate the living allowance and educational stipend for participants who fail to complete a full-term of service.

### **National Service Participants**

H.R. 2010 and S. 919 would allow youth to participate before, during and after college. However, it is unclear how many participants would come from each category. Some argue that many high school graduates are emotionally unprepared for college and a year of intensive service would afford them valuable time before college. Others

argue that participants with college experience would have more skills to offer a service program than a recent high school graduate. The legislation includes language requiring a class, racial, and ethnic mix, which has worked well in programs like City Year and Youthbuild. However, would the economic incentives provided by this new program appeal more to low-income youth? How would one achieve a mix? Is a mix desirable when there are limited resources and very needy youth? Should H.R. 2010 and S. 919 include explicit targeting language for low-income youth?

### **Cost and Size**

There is some debate over how many people a new program could accommodate. It is not clear if the 150,000 participants that President Clinton says the program could accommodate in the next few years is feasible. Would that many people want to participate? Could a large program place that many individuals in quality service slots? The Commission on National and Community Service recently stated that it **would** be feasible to expand the number of national service opportunities to approximately 100,000 within a few years. However, the Commission states that reaching this number would require adequately addressing the following aspects: administrative and community leadership development, program development, training and support, and network coordination. The National Commission on Responsibilities for Financing Postsecondary Education recently recommended that 50,000 students be involved in a new service program.

As reported, H.R. 2010 and S. 919 would provide participants with a living allowance, health insurance, and child care. Can the Federal Government afford national service? The Clinton Administration estimates spending \$7.4 billion on the program from FYs 1994-1997, starting with \$394 million requested for FY1994. Although matching funds would be required from States and local communities, instead of instituting a large new program, would it be better to slowly expand the existing volunteer programs with appropriate incentives and provisions for modifications?

Funding for the Commission on National and Community Service is provided through the Department of Housing and Human Development (HUD), Veterans Affairs (VA), and Related Agencies appropriation laws. On May 27, the House appropriations subcommittee on HUD, the VA and related agencies recommended an appropriation level of \$107 million for Commission programs. They did not address the proposed new amendments contained in H.R. 2010 and S. 919 since they are not law yet.

### **Administration, Coordination, and Congressional Oversight**

President Clinton has stated that he does not want to reinvent the wheel; that he wants to use the existing State and local infrastructures to administer a new program. A Federal entity would have to administer the program at least through administering Federal appropriations, possibly coordinating evaluations, and maintaining relationships with Congress and the White House Office of National Service. To accomplish this, H.R. 2010 and S. 919 would create a new Corporation for National Service that merges certain functions of ACTION and the Commission on National and Community Service. The creation of the Corporation attempts to use the best administrative attributes of existing service-oriented agencies like ACTION and the Commission to the benefit of a new program.

**ACTION** was created as the Federal domestic volunteer agency and has an extensive decentralized field office system with Federal offices in most States. Although the field offices could help a new program in recruiting and placing new volunteers, the agency's administration has been mired in controversy especially since former President Reagan tried to dismantle the agency in the early 1980s. Will the Corporation work with national service programs administered by Federal agencies other than ACTION or the Commission?

Various congressional committees have authorizing and funding jurisdiction over existing Federal service programs. Currently, funding for ACTION is provided through the Department of Labor, Health and Human Services, and Education and Related Agencies appropriation laws. Committees reporting ACTION authorizing legislation include the House Committee on Education and Labor (the Subcommittee on Select Education and Civil Rights has jurisdiction over VISTA and the Subcommittee on Human Resources has jurisdiction over the older American programs), and the Senate Committee on Labor and Human Resources.

## **LEGISLATION**

### **H.R. 651 (English)/S. 233 (Boren)**

Extend the authorization of appropriations for the Civilian Community Corps Demonstration Program. H.R. 651 introduced Jan. 27, 1993; referred to the committee on Education and Labor. S. 233 introduced Jan. 27, 1993; referred to Committee on Armed Services.

### **H.R. 1004 (Shays)**

Establish program of mandatory national service for young people. Introduced Feb. 18, 1993; referred to Committees on Education and Labor, Post Office, Ways and Means, Energy and Commerce, and Foreign Affairs.

### **H.R. 1193 (Kennelly)**

Establishes a program of voluntary national service for young people and senior citizens. Introduced Mar. 3, 1993; referred to Committees on Armed Services, Education and Labor, Veterans Affairs, Ways and Means, and Foreign Affairs.

### **H.R. 2010 (Martinez)/S. 919 (Kennedy, by request)**

National Service Trust Act of 1993. Amends the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service educational awards to person participating in such service, and other purposes. Introduced May 6, 1993; H.R. 2010 referred to House Committee on Education and Labor; amended and reported Jun. 24, 1993 (H. Rept 103-155); S. 919 referred Committee on Labor and Human Resources; amended and reported Jun. 29, 1993 (S. Rept. 103-70).

### **H.R. 2388/(Unsoeld)**

Amends the National and Community Service Act to establish a preference in favor of programs conducted in areas adversely affected by Federal action related to the management of Federal lands that result in significant regional job loss and economic dislocation. Introduced Jun. 10, 1993; referred to Committee on Education and Labor.

**S. 240 (Bumpers)**

Accelerates implementation of loan forgiveness incentives for student borrowers who perform certain full-time, low paid national community service. Introduced Jan. 27, 1993; referred to Committee on Labor and Human Resources.

**S. 676 (Wofford)**

Service Learning Act of 1993. Amends certain education laws to provide for service learning and to strengthen the skills of teachers and improve instruction in service learning. Introduced Mar. 30, 1993; referred to Committee on Labor and Human Resources.

**S. 1127/(McConnell)**

Establish a rural community service program. Introduced Jun. 17, 1993; referred to Committee on Labor and Human Resources.

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**Illinois Assistive Technology Project (IATP)**

**ON TECH PROJECTS BECOMING  
TAX EXEMPT NOT FOR PROFIT ORGANIZATIONS**

**WHAT**

As one of the first nine Tech Projects funded, the Illinois Assistive Technology Project (IATP) was started in FFY'90 as an autonomous division of a statewide, consumer controlled advocacy organization, the Coalition of Citizens with Disabilities in Illinois. The intent was for IATP to become established and operational under the umbrella of another organization, at which time the Project would spin off into its own not for profit organization. IATP began operating as its own not for profit organization on October 1, 1993. It should be noted that the Project incorporated state agency "liaisons" from rehabilitation and education into its operation from the beginning, providing declining funding for these positions to a current level of 25% of salary. These positions promote the involvement and commitment of the state agencies without the Project having to be located in a state agency.

## WHY

The goal to ultimately place the Project in its own agency in the private sector was one of the early recommendations of the grant's initial planning committee. It should be noted that the specific methodology planned to achieve this goal would be altered significantly were this to be done over again, but the goal of privatization remains as relevant today as it did more than four years ago.

There are many reasons for this goal, some of which apply simply to the government versus private sector debate, and others which more specifically address the need for a private organization devoted exclusively to Tech Project operations:

- 1) Government agencies are increasingly seen by consumers and organizations in the private sector as being inefficient, ineffective, and non-responsive. Whether these and other negative perceptions are true or not, planners in Illinois felt that the Project needed to be placed in the private sector if it was going to receive the support and cooperation of the state's consumers and private sector.
- 2) Government agencies are often constrained as to how they spend even *discretionary* federal grant dollars. Hiring freezes, state purchasing contracts, and other bureaucratic requirements and approvals for actions and expenditures make it difficult to start up and operate federal grants in an expedient manner. This is especially true when new staff, space and/or equipment will be needed. The failure to implement such grants on a timely basis puts prospects for continued funding, and therefore the goals of these projects, in serious jeopardy.
- 3) In large states and/or in tight fiscal times, it is more difficult to achieve intergovernmental cooperation among state agencies, not only because of the sheer size and responsibilities of these agencies, but because of stringent federal and state laws designed to constrict spending, which can serve as barriers to meaningful cooperation.
- 4) Experience has shown that when one government agency obtains a federal grant, other government agencies whose cooperation may be desired will not have the same level of commitment to the funded project because they received neither the mandate nor the dollars for the project. Therefore, these other government agencies are much less likely to contribute staff time and/or additional dollars to the project. The same situation occurs when one private sector organization receives project funding and it becomes difficult to elicit active involvement and support from other private organizations due to similar ownership and/or territory issues.
- 5) The phenomenon described in item four may also result from the sense of competition for funding among the many service-providing public and private agencies. Little or no competition seems to be felt, however, if the receiving organization does not already

provide services; has no self-interest in receiving project funding; would not be expected to give advantage to any particular sector, organization, type of disability, age group or purpose; and is seen as providing impartial assistance in meeting the global goals which are actually *shared* by the otherwise competing agencies.

- 6) A non-government organization is more likely to be able to secure individual donations and foundation grants, as well as grants and contracts from a variety of government agencies, than a government agency could. Individuals and foundations seldom if ever contribute to government agencies, and government agencies are seldom successful in securing financial participation from other government agencies. By being in the private sector, the Project can position itself to gain financial and programmatic support from a variety of public and private funders, rather than being effectively limited to one agency's support.
- 7) Because of federal and state laws and regulations, no single government agency is charged to address the needs of all disabilities, all age groups and all uses of assistive technology, nor would it be very easy for any single agency to achieve this. The same is true in the private sector. Project planners in Illinois felt that an organization was needed which could actively promote and coordinate the assistive technology interests of all individuals in need of it regardless of age, type of disability, or type of need. IATP has, in fact, become the only organization in Illinois which fills this gap.
- 8) The Project was planned to create an entity which could ultimately be not only consumer responsive, but consumer directed. With 18 centers for independent living (CILs) in Illinois, this was clearly a desirable and achievable approach, but could only effectively be done in the private sector. This approach would further allow broad representation of other involved public and private sector stakeholders in its operation and would strengthen the ability of the project to promote coordination and cooperation among all these groups.
- 9) Unlike a government agency, a private not for profit can take controversial positions. In a systems change project, this flexibility and freedom is essential.
- 10) In some states, federal discretionary grants or at least the staff or "headcount" involved are "trimmed" out of budgets. This may occur because the state has to show reductions in headcount; or the state can no longer afford the required inkind support, particularly where there are massive layoffs or space reductions; or the state doesn't feel it should maintain this program when devastating cuts are being made elsewhere; or because "cuts" have to be made and the state does not distinguish discretionary federal money from state money. By maintaining Projects in the private sector, it can be much easier to avoid these types of budget cuts because the money involved can be listed as a separate line item under a state agency rather than *within* the state agency's *operations* portion of the budget.

## HOW

The following activities must be completed to become a not-for-profit corporation which has tax exempt status and which is allowed to receive donations. While the terms "NFP" and "501(c)(3)" are often used synonymously, several separate sets of activities are required. This involves a relatively simple process, especially if there is someone to help who has been through the process before, or if copies of another not for profit's completed forms are available as examples. Also, every form involved includes instructions and sometimes checklists to assist in its completion.

Note that many of the following activities can be done simultaneously.

### 1. BECOMING A NOT FOR PROFIT CORPORATION

In order to become an NFP, an organization must become incorporated. Incorporation means that the organization operates as a distinct business entity, with appropriate tax and legal responsibilities. IATP became a corporation nearly six months before it actually began operating as one, so it was, in essence, a "shell" for that six month period.

● **APPLY FOR INCORPORATION.** Incorporation is a state-controlled process. In the State of Illinois, the applicable form is obtained from the Secretary of State's office. Different forms are required for not-for-profit versus for-profit corporate status. State form **NFP-102.10**, is attached as an example, and was completed and returned to the Secretary of State's office along with a check for \$50.00 to cover filing fees.

Prior to application, a **Board of Directors** has to be established both to complete the form and for official operating purposes. Since Illinois had not yet completed the formal establishment of its Board of Directors at the time of application for incorporation, IATP's Advisory Council selected three of its members to serve as the Interim Board and specified the Council's Chairperson as President of the Board. For a \$5 fee, the Articles of Incorporation were later amended to list the formal Board.

A **Registered Agent** is also needed to complete the form. IATP used the Administrative Assistant in the office as the registered agent, but in most cases the Executive Director would be a good choice. It is preferable for the Registered Agent to be a staff person rather than a Board member. While this is a state process, it is likely that most states require an Agent.

The form in Illinois was easily completed by staff with the help of another organization's already completed form as an example. The only exception was that IATP had an attorney on the Advisory Council who added a couple paragraphs to the form outlining the purpose of the organization as required.

IATP's approved Articles of Incorporation were received from the Secretary of State about ten days after the second submission. The Secretary of State indicated that the next step was to:

●**REGISTER WITH THE COUNTY RECORDER.** As directed, a copy of IATP's Articles of Incorporation was hand carried to the Courthouse with a fee of \$16 and was returned with a recording date two days later. This provides the "conformed" copy of the Articles, which means it is duly registered. A different method for this step may be required in other states.

## **2. OBTAINING A FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)**

An Employer Identification Number is needed to operate the organization and to complete many of the forms in this process. This number can be acquired via telephone as long as the completed form (Form SS-4) is signed by the President of the Board and mailed in follow up. The letter from the IRS confirming the Employer Identification Number arrived within fifteen days of mailing the form.

## **3. DEVELOPING ORGANIZATIONAL BYLAWS**

All corporations need bylaws as a basis for operating and also in order to complete some forms in this process. Bylaws govern topics such as organizational purpose and mission, and the composition, election and responsibilities of the Board of Directors. A copy of IATP's bylaws is included as a sample.

## **4. APPLICATION FOR FEDERAL TAX EXEMPT STATUS - 501(C)(3)**

Application for "501(c)(3) status" is necessary for an organization to be tax exempt (for both sales and income) at the federal level and is a pre-requisite for obtaining tax exempt status at the state level. To obtain this status, the booklet, **Federal Package 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code**, must be completed and approved. IATP requested the booklet from IRS by telephone and received it promptly. It includes Form 1023 and Form 872-C, with all relevant "Schedules" and instructions.

These forms were relatively easy to complete and involved various individuals including our DORS Liaison who supplied the overview for the Project and the goals, the accountant who supplied some financial information, and the Administrative Assistant who completed the financial forms and put the package together. The key is to send complete information and to follow all instructions regarding attachments.

Not all pages in the 1023 booklet must be completed. A copy of the pages completed by IATP is attached as an example and included:

**Form 8718, User Fee for Exempt Organization Determination Letter Request** (serves as the cover letter to the Internal Revenue Service and notes the applicable user fee, which was \$375.00 for the initial request);

**Form 872-C, Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code** (this fixes the fiscal year for tax purposes and deems the organization to be "publicly supported");

**Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code** with the following attachments:

- conformed copy of the Articles of Incorporation and bylaws;
- Project overview and goals;
- most recent financial statement;
- description of other activities (IATP Mobile Unit);
- copies of all leases;
- a statement of Project income other than federal grant money ( IATP included an order form for its training materials and a short description of the possibility of future fees for service delivery and technical assistance to businesses related to ADA consultation and job modification); and
- a supplementary statement of revenue and earnings for the Project since its inception in October, 1989.

Other schedules or attachments may be needed for other organizations.

Within a month after the entire package was mailed, approval was received from the IRS granting 501(c)(3) status.

## 5. APPLICATION FOR STATE TAX EXEMPT STATUS

Once 501(c)(3) status was received from the Internal Revenue Service, IATP applied for tax exempt status within Illinois through the Illinois Department of Revenue, which is the state taxing agency. Illinois has no form for this purpose but instead requires:

- A narrative letter describing the activities, programs, goals of the organization which qualify it for tax exemption (can include brochures and/or publications explaining the activities of the organization);
- Articles of Incorporation;
- bylaws; and
- a recent financial statement.

Tax exempt status was received about a month after the required materials were mailed to the Illinois Department of Revenue, Legal Division. A state tax exempt number was also issued, which is required by some suppliers to avoid paying sales tax.

## 6. STATE BUSINESS REGISTRATION

In Illinois, it is necessary to become exempt from charging sales tax on any products sold, which includes the duplication costs IATP charges for training materials. IATP therefore had to complete the **Illinois Business Registration Form (NUC-1)**, which was obtained from the Illinois Department of Revenue. This form took the most time, because IATP had to convince the state that it should not have to charge tax on products sold, which required numerous telephone conversations. Response from the letter and form took about two weeks.

## 7. STATE FUND RAISING REGISTRATION

In Illinois it is necessary for not-for-profit organizations to register with the state in order for an organization to be able to engage in fund raising activities. The Charitable Trust Office of the Attorney General's office in Illinois provides guidelines for professional fund raising and requires a **C0-1, Registration Statement - Charitable Organization**. The attachments to this included:

- most recent **Form 990 (federal tax return), Organization Exempt Under 501(c)(3), including Schedule A** (if previously filed);
- a statement of current revenue and expenses;
- a statement of current revenue and earnings;
- Articles of Incorporation; and
- a list of the Board of Directors with addresses and telephone numbers.

There was no fee required. Verification was received from the Attorney General in about a month's time.

## 8. FEDERAL & STATE UNEMPLOYMENT INSURANCE

Not for profit organizations (at least in Illinois) are not required to pay federal Unemployment Insurance.

State Unemployment is handled through the Illinois Department of Employment Security and required IATP to provide:

- **Report to Determine Liability Under the Illinois Unemployment Insurance Act;**

- **Report to Determine Succession** (only because IATP separated from another NFP under whose auspices IATP had previously operated).
- a copy of the Federal Exemption letter and the supporting documents.

This tax in Illinois is filed quarterly and is computed as a fixed percent of the first \$9,000 of each staff's salary. The beginning percent with no prior operating history is 3.1%. After three years without claims, this can drop to .9%. With claims, the percentage rate can increase well beyond 3.1%. NFP's can contest any applications for unemployment by former employees and cause unemployment benefits to be denied to these employees if the employees were terminated for cause rather than laid off or terminated without cause.

## 9. WORKERS COMPENSATION

Like most states, Illinois requires that Workers Compensation insurance coverage be provided by employers. Such coverage is provided through private insurance companies. The annual cost to IATP for its ten employees is about \$750 per year.

## 10. FEDERAL & STATE PAYROLL, WITHHOLDING, & INCOME TAX FILING

Although NFP's are not required to pay income tax, they must nonetheless file annual state and federal income tax returns.

If an organization has employees rather than contractual workers, a variety of state and federal payroll/withholding tax forms must be filed, including monthly or semi-monthly deposit of withholding amounts in a locally held bank account, quarterly payroll tax filing, annual payroll tax filing (W-3), and annual issuance of W-2's to employees.

Organizations which pay an individual more than \$600 for contractual work during the calendar year must issue 1099's to these individuals annually unless the individual is incorporated or part of a partnership. IATP uses a "Form 1099 Miscellaneous". IRS also gets a copy of the 1099's with Form 1096 as a cover form.

The needed registration kit and forms for state taxes were received from the Illinois Department of Revenue after request by telephone. This included: **IL-501, Withholding Tax Payment Form; IL-990-T, Exempt Organization Return; IL-941, Quarterly Withholding Tax Form; IL-W-e, Annual Reconciliation Form; ST-1, Sales/Use Tax Return** (not applicable); and others IATP did not have to file. The Internal Revenue Service mailed a similar packet of federal forms automatically upon approval of 501(c)(3) status, but will also mail such forms with a telephone call. All such forms included instructions, but all of these forms are typically handled by accountants unless an organization is doing self-accounting as IATP is doing. This includes taking relevant withholding forms to a local bank to establish a deposit account for

withholding, since withholding payments are only filed with state and federal government periodically.

## 11. OTHER INSURANCE

NFP's need to have a variety of private insurance coverages beyond Workers Compensation, depending on their needs. These can include but are not limited to:

- employee health insurance;
- business insurance for building and contents;
- separate business insurance for computer equipment;
- transportation insurance for contents when they are in transit out of the main place of business;
- umbrella insurance to cover personnel and contents not located in the main place of business (IATP had staff and equipment at two other locations outside its main office);
- office liability insurance for building & contents;
- general personal liability insurance for staff, Board of Directors, volunteers, etc. to cover errors and omissions and other legal liabilities;
- individual personal liability and/or errors & omissions insurance for any staff who are certified or licensed in the profession they are practicing e.g. occupational therapy;
- vehicle insurance (like IATP's mobile unit).

IATP recommends getting bids and thoroughly understanding the coverages and exclusions before finalizing insurance.

## 12. PERSONNEL POLICIES

Although not required by law or otherwise, it is good practice for an NFP to have comprehensive personnel policies. IATP will be happy to share its policies.

## 13. OFFICE PROCEDURES

Although also not required, it is good practice, and highly desired by federal auditors, for an organization to have office procedures which detail issues which include but are not limited to:

- authorizing expenditures, including requests for purchases, permission to travel, etc.
- actual money handling, from balancing bank statements and writing checks, to filing bills/bids/invoices, etc;
- equipment handling, including bids, order forms, logging in new equipment, and inventory procedures, including equipment purchased by other organizations under subcontracts/grants issued by the NFP;

- staff reporting, including monthly activity reports (required by federal regulation), time keeping, requests for travel or reimbursement, etc.
- client files, if applicable, including forms, file contents, confidentiality, locked filing, etc.

#### 14. OTHER CONSIDERATIONS

Projects which are moving from the public to the private sector need to consider that in government, a great many tasks are taken for granted because they are usually handled by highly specialized and separate units/staff. These tasks include but are not limited to: budget, accounting & other fiscal; data processing; legal; internal audit; public information/graphic arts; staff position posting & hiring; timekeeping; travel arrangements; grants & contracts; purchasing; equipment inventory, repair & maintenance; supply & mail handling; printing; insurance; building leasing, security, repair, utilities & janitorial; other business activities including telephone system, copier lease, and subscription orders; and other program units which handle training, regulations & procedures, evaluation, and other general support services.

While the private sector has the advantage of having few bureaucratic obstacles and therefore greater efficiency in performing such tasks, these tasks can still be very time consuming. In NFP's with their generally small staff size, time availability is a significant issue, as is having versatile and multi-talented staff.

The cost of operating in the private sector also needs to be considered, particularly if a project would need to begin paying for space, utilities, equipment, copier lease, postage, printing, supplies, and all the other many costs which may have been provided in kind when the project was operating within a government agency. The terms of leases for space and certain types of office equipment like copiers also need to be negotiated carefully, keeping in mind any potential for growth as well as funding availability, particularly for NFP's which are dependent on federal funds for their operations.

A final consideration is that the laws and regulations which apply to government are very different in most respects from those which apply to NFP's. It is highly recommended that a project which is moving from the government to private sector involve individuals and organizations that have experience with this issue.

## PRO'S AND CON'S

The descriptions under "why" and "how" also provide accurate descriptions of the pro's and con's of privatization. The flexibility, freedom, efficiency, and impartiality gained by being in the private sector have a negative trade off in terms of the many expenses and time demands on staff which are most often "invisible" to Projects and Project staff when Projects are located within government agencies.

As stated earlier, if Illinois had it to do all over again, it would still create IATP as a not for profit organization - it would just take a different road to get there, and use all of the experience gained to date to avoid or minimize some of the pitfalls along the way.

**BYLAWS  
OF THE  
ILLINOIS ASSISTIVE TECHNOLOGY PROJECT**

**ARTICLE ONE  
GENERAL PROVISIONS**

**Introductory Definition of Bylaws**

1.01 These Bylaws constitute the code of rules adopted by the Illinois Assistive Technology Project.

**Name**

1.02 The name of the Corporation is the Illinois Assistive Technology Project, herein referred to as the IATP.

**Mission Statement**

1.03 The mission of the IATP is to coordinate and expand existing public and private sector resources to promote a more consumer responsive, comprehensive, accessible system of assistive technology service delivery for individuals of all ages with all types of disabilities.

**Purposes and Powers**

1.04 (a) The IATP will have the purposes and powers as may be stated in its Articles of Incorporation and such powers as are now or may be granted hereafter by the State of Illinois General Not for Profit Corporation Act of 1986, or any successive legislation.

(b) The primary purposes of the IATP are:

1. To educate the general public and public officials on the need to link technology with persons with disabilities to make these persons more independent and productive citizens.
2. To support and work with other organizations, governmental agencies and the general public to encourage technology options for citizens with disabilities in society.

3. To engage in any other purpose and lawful activity as related to the mission.

## ARTICLE TWO

### OFFICES AND AGENT

#### Principal Office

2.01 The principal office of the IATP in Illinois will be located at such place as the Board of Directors from time to time may designate by resolution.

#### Location of Registered Office

2.02 The registered office of the IATP may be the same as its principal office. The address of the registered office will be identical with the office of the Registered Agent of the IATP. Such office will be continuously maintained within the State of Illinois for the duration of the IATP. The Board of Directors may from time to time change the address of its registered office by duly adopted resolution and submission of the appropriate statement to the Secretary of State's office.

#### Selection of Registered Agent

2.03 The Registered Agent of the IATP may be either an individual, resident in the State of Illinois, or a domestic or foreign corporation, authorized to act as such agent. Such an agent will be continuously maintained by the IATP in the State of Illinois. A new Registered Agent may be appointed if the office of such agent becomes vacant for any reason, or such agent becomes disqualified or incapacitated to act, or if the IATP through the Board of Directors revokes the appointment of such agent by duly adopted resolution of the Board of Directors and submission of the appropriate statement to the Secretary of State's office. Such Registered Agent will be recognized as an agent of the IATP on whom any process, notice or demand required or permitted by law to be served on a corporation may be served.

#### Resignation of Registered Agent

2.04 The IATP will not recognize the resignation of any Registered Agent appointed by it unless it receives a copy of such agent's resignation as sent to the Secretary of State, such copy to be sent to the IATP by registered or certified mail, addressed to the principal office of the IATP as it is known to such agent, and directed to the attention of the Secretary, and such copy to be sent within five days after the date of filing of the statement with the Secretary of State. Such statement of resignation will be acceptable only if it discloses the effective date of resignation to be not less than sixty days nor more than ninety days after the date of such filing.

## ARTICLE THREE

### BOARD OF DIRECTORS

#### Interim Board

3.01 An Interim Board of Directors shall be in place during the incorporation process. This Interim Board of Directors shall be comprised of the President, the Secretary, and the Treasurer, and shall assume full responsibilities of the Board of Directors until such time as the full Board of Directors is formally installed and officers elected. The Interim Board shall then cease to exist.

#### Composition of the Board

3.02 (a) The Board of Directors shall be comprised of 19 Directors which includes the officers of the IATP (President, the Immediate Past President, a President-Elect, a Vice-President, a Secretary, a Treasurer). No person shall be allowed more than one seat on the Board of Directors at the same time.

(b) The President-Elect shall succeed to the office of the President due to the resignation or incapacity to serve of the President.

(c) At least four positions on the Board of Directors shall be designated for persons with disabilities.

(d) At least four positions on the Board of Directors shall be designated for family members of persons with disabilities.

(e) One position shall be designated for the Chairperson of the Advisory Council.

(f) All efforts shall be made to fill the other vacancies from the private sector statewide, representing various areas of industry and specific expertise related to the mission and purpose of IATP and of its Board of Directors.

#### Terms of Office

3.03 (a) The term for Directors shall be two consecutive years. Terms for elected officers shall be one year. Terms shall be concurrent with the fiscal year.

(b) One-half of the Directors shall serve beginning in odd numbered years and the other half commencing their term in even numbered years.

(c) No Directors shall serve more than two consecutive terms. However, they can be reelected after a one year absence from the Board.

### Election

3.04 The incumbent Board of Directors shall elect the succeeding Board of Directors by a majority vote of members.

### Vacancies

3.05 Any vacancies occurring on the Board of Directors during a term shall be appointed by the President with approval by a majority of Directors.

### Powers

3.06 (a) The Board of Directors shall have the power to establish policies and committees consistent with the mission and purpose of IATP.

(b) The Board of Directors shall have the power to hire, supervise, and terminate the Executive Director.

(c) The Board of Directors shall approve the annual budget.

### Meetings of the Board

3.07 (a) Regular meetings of the Board of Directors shall be called at least quarterly by the President.

(b) Notice of the regular Board Meetings must be given at least fourteen (14) calendar days prior to the date of that meeting.

(c) Emergency meetings of the Board of Directors may be called by the President or upon request of any five Directors with five (5) calendar days advance verbal or written notice.

(d) An agenda shall be prepared and distributed with the required notice for all meetings.

### Dismissal from the Board

3.08 (a) A Director may be removed from the Board as follows:

1. Any Director who fails to attend any two (2) regular meetings of the Board of Directors within the year.

2. Any Director who fails to perform the duties of the Board.

(b) Removal of a Director from the Board requires a two-thirds (2/3) vote of the Board of Directors.

### Quorum

3.09 A quorum of the Board of Directors shall consist of at least one-half of the Board of Directors.

### Manner of Acting

3.10 The act of the majority of the Directors present at a meeting shall be the act of the Board of Directors pursuant to existing law and these bylaws.

### Compensation of Directors

3.11 No Director shall receive compensation for services as Director, but may be reimbursed for travel expenses in accordance with budget limitations and the IATP travel regulations.

### Conflict of Interest

3.12 Directors may belong to, or have material interest in, another corporation, company, partnership, or other entity which receives contracts, grants, or otherwise does business with the IATP as long as:

1. The Director's interest or relationship is known or disclosed to the Board of Directors and to the Advisory Council, IATP Staff or other individuals involved in making the decision to award the contract, grant, or other compensation;
2. The Director at issue does not vote on the ratification of the transaction, although said Director may be counted in determining whether a quorum is present;
3. The transaction is fair to the IATP at the time the contract, grant or other compensation is authorized.

## ARTICLE FOUR

### EXECUTIVE COMMITTEE

#### Executive Committee Composition

4.01 The Executive Committee of IATP shall be the President, the Immediate Past President, President-Elect, Vice-President, Secretary, and Treasurer elected by the Board of Directors, and Chair of the Advisory Council.

### Vacancy

4.02 A vacancy on the Executive Committee shall be filled by appointment of the President and approval of a majority of Directors.

### Dismissal from Office

4.03(a) An Officer may be removed from the Executive Committee as follows:

1. Any Officer who fails to attend any two (2) regular meetings of the Board of Directors within the year.

2. Any Officer who fails to perform the duties of the Board of Directors.

(b) Removal of an Officer from the Executive Committee requires a two-thirds (2/3) vote of the Board of Directors.

### Function

4.04 The Executive Committee shall represent the Board of Directors in all matters of business affecting IATP when directed by the Board of Directors.

### Duties of the Officers

4.05 (a) The President shall have the following duties: appoint all committee Chairpersons that are not already appointed by these bylaws, with the approval of the Board of Directors; convene and conduct all meetings of the Board of Directors and the Executive Committee, except as otherwise specified in these Bylaws; monitor all expenditures of the IATP. As chairperson of the Board of Directors and of the Executive Committee, the President votes only in case of a tie or if needed for a quorum vote.

(b) The President-Elect shall have the following duties: preside over all the Board meetings when the President is absent; assume the Presidency for the remainder of the term when the position is vacant; serve as Chairperson of the Resource Development Committee; and other duties as assigned by the President and Board of Directors.

(c) The Vice-President shall preside over all Board meetings in the absence of the President and President-Elect and shall have other duties as assigned by the President and Board of Directors.

(d) The Treasurer shall have the following duties: serve as Chairperson of the Operations Committee; serve as Chief Fiscal Officer of the IATP; monitor the disbursements of the funds as approved by the Board of Directors; submit the books of the IATP for annual audit; provide

financial reports to all meetings of the Board of Directors; and other duties as assigned by the President and Board of Directors.

(e) The Secretary shall have the following duties: attend, and maintain accurate records of, all meetings of the Board of Directors; conduct correspondence as directed by the President and Board of Directors; and other duties as assigned by the President and Board of Directors.

(f) The Past President shall have the following duties: render advisory services to the President and Board of Directors; and other duties as assigned by the President and the Board of Directors.

## ARTICLE FIVE

### COMMITTEES

#### Definition of Committees

5.01 The IATP shall and may have certain Committees, each of which will be chaired by a Director, and which will have and exercise some prescribed authority of the Board of Directors in the management of the IATP. However, no such Committee will have the authority of the Board of Directors in reference to affecting any of the following:

1. Articles of Incorporation;
2. Bylaws;
3. Resolutions of the Board of Directors which by their terms provide against such action by a Committee;
4. Issuance of policy statements or positions of the IATP unless otherwise directed or ratified by the Board of Directors.

#### Creation of Committees

5.02 The Board of Directors, by resolution duly adopted by a majority of Directors, may designate and appoint one or more Committees and delegate to such committees specific and prescribed authority of the Board of Directors to exercise in the management of the IATP. However, the creation of such Committees will not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on such personnel otherwise by law.

#### Duties of Committees

5.03 (a) Each committee shall work on specific activities relative to their charge and make recommendations to the Board of Directors.

(b) Each Committee shall provide the President with the following:

1. Adequate advance notice of their meetings and plans in accordance with policy established by the Directors;
2. Minutes of their meetings;
3. Reports of other activities;
4. List of membership.

#### Standing Committees

5.04(a) There shall be the following standing committees and other standing committees established from time to time by the Board of Directors.

1. Executive
2. Program
3. Operations
4. Resource Development

(b) Each standing committee shall be chaired by a Board member, shall include at least two (2) Board members, and may include non-Board members.

#### Ad Hoc Committees

5.05 In addition, the Board of Directors, by resolution, may designate and appoint certain Ad Hoc Committees such as Bylaws and Board Development designed to transact certain ministerial business of the IATP or to advise the Board of Directors. Such Ad Hoc Committees will be chaired by a Director which as Chairperson shall proceed to select the remaining persons of the Committee up to the number set by the Board of Directors, or terminate such memberships or appoint successors at such Chair's discretion. The Board of Directors may terminate any such Ad Hoc Committee by resolution.

### ARTICLE SIX

#### ADVISORY COUNCIL

##### Advisory Council Composition

6.01 (a) The IATP shall establish and maintain an Advisory Council whose members demonstrate an expertise or interest in assistive devices or in promoting the goals of this corporation.

(b) There shall be at least four Council positions for persons with disabilities.

(c) There shall be at least four Council positions for family members of persons with disabilities.

(d) There shall be at least one Council position for a representative of the Coalition of Citizens with Disabilities in Illinois.

(e) Other positions shall be filled by residents of Illinois who will ensure statewide representation, specific disability representation and specific expertise related to the mission and purpose of IATP.

(f) There shall be non voting representatives from involved and interested state agencies.

#### Terms

6.02 (a) Advisory Council members shall be elected for two year terms.

(b) One half of the members shall serve beginning in odd numbered years and the other half commencing their term in even numbered years.

(c) No Council member shall serve more than three consecutive terms.

#### Election

6.03 All members shall be recommended by the nominating committee of the Advisory Council and approved by a majority of the Advisory Council members.

#### Vacancies

6.04 All vacancies for Advisory Council positions occurring during a term shall be filled by appointment of the Chairperson of the Council and approved by a majority of the members.

#### Executive Council

6.05 (a) There shall be an Executive Council comprised of a Chairperson, Vice Chairperson, and a Secretary.

(b) The Executive Council shall be elected by a majority of the members of the Advisory Council and shall serve for one year.

(c) Vacancies to complete the unexpired term shall be filled through election by a majority of the members.

- (d) The Chairperson shall be a member of the Board of Directors for the period of his/her term.

#### Designated Term

6.06 Terms of office for Advisory Council members shall coincide in period of time with the terms of office of the Board of Directors.

#### Roles and Responsibilities

6.07 (a) Advisory Council members shall serve to work and promote the goals and mission of IATP.

(b) Members shall serve to provide technical assistance on specific work activities and policies to the Board of Directors and IATP staff.

(c) All members shall serve on at least one of the following Advisory Council subcommittees:

1. Information and Referral/Data Base Management
2. Public Promotion and Marketing
3. Funding
4. Training
5. Education
6. Public Agencies
7. Business
8. Community Based Service Delivery
9. Nominating

(d) The chairperson of each subcommittee will be a member of the Advisory Council and will be approved by a majority of the Advisory Council. Subcommittee chairpersons will appoint members to the subcommittee from outside the Advisory Council as needed to serve the purposes of the subcommittee.

(e) The initial Advisory Council shall elect the initial Board of Directors.

#### Meetings

6.08 The Advisory Council shall meet at least twice a year.

#### Quorum

6.09 A quorum of the Advisory Council shall consist of at least one half of the Advisory Council members.

### Compensation of Members

6.10 No Advisory Council members shall receive compensation for any services rendered, but may be reimbursed for travel expenses in accordance with budget limitations and the IATP travel regulations.

### Conflict of Interest

6.11 Members of the Advisory Council and Advisory Council Subcommittees may belong to, or have material interest in, another corporation, company, partnership, or other entity which receives contracts, grants, or otherwise does business with the IATP as long as:

1. The member's interest or relationship is known or disclosed to the Board of Directors and to the Advisory Council, IATP Staff or other individuals involved in making the decision to award the contract, grant, or other compensation;
2. The member at issue does not vote on the ratification of the transaction, although said member may be counted in determining whether a quorum is present;
3. The transaction is fair to the IATP at the time the contract, grant or other compensation is authorized.

## ARTICLE SEVEN

### INFORMAL ACTION

#### Waiver

7.01 Whenever any notice whatsoever is required to be given under the provisions of these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, will be deemed equivalent to the giving of such notice.

#### Action by Consent

7.02 Any action required by these Bylaws, or any action which otherwise may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons entitled to vote with respect to the subject matter of such consent. Such consent will have the same force and effect as a unanimous vote.

## ARTICLE EIGHT

### OPERATIONS

#### Finance

8.01 The IATP shall seek financial support from both public and private sources.

#### Gifts and Grants

8.02 The Board of Directors, acting for the IATP, may accept gifts and/or grants and may make contractual agreements in connection with its operation.

#### Fiscal Year

8.03 The twelve month period for which specific budget and set of bookkeeping records are established shall be termed the fiscal year. The fiscal year for the IATP shall begin October 1 and end September 30.

#### Execution of Documents

8.04 Except as otherwise provided by law or by resolution, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the IATP will be signed by the Executive Director of IATP and countersigned by the President, Treasurer or designee. Except as otherwise provided by law or by resolution, contracts, leases, or other instruments executed in the name of and on behalf of the Corporation will be signed by the Executive Director of IATP and counter-signed by the President, Treasurer, or designee. Copies of related resolutions of the Board of Directors will be maintained on file, as appropriate, by the Treasurer.

#### Books and Records

8.05 The IATP will keep correct and complete books and records of account and will also keep minutes of the proceedings of its meetings of Board of Directors, Committees and Ad Hoc Committees.

#### Inspection of Books and Records

8.06 All books and records of the IATP may be inspected by any funding source, any Director and anyone else, for any proper purpose at any reasonable time.

## **Not for Profit Operations**

8.07 The IATP will not have or issue shares of stock, no dividend will be paid and no part of the income of the IATP will be distributed to its Directors, Advisory Council members, staff, or committee members. The IATP shall maintain tax exempt status under Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended.

8.08 The IATP recognizes the rights of all persons to equal opportunity in employment, compensation, promotion, education, positions of leadership and power, and shall not at any time discriminate against any employee, applicant for employment, director, officer, contractor or any other person with whom it deals, because of race, creed, color, national origin, disability, gender, age, military status, sexual orientation, disability, drug or alcohol abuse, or alcoholism.

## **ARTICLE NINE**

### **AMENDMENT PROCEDURES**

9.01 The power to adopt, alter, amend or repeal these Bylaws, or to adopt new Bylaws is vested in the Board of Directors by the affirmative vote of two-thirds of the Board of Directors, provided that the proposed amendment shall have been submitted in writing to all Directors at least thirty (30) days before action on the proposed amendment is to be taken.

## **ARTICLE TEN**

### **MISCELLANEOUS PROVISIONS**

#### **Accessibility of Meetings**

10.01 All meetings of the IATP shall be conducted in an accessible environment, including necessary provisions for all disabilities.

#### **Dissolution**

10.02 The IATP may be dissolved by the affirmative vote of four-fifths (4/5) of the full Board of Directors at any regular or annual meeting. Upon dissolution of the IATP, any assets remaining which are not required by law to be otherwise distributed shall be distributed to such organization or organizations organized and operated exclusively for purposes similar to the IATP and which shall at the time qualify as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Revenue Law), as the Board of Directors shall determine.

### Parliamentary Rules

10.03 The rules of parliamentary procedure and Robert's Rules of Order shall govern the proceedings of the IATP subject to any special rules which have or may be adopted.

### ADOPTION OF BYLAWS

Adopted by the Board of Directors by resolution and unanimous vote on June 18, 1992 in Springfield, Illinois.

4287

Form

SS-4

# Application for Employer Identification Number

(For use by employers and others. Please read the attached instructions before completing this form.)

TELE-TIN  
EIN 37-129-0943  
OMB No. 1545-0003  
Expires 4-30-94

Please type or print clearly.	1 Name of applicant (True legal name) (See instructions.) ILLINOIS ASSISTIVE TECHNOLOGY PROJECT		
	2 Trade name of business, if different from name in line 1		3 Executor, trustee, "care of" name Brenda Yarnell
	4a Mailing address (street address) (room, apt., or suite no.) 411 East Adams		5a Address of business (See instructions.)
	4b City, state, and ZIP code Springfield, IL 62701-1404		5b City, state, and ZIP code
	6 County and state where principal business is located Sangamon, Illinois		
	7 Name of principal officer, grantor, or general partner (See instructions.) ▶ Brenda Yarnell, President		
	8a Type of entity (Check only one box.) (See instructions.) <input type="checkbox"/> Individual SSN <input type="checkbox"/> Estate <input type="checkbox"/> Trust <input type="checkbox"/> REMIC <input type="checkbox"/> Plan administrator SSN <input type="checkbox"/> Partnership <input type="checkbox"/> State/local government <input type="checkbox"/> Personal service corp. <input type="checkbox"/> Other corporation (specify) <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> State/local government <input type="checkbox"/> National guard <input type="checkbox"/> Federal government/military <input type="checkbox"/> Church or church controlled organization <input checked="" type="checkbox"/> Other nonprofit organization (specify) Social Service If nonprofit organization enter GEN (if applicable) <input type="checkbox"/> Other (specify) ▶		
8b If a corporation, give name of foreign country (if applicable) or state in the U.S. where incorporated ▶ Foreign country State			
9 Reason for applying (Check only one box.) <input type="checkbox"/> Started new business <input type="checkbox"/> Changed type of organization (specify) ▶ <input type="checkbox"/> Hired employees <input type="checkbox"/> Purchased going business <input type="checkbox"/> Created a pension plan (specify type) ▶ <input type="checkbox"/> Created a trust (specify) ▶ <input type="checkbox"/> Banking purpose (specify) ▶ <input checked="" type="checkbox"/> Other (specify) ▶ Spin-off from existing not for profit			
10 Date business started or acquired (Mo., day, year) (See instructions.) May, 1990		11 Enter closing month of accounting year. (See instructions.) September	
12 First date wages or annuities were paid or will be paid (Mo., day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (Mo., day, year) ▶ June 15, 1990			
13 Enter highest number of employees expected in the next 12 months. Note: If the applicant does not expect to have any employees during the period, enter "0." ▶		Nonagricultural 10	Agricultural Household
14 Principal activity (See instructions.) ▶ Educational			
15 Is the principal business activity manufacturing? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," principal product and raw material used ▶			
16 To whom are most of the products or services sold? Please check the appropriate box. <input type="checkbox"/> Business (wholesale) <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Public (retail) <input type="checkbox"/> Other (specify) ▶			
17a Has the applicant ever applied for an identification number for this or any other business? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Note: If "Yes," please complete lines 17b and 17c.			
17b If you checked the "Yes" box in line 17a, give applicant's true name and trade name, if different than name shown on prior application. True name ▶ Trade name ▶			
17c Enter approximate date, city, and state where the application was filed and the previous employer identification number if known. Approximate date when filed (Mo., day, year) City and state where filed Previous EIN Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete. Telephone number (include area code) Name and title (Please type or print clearly.) ▶ Brenda Yarnell, President (217) 525-6522 Signature ▶ Brenda L. Yarnell Date ▶ March 13, 1992 Note: Do not write below this line. For official use only.			
Please leave blank ▶ Geo. Ind. Class Size Reason for applying			

For Paperwork Reduction Act Notice, see attached instructions.

Cat. No. 16055N

Form SS-4 (Rev. 4-91)

Form SS-4 (Rev. 4-91)

## General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 min.
Learning about the law or the form	21 min.
Preparing the form	42 min.
Copying, assembling, and sending the form to IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0003), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, see **Where To Apply**.

**Purpose.**—Use Form SS-4 to apply for an employer identification number (EIN). The information you provide on this form will establish your filing requirements.

**Who Must File.**—You must file this form if you have not obtained an EIN before and

- You pay wages to one or more employees.
- You are required to have an EIN to use on any return, statement, or other document, even if you are not an employer.
- You are required to withhold taxes on income, other than wages, paid to a nonresident alien (individual, corporation, partnership, etc.). For example, individuals who file **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, to report alimony paid to nonresident aliens must have EINs.

Individuals who file **Schedule C**, Profit or Loss From Business, or **Schedule F**, Profit or Loss From Farming, of **Form 1040**, U.S. Individual Income Tax Return, must use EINs if they have a Keogh plan or are required to file excise, employment, or alcohol, tobacco, or firearms returns.

The following must use EINs even if they do not have any employees:

- Trusts, except an IRA trust, unless the IRA trust is required to file **Form 990-T**, Exempt Organization Business Income Tax Return, to report unrelated business taxable income or is filing **Form 990-T** to obtain a refund of the credit from a regulated investment company.
- Estates
- Partnerships
- REMICS (real estate mortgage investment conduits)
- Corporations
- Nonprofit organizations (churches, clubs, etc.)
- Farmers' cooperatives
- Plan administrators

**New Business.**—If you become the new owner of an existing business, **DO NOT** use the EIN of the former owner. If you already have an EIN, use that number. If you do not have an EIN, apply for one on this form. If

you become the "owner" of a corporation by acquiring its stock, use the corporation's EIN.

If you already have an EIN, you may need to get a new one if either the organization or ownership of your business changes. If you incorporate a sole proprietorship or form a partnership, you must get a new EIN. However, **DO NOT** apply for a new EIN if you change only the name of your business.

**File Only One Form SS-4.**—File only one Form SS-4, regardless of the number of businesses operated or trade names under which a business operates. However, each corporation in an affiliated group must file a separate application.

If you do not have an EIN by the time a return is due, write "Applied for" and the date you applied in the space shown for the number. **DO NOT** show your social security number as an EIN on returns.

If you do not have an EIN by the time a tax deposit is due, send your payment to the Internal Revenue service center for your filing area. (See **Where To Apply** below.) Make your check or money order payable to Internal Revenue Service and show your name (as shown on Form SS-4), address, kind of tax, period covered, and date you applied for an EIN.

For more information about EINs, see **Pub. 583**, Taxpayers Starting a Business.

**How To Apply.**—You can apply for an EIN either by mail or by telephone. You can get an EIN immediately by calling the Tele-TIN phone number for the service center for your state, or you can send the completed Form SS-4 directly to the service center to receive your EIN in the mail.

**Application by Tele-TIN.**—The Tele-TIN program is designed to assign EINs by telephone. Under this program, you can receive your EIN over the telephone and use it immediately to file a return or make a payment.

To receive an EIN by phone, complete Form SS-4, then call the Tele-TIN phone number listed for your state under **Where To Apply**. The person making the call must be authorized to sign the form (see **Signature block** on page 3).

An IRS representative will use the information from the Form SS-4 to establish your account and assign you an EIN. Write the number you are given on the upper right-hand corner of the form, sign and date it, and promptly mail it to the Tele-TIN Unit at the service center address for your state.

**Application by mail.**—Complete Form SS-4 at least 4 to 5 weeks before you will need an EIN. Sign and date the application and mail it to the service center address for your state. You will receive your EIN in the mail in approximately 4 weeks.

**Note:** The Tele-TIN phone numbers listed below will involve a long-distance charge to callers outside of the local calling area, and should only be used to apply for an EIN. Use 1-800-829-1040 to ask about an application by mail.

### Where To Apply.—

If your principal business, office or agency, or legal residence in the case of an individual, is located in:

Florida, Georgia,  
South Carolina  
New Jersey, New York  
City and counties of  
Nassau, Rockland,  
Suffolk, and Westchester

Call the Tele-TIN  
phone number  
shown or file with  
the Internal Revenue  
service center at:

Atlanta, GA 39901  
(404) 455-2360

Holtsville, NY 00501  
(516) 447-4955

New York (all other  
counties), Connecticut,  
Maine, Massachusetts,  
New Hampshire, Rhode  
Island, Vermont

Andover, MA 05501  
(508) 474-9717

Illinois, Iowa, Minnesota,  
Missouri, Wisconsin

Kansas City, MO 64999  
(816) 926-5999

Delaware, District of  
Columbia, Maryland,  
Pennsylvania, Virginia

Philadelphia, PA 19255  
(215) 961-3980

Indiana, Kentucky,  
Michigan, Ohio, West  
Virginia

Cincinnati, OH 45999  
(606) 292-5467

Kansas, New Mexico,  
Oklahoma, Texas

Austin, TX 73301  
(512) 462-7845

Alaska, Arizona, California  
(counties of Alpine, Amador,  
Butte, Calaveras, Colusa, Contra  
Costa, Del Norte, El Dorado,  
Glenn, Humboldt, Lake, Lassen,  
Marin, Mendocino, Modoc,  
Napa, Nevada, Placer, Plumas,  
Sacramento, San Joaquin,  
Shasta, Sierra, Siskiyou, Solano,  
Sonoma, Sutter, Tehama, Trinity,  
Yolo, and Yuba), Colorado,  
Idaho, Montana, Nebraska,  
Nevada, North Dakota, Oregon,  
South Dakota, Utah,  
Washington, Wyoming

Ogden, UT 84201  
(801) 625-7645

California (all other  
counties), Hawaii

Fresno, CA 93888  
(209) 456-5900

Alabama, Arkansas,  
Louisiana, Mississippi,  
North Carolina, Tennessee

Memphis, TN 37501  
(901) 365-5970

If you have no legal residence, principal place of business, or principal office or agency in any Internal Revenue District, file your form with the Internal Revenue Service Center, Philadelphia, PA 19255 or call (215) 961-3980.

## Specific Instructions

The instructions that follow are for those items that are not self-explanatory. Enter N/A (nonapplicable) on the lines that do not apply.

**Line 1.**—Enter the legal name of the entity applying for the EIN.

**Individuals.**—Enter the first name, middle initial, and last name.

**Trusts.**—Enter the name of the trust.

**Estate of a decedent.**—Enter the name of the estate.

**Partnerships.**—Enter the legal name of the partnership as it appears in the partnership agreement.

**Corporations.**—Enter the corporate name as set forth in the corporation charter or other legal document creating it.

**Plan administrators.**—Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.

**Line 2.**—Enter the trade name of the business if different from the legal name.

**Note:** Use the full legal name entered on line 1 on all tax returns to be filed for the entity. However, if a trade name is entered on line 2, use only the name on line 1 or the name on line 2 consistently when filing tax returns.

**Line 3.**—Trusts enter the name of the trustee. Estates enter the name of the executor, administrator, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person's name as the "care of" person. Print or type the first name, middle initial, and last name.

**Lines 5a and 5b.**—If the physical location of the business is different from the mailing address (lines 4a and 4b), enter the address of the physical location on lines 5a and 5b.

Form SS-4 (Rev. 4-91)

**Line 7.**—Enter the first name, middle initial, and last name of a principal officer if the business is a corporation; of a general partner if a partnership; and of a grantor if a trust.

**Line 8a.**—Check the box that best describes the type of entity that is applying for the EIN. If not specifically mentioned, check the "other" box and enter the type of entity. Do not enter N/A.

**Individual.**—Check this box if the individual files Schedule C or F (Form 1040) and has a Keogh plan or is required to file excise, employment, or alcohol, tobacco, or firearms returns. If this box is checked, enter the individual's SSN (social security number) in the space provided.

**Plan administrator.**—The term plan administrator means the person or group of persons specified as the administrator by the instrument under which the plan is operated. If the plan administrator is an individual, enter the plan administrator's SSN in the space provided.

**New withholding agent.**—If you are a new withholding agent required to file Form 1042, check the "other" box and enter in the space provided "new withholding agent."

**REMICs.**—Check this box if the entity is a real estate mortgage investment conduit (REMIC). A REMIC is any entity

1. To which an election to be treated as a REMIC applies for the tax year and all prior tax years,
2. In which all of the interests are regular interests or residual interests,
3. Which has one class of residual interests (and all distributions, if any, with respect to such interests are pro rata),
4. In which as of the close of the 3rd month beginning after the startup date and at all times thereafter, substantially all of its assets consist of qualified mortgages and permitted investments,
5. Which has a tax year that is a calendar year, and
6. With respect to which there are reasonable arrangements designed to ensure that: (a) residual interests are not held by disqualified organizations (as defined in section 860E(e)(5)), and (b) information necessary for the application of section 860E(e) will be made available.

For more information about REMICs see the Instructions for **Form 1066**, U. S. Real Estate Mortgage Investment Conduit Income Tax Return.

**Personal service corporations.**—Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if

1. The entity is a C corporation for the tax year.
2. The principal activity of the entity during the testing period (as defined in Temporary Regulations section 1.441-4(f)) for the tax year is the performance of personal service.
3. During the testing period for the tax year, such services are substantially performed by employee-owners.
4. The employee-owners own 10 percent of the fair market value of the outstanding stock in the entity on the last day of the testing period for the tax year.

For more information about personal service corporations, see the instructions to **Form 1120**, U.S. Corporation Income Tax Return, and Temporary Regulations section 1.441-4T.

**Other corporations.**—This box is for any corporation other than a personal service corporation. If you check this box, enter the type of corporation (such as insurance company) in the space provided.

**Other nonprofit organizations.**—Check this box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization.)

**Group exemption number (GEN).**—If the applicant is a nonprofit organization that is a subordinate organization to be included in a group exemption letter under Revenue Procedure 80-27, 1980-1 C.B. 677, enter the GEN in the space provided. If you do not know the GEN, contact the parent organization for it. GEN is a four-digit number. Do not confuse it with the nine-digit EIN.

**Line 9.**—Check only one box. Do not enter N/A.

**Started new business.**—Check this box if you are starting a new business that requires an EIN. If you check this box, enter the type of business being started. **DO NOT** apply if you already have an EIN and are only adding another place of business.

**Changed type of organization.**—Check this box if the business is changing its type of organization, for example, if the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided the type of change made, for example, "from sole proprietorship to partnership."

**Purchased going business.**—Check this box if you acquired a business through purchase. Do not use the former owner's EIN. If you already have an EIN, use that number.

**Hired employees.**—Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax return for which an EIN is required. **DO NOT** apply if you already have an EIN and are only hiring employees.

**Created a trust.**—Check this box if you created a trust, and enter the type of trust created.

**Created a pension plan.**—Check this box if you have created a pension plan and need this number for reporting purposes. Also, enter the type of plan created.

**Banking purpose.**—Check this box if you are requesting an EIN for banking purpose only and enter the banking purpose (for example, checking, loan, etc.).

**Other (specify).**—Check this box if you are requesting an EIN for any reason other than those for which there are checkboxes and enter the reason.

**Line 10.**—If you are starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. Trusts should enter the date the trust was legally created. Estates should enter the date of death of the decedent whose name appears on line 1.

**Line 11.**—Enter the last month of your accounting year or tax year. An accounting year or tax year is usually 12 consecutive months. It may be a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information

on accounting periods, see **Pub. 538**, Accounting Periods and Methods.

**Individuals.**—Your tax year generally will be a calendar year.

**Partnerships.**—Partnerships generally should conform to the tax year of either (1) its majority partners; (2) its principal partners; (3) the tax year that results in the least aggregate deferral of income (see Temporary Regulations section 1.706-1T); or (4) some other tax year, if (a) a business purpose is established for the fiscal year, or (b) the fiscal year is a "grandfather" year, or (c) an election is made under section 444 to have a fiscal year. (See the Instructions for **Form 1065**, U.S. Partnership Return of Income, for more information.)

**REMICs.**—Remics must have a calendar year as their tax year.

**Personal service corporations.**—A personal service corporation generally must adopt a calendar year unless:

1. It can establish to the satisfaction of the Commissioner that there is a business purpose for having a different tax year, or
2. It elects under section 444 to have a tax year other than a calendar year.

**Line 12.**—If the business has or will have employees, enter on this line the date on which the business began or will begin to pay wages to the employees. If the business does not have any plans to have employees, enter N/A on this line.

**New withholding agent.**—Enter the date you began or will begin to pay income to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien.

**Line 14.**—Generally, enter the exact type of business being operated (for example, advertising agency, farm, labor union, real estate agency, steam laundry, rental of coin-operated vending machine, investment club, etc.).

**Governmental.**—Enter the type of organization (state, county, school district, or municipality, etc.).

**Nonprofit organization (other than governmental).**—Enter whether organized for religious, educational, or humane purposes, and the principal activity (for example, religious organization—hospital, charitable).

**Mining and quarrying.**—Specify the process and the principal product (for example, mining bituminous coal, contract drilling for oil, quarrying dimension stone, etc.).

**Contract construction.**—Specify whether general contracting or special trade contracting. Also, show the type of work normally performed (for example, general contractor for residential buildings, electrical subcontractor, etc.).

**Trade.**—Specify the type of sales and the principal line of goods sold (for example, wholesale dairy products, manufacturer's representative for mining machinery, retail hardware, etc.).

**Manufacturing.**—Specify the type of establishment operated (for example, sawmill, vegetable cannery, etc.).

**Signature block.**—The application must be signed by: (1) the individual, if the person is an individual, (2) the president, vice president, or other principal officer, if the person is a corporation, (3) a responsible and duly authorized member or officer having knowledge of its affairs, if the person is a partnership or other unincorporated organization, or (4) the fiduciary, if the person is a trust or estate.

Form **8718**  
(Rev. October 1990)  
Department of the Treasury  
Internal Revenue Service

**User Fee for Exempt Organization  
Determination Letter Request**  
▶ Attach this form to determination letter application.  
(Form 8718 is NOT a determination letter application)

For IRS Use Only  
Control number \_\_\_\_\_  
Amount paid \_\_\_\_\_  
User fee screener \_\_\_\_\_

1 Name of organization

ILLINOIS ASSISTIVE TECHNOLOGY PROJECT

2 Type of request (check only one box and include a check or money order made payable to Internal Revenue Service for the amount of the indicated fee):

Fee

- a ☐ Initial request for an exempt organization determination letter (do NOT use for a pension plan determination letter) by an organization whose annual gross receipts have not exceeded (or are not expected to exceed) \$10,000, averaged over the preceding four taxable years, or new organizations which anticipate annual gross receipts averaging not more than \$10,000 during their first four years. If you check this box you must complete the income certification below . . . . .

\$ 150

**Certification**

I hereby certify that the annual gross receipts of \_\_\_\_\_ have not  
(enter name of organization)  
exceeded (or are not expected to exceed) \$10,000, averaged over the preceding four (or the first four) years of operation.

Signature ▶ \_\_\_\_\_ Title \_\_\_\_\_

- b ☒ Initial request for an exempt organization determination letter (do NOT use for a pension plan determination letter) by an organization whose annual gross receipts have exceeded (or are expected to exceed) \$10,000, averaged over the preceding four taxable years, or a new organization which anticipates annual gross receipts averaging more than \$10,000 during their first four years . . . . .

\$ 375

- c ☐ Private foundation which has completed a section 507 termination and which seeks a determination letter that it is now a public charity . . . . .

\$ 200

- d ☐ Group exemption letters . . . . .

\$ 500

**Instructions**

The Omnibus Budget Reconciliation Act of 1990 requires payment of a user fee for determination letter requests submitted to the Internal Revenue Service. The fee must accompany each request submitted to a key district office.

The fee for each type of request for an exempt organization determination letter is listed in item 2 of this form. Check the block that describes the type of request you are submitting, and attach this form to the front of your request form along with a check or money order for the amount indicated. Make the check or money order payable to the Internal Revenue Service.

Determination letter requests received with no payment or with an insufficient payment will be returned to the applicant for submission of the proper fee. To avoid delays in receiving a determination letter,

be sure that your application is sent to the applicable address shown below. These addresses supersede the addresses listed in Publication 557 and all application forms.

If entity is in this IRS District	Send fee and request for determination letter to this address
Albany, Augusta, Boston, Brooklyn, Buffalo, Burlington, Hartford, Manhattan, Portsmouth, Providence	Internal Revenue Service EP/EO Division P. O. Box 1680, GPO Brooklyn, NY 11202
Baltimore, District of Columbia, Pittsburgh, Richmond, Newark, Philadelphia, Wilmington, any U.S. possession or foreign country	Internal Revenue Service EP/EO Division P. O. Box 17010 Baltimore, MD 21203
Cincinnati, Cleveland, Detroit, Indianapolis, Louisville, Parkersburg	Internal Revenue Service EP/EO Division P. O. Box 3159 Cincinnati, OH 45201

Albuquerque, Austin, Cheyenne, Dallas, Denver, Houston, Oklahoma City, Phoenix, Salt Lake City, Wichita  
Internal Revenue Service  
EP/EO Division  
Mail Code 4950 DAL  
1100 Commerce Street  
Dallas, TX 75242

Atlanta, Birmingham, Columbia, Ft. Lauderdale, Greensboro, Jackson, Jacksonville, Little Rock, Nashville, New Orleans  
Internal Revenue Service  
EP/EO Division  
P.O. Box 941  
Atlanta, GA 30370

Anchorage, Boise, Las Vegas, Los Angeles, Honolulu, Portland, Laguna Niguel, San Jose, Seattle  
Internal Revenue Service  
EO Application Receiving  
Room 5127, P. O. Box 486  
Los Angeles, CA 90053-0486

Sacramento, San Francisco  
Internal Revenue Service  
EO Application Receiving  
Stop SF 4446  
P. O. Box 36001  
San Francisco, CA 94102

Aberdeen, Chicago, Des Moines, Fargo, Helena, Milwaukee, Omaha, St. Louis, St. Paul, Springfield  
Internal Revenue Service  
EP/EO Division  
230 S. Dearborn DPN 20-5  
Chicago, IL 60604

Attach Check or Money Order Here

Form **872-C**

(Revised 9-90)

Department of the Treasury  
Internal Revenue Service

**Consent Fixing Period of Limitation Upon  
Assessment of Tax Under Section 4940 of the  
Internal Revenue Code**

(See instructions on reverse side.)

OMB No. 1545-0056

To be used with Form  
1023. Submit in  
duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

Illinois Assistive Technology Project

(Exact legal name of organization as shown in organizing document)

411 East Adams

Springfield, IL 62701-1404

(Number, street, city or town, state, and ZIP code)

and the

District Director of  
Internal Revenue, or  
Assistant Commissioner  
(Employee Plans and  
Exempt Organizations)

Consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year 9-30-92  
(Month, day, and year)

Name of organization (as shown in organizing document)

Illinois Assistive Technology Project

Date

3/27/92

Officer or trustee having authority to sign

Signature ►

*Brenda Yarnell*

Brenda Yarnell, Chair

For IRS use only

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)

Date

By ►

For Paperwork Reduction Act Notice, see page 1 of the Form 1023 Instructions.

Form 872-C (Rev. 9-90)

You must complete this form and attach it to your application if you checked box (h), (i), or (j) of Part III, question 9, and you have not completed a tax year of at least 8 months.

For example: If you incorporated May 15 and your year ends December 31, you have completed a tax year of only 7½ months. Therefore, Form 872-C must be completed.

(a) Enter the name of the organization. This must be entered exactly as it is written in the organizing document. Do not use abbreviations unless the organizing document does.

(b) Enter the current address.

(c) Enter ending date of first tax year.

For example:

(a) If you were formed on June 15 and you have chosen December 31, as your year end, enter December 31, 19 .....

(b) If you were formed June 15 and have chosen June 30 as your year end, enter June 30, 19..... . In this example your first tax year consists of only 15 days.

(d) The form must be signed by an authorized officer or trustee, generally the President or Treasurer.

(e) Enter the date that the form was signed.

DO NOT MAKE ANY OTHER ENTRIES.

Form **1023**  
(Rev. September 1990)  
Department of the Treasury  
Internal Revenue Service

**Application for Recognition of Exemption**  
**Under Section 501(c)(3) of the Internal Revenue Code**

OMB No. 1545-0056

If exempt status is  
approved, this application  
will be open for public  
inspection.

Read the instructions for each Part carefully.

**A User Fee must be attached to this application.**

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

**Part I Identification of Applicant**

<b>1a</b> Full name of organization (as shown in organizing document) Illinois Assistive Technology Project		<b>2</b> Employer identification number (If none, see instructions.) 37-129-0943
<b>1b</b> c/o Name (if applicable)	<b>3</b> Name and telephone number of person to be contacted if additional information is needed Loretta Johnson  (217 ) 522-7985	
<b>1c</b> Address (number, street, and room or suite no.) 411 East Adams		<b>4</b> Month the annual accounting period ends September
<b>1d</b> City or town, state, and ZIP code Springfield, IL 62704-1404		<b>7</b> Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)
<b>5</b> Date incorporated or formed June 1990	<b>6</b> Activity codes (See instructions.)	
<b>8</b> Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
<b>9</b> Has the organization filed Federal income tax returns or exempt organization information returns? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

**10** Check the box for your type of organization. BE SURE TO ATTACH A COMPLETE COPY OF THE CORRESPONDING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a ☒ Corporation— Attach a copy of your Articles of Incorporation, (including amendments and restatements) showing approval by the appropriate State official; also include a copy of your bylaws. See Attachment A
- b ☐ Trust— Attach a copy of your Trust Indenture or Agreement, including all appropriate signatures and dates.
- c ☐ Association— Attach a copy of your Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of your bylaws.

If you are a corporation or an unincorporated association that has not yet adopted bylaws, check here . . . . . ☒

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please  
Sign  
Here

  
(Signature)

President of Board of Directors 3/27/92  
(Title or authority of signer) (Date)

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Complete the Procedural Checklist (page 7 of the instructions) prior to filing.

**Part II Activities and Operational Information**

- 1** Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in your organizational document. Describe each activity separately in the order of importance. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Attachment B

- 2** What are or will be the organization's sources of financial support? List in order of size.

1. Illinois Department of Rehabilitation Services

- 3** Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

No activities have been initiated at this time. It is a goal to develop and implement a plan to start a fundraising program in late 1993.

**Part II** Activities and Operational Information (Continued)**4** Give the following information about the organization's governing body:**a** Names, addresses, and titles of officers, directors, trustees, etc.

Brenda Yarnell, 308 Middleburg, Sherman, IL 62684, President  
 Harold Berjohn, 2822 West Sheffield Dr., Peoria, IL 61604, Secretary  
 Robin Jones, 107 Harrison #2, Oak Park, IL 60304, Treasurer

**b** Annual Compensation

-0-  
 -0-  
 -0-

- c** Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? ☐ Yes ☒ No  
 If "Yes," name those persons and explain the basis of their selection or appointment.

- d** Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See the specific instructions for line 4d.) ☐ Yes ☒ No  
 If "Yes," explain.

- 5** Does the organization control or is it controlled by any other organization? ☒ Yes ☐ No  
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? ☒ Yes ☐ No  
 If either of these questions is answered "Yes," explain.

IATP currently functions as part of the Coalition of Citizens with Disabilities in Illinois, a 501(C)(3) organization. Once a separate organization is developed, IATP will no longer be controlled or have a special relationship with the Coalition.

- 6** Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than 501(c)(3) organizations): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? ☒ Yes ☐ No  
 If "Yes," explain fully and identify the other organizations involved.

IATP will award grants, (a), and perform services with other 501(C)(3) organizations which provide services to people with disabilities. Examples would include United Cerebral Palsy organizations, and Centers for Independent Living.

- 7** Is the organization financially accountable to any other organization? ☒ Yes ☐ No  
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Currently, IATP is financially responsible to the Coalition as the parent organization, and to the Department of Rehabilitation Services as the funding source. See Attachment C.

**Part II** Activities and Operational Information (Continued)

- 8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A."

See Attachment D.

- 9a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? . . . . . ☐ Yes ☒ No  
b Is the organization a party to any leases? . . . . . ☒ Yes ☐ No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

IATP has a lease for office space, copier, and postage machine. See Attachment E.

- 10 Is the organization a membership organization? . . . . . ☐ Yes ☒ No  
If "Yes," complete the following:

a Describe the organization's membership requirements, and attach a schedule of membership fees and dues.

b Describe your present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) your members receive in exchange for their payment of dues?

- 11a If the organization provides benefits, services or products, are the recipients required, or will they be required, to pay for them? . . . . . ☐ N/A ☒ Yes ☐ No  
If "Yes," explain how the charges are determined, and attach a copy of your current fee schedule.

See Attachment F.

- b Does or will the organization limit its benefits, services or products to specific individuals or classes of individuals? . . . . . ☐ N/A ☒ Yes ☐ No  
If "Yes," explain how the recipients or beneficiaries are or will be selected.

IATP will serve any person with a disability who has a need for an assistive technology service.

- 12 Does or will the organization attempt to influence legislation? . . . . . ☐ Yes ☒ No  
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds which it devotes or plans to devote to this activity.

- 13 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? . . . . . ☐ Yes ☒ No  
If "Yes," explain fully.

**Part III Technical Requirements**

- 1 Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed? ☒ Yes ☐ No  
If you answer "Yes," do not answer questions 2 through 6.

- 2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

**Exceptions**—You are not required to file an exemption application within 15 months if the organization:

- ☐ (a) Is a church, interchurch organization, local unit of a church, a convention or association of churches, or an integrated auxiliary of a church;
- ☐ (b) Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or,
- ☐ (c) Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

- 3 If you do not meet any of the exceptions in question 2, do you wish to request relief from the 15-month filing requirement? ☐ Yes ☐ No

- 4 If you answer "Yes" to question 3, please give your reasons for not filing this application within 15 months from the end of the month in which your organization was created or formed. (See the Instructions before completing this item.)

- 5 If you answer "No" to both questions 1 and 3 and do not meet any of the exceptions in question 2, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed? ☐ Yes ☐ No

- 6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date you were formed and ending with the date your Form 1023 application was received (the effective date of your section 501(c)(3) status), check here ☐ and attach a completed page 1 of Form 1024 to this application.

**Part III** Technical Requirements (Continued)

7 Is the organization a private foundation?

☐ Yes (Answer question 8.)

☒ No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, do you claim to be a private operating foundation?

☐ Yes (Complete Schedule E)

☒ No

After answering this question, go to Part IV.

9 If you answer "No" to question 7, indicate the public charity classification you are requesting by checking the box below that most appropriately applies:

**THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:**

- |  |   |
|--|---|
| (a) <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A).   | Sections 509(a)(1) and 170(b)(1)(A)(i)                        |
| (b) <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B).   | Sections 509(a)(1) and 170(b)(1)(A)(ii)                       |
| (c) <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (MUST COMPLETE SCHEDULE C).  | Sections 509(a)(1) and 170(b)(1)(A)(iii)                      |
| (d) <input type="checkbox"/> As a governmental unit described in section 170(c)(1).  | Sections 509(a)(1) and 170(b)(1)(A)(v)                        |
| (e) <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in (a) through (d), (g), (h), or (i) (MUST COMPLETE SCHEDULE D).   | Section 509(a)(3)   |
| (f) <input type="checkbox"/> As being organized and operated exclusively for testing for public safety.  | Section 509(a)(4)   |
| (g) <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit.  | Sections 509(a)(1) and 170(b)(1)(A)(iv)                       |
| (h) <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.   | Sections 509(a)(1) and 170(b)(1)(A)(vi)                       |
| (i) <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2)   |
| (j) <input type="checkbox"/> We are a publicly supported organization but are not sure whether we meet the public support test of block (h) or block (i). We would like the Internal Revenue Service to decide the proper classification.  | Sections 509(a)(1) and 170(b)(1)(A)(vii) or Section 509(a)(2) |

If you checked one of the boxes (a) through (f) in question 9, go to question 14.

If you checked box (g) in question 9, go to questions 11 and 12.

If you checked box (h), (i), or (j), go to question 10.

**Part III** Technical Requirements (Continued)

- 10 If you checked box (h), (i), or (j) in question 9, have you completed a tax year of at least 8 months?
- ☐ Yes—Indicate whether you are requesting:
- ☐ A definitive ruling (Answer questions 11 through 14.)
- ☐ An advance ruling (Answer questions 11 and 14 and attach 2 Forms 872-C completed and signed.)
- ☒ No—You must request an advance ruling by completing and signing 2 Forms 872-C and attaching them to your application.
- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

Not Applicable

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here ☒ and:

- a Enter 2% of line 8, column (e) of Part IV-A \$25,297.82
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount you entered on line 12a above.

- 13 If you are requesting a definitive ruling under section 509(a)(2), check here ☐ and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person."
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

- 14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)
- |  | Yes | No | If "Yes,"<br>complete<br>Schedule: |
|--|-----|----|------------------------------------|
| Is the organization a church? . . . . .  |     | X  | A                                  |
| Is the organization, or any part of it, a school? . . . . .  |     | X  | B                                  |
| Is the organization, or any part of it, a hospital or medical research organization? . . . . .                 |     | X  | C                                  |
| Is the organization a section 509(a)(3) supporting organization? . . . . .                                     |     | X  | D                                  |
| Is the organization an operating foundation? . . . . .   |     | X  | E                                  |
| Is the organization, or any part of it, a home for the aged or handicapped? . . . . .                          |     | X  | F                                  |
| Is the organization, or any part of it, a child care organization? . . . . .                                   |     | X  | G                                  |
| Does the organization provide or administer any scholarship benefits, student aid, etc.? . . . .               |     | X  | H                                  |
| Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . . . . |     | X  | I                                  |

**Part IV Financial Data**

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

**A.—Statement of Revenue and Expenses**

		Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From 10-91 to 2-92	(b) 19 10-90 9-91	(c) 19 10-89 9-90	(d) 19 .....	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see instructions) . . .	434,700	535,093	240,810		1,210,603
	2 Membership fees received . . .					
	3 Gross investment income (see instructions for definition) . . .					
	4 Net income from organization's unrelated business activities not included on line 3 . . . . .					
	5 Tax revenues levied for and either paid to or spent on behalf of the organization . . . . .					
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge) . . . . .	17,501	13,101	17,961		48,563
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule) . . .	1,665	2,755	1,305		5,725
	8 Total (add lines 1 through 7) . . .	453,866	550,949	260,076		1,264,891
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513 . . . . .					
	10 Total (add lines 8 and 9) . . .	453,866	550,949	260,076		1,264,891
	11 Gain or loss from sale of capital assets (attach schedule) . . .					
	12 Unusual grants . . . . .					
	13 Total revenue (add lines 10 through 12) . . . . .	453,866	550,949	260,076		1,264,891
Expenses	14 Fundraising expenses . . . . .					
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule) . . .					
	16 Disbursements to or for benefit of members (attach schedule) . . .					
	17 Compensation of officers, directors, and trustees (attach schedule) . . . . .					
	18 Other salaries and wages . . .	99,244	224,225	52,063		
	19 Interest . . . . .	12,299	36,457	8,815		
	20 Occupancy (rent, utilities, etc.) . . .					
	21 Depreciation and depletion . . .	98,145	174,651	185,694	See Schedule C Attached	
	22 Other (attach schedule) . . . . .					
	23 Total expenses (add lines 14 through 22) . . . . .	209,688	435,333	244,572		
	24 Excess of revenue over expenses (line 13 minus line 23) . . . . .	244,178	115,616	15,504		

**Part IV** Financial Data (Continued)

**B.—Balance Sheet (at the end of the period shown)**

Current tax year  
Date 2/29/92

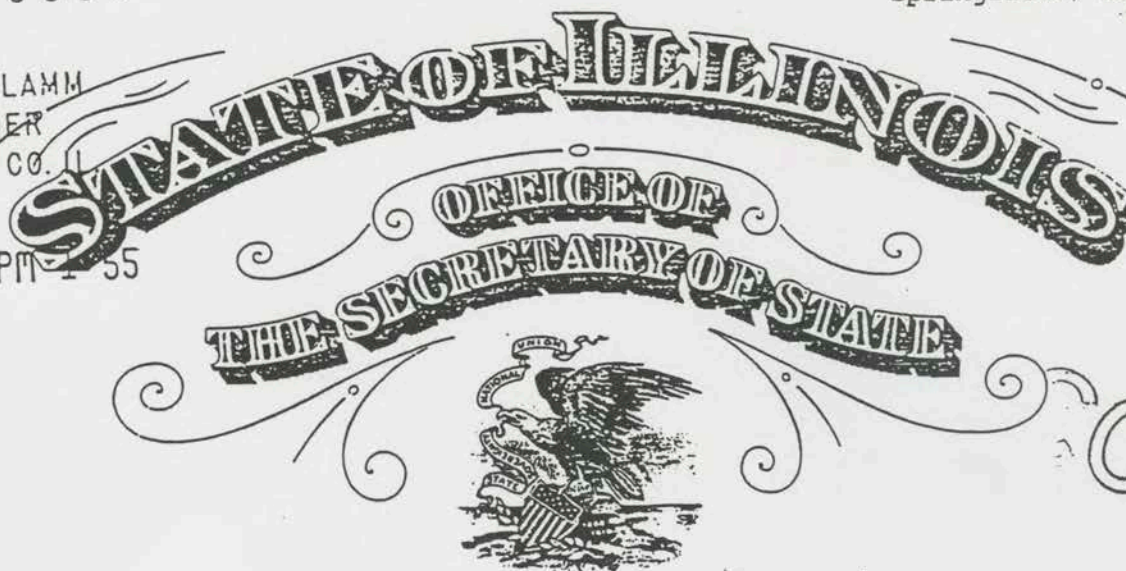
Assets		
1	Cash . . . . .	264,249
2	Accounts receivable, net . . . . .	409,595
3	Inventories . . . . .	
4	Bonds and notes receivable (attach schedule) . . . . .	
5	Corporate stocks (attach schedule) . . . . .	
6	Mortgage loans (attach schedule) . . . . .	
7	Other investments (attach schedule) . . . . .	
8	Depreciable and depletable assets (attach schedule) . . . . .	
9	Land . . . . .	
10	Other assets (attach schedule) . . . . .	
11	<b>Total assets</b> (add lines 1 through 10) . . . . .	673,844
Liabilities		
	Accounts payable . . . . .	60,957
13	Contributions, gifts, grants, etc., payable . . . . .	
14	Mortgages and notes payable (attach schedule) . . . . .	
15	Other liabilities (attach schedule) . . . . .	99,760
16	<b>Total liabilities</b> (add lines 12 through 15) . . . . .	513,127
Fund Balances or Net Assets		
17	<b>Total fund balances or net assets</b> . . . . .	160,717
18	<b>Total liabilities and fund balances or net assets</b> (add line 16 and line 17) . . . . .	673,844

If there has been any substantial change in any aspect of your financial activities since the end of the period shown above, check the box and attach a detailed explanation ☐

92010995

RY ANN LAMM  
RECORDER  
SANGAMON CO. IL

'92 MAR 20 PM 1 55



**Whereas,** ARTICLES OF INCORPORATION OF  
ILLINOIS ASSISTIVE TECHNOLOGY PROJECT  
INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN  
FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE  
GENERAL NOT FOR PROFIT CORPORATION ACT OF ILLINOIS, IN FORCE  
JANUARY 1, A.D. 1987.

*Now Therefore, I, George H. Ryan, Secretary of State of the  
State of Illinois, by virtue of the powers vested in me by law, do  
hereby issue this certificate and attach hereto a copy of the  
Application of the aforesaid corporation.*

**In Testimony Whereof,** *I hereto set my hand and cause to  
be affixed the Great Seal of the State of Illinois,  
at the City of Springfield, this 10TH  
day of MARCH A.D. 1992 and  
of the Independence of the United States  
the two hundred and 16TH.*



*George H. Ryan*  
SECRETARY OF STATE

## ARTICLES OF INCORPORATION

(Do Not Write in This Space)

## SUBMIT IN DUPLICATE

Payment must be made by Certified Check, Cashier's Check, Illinois Attorney's Check, Illinois C.P.A.'s Check or Money Order, payable to "Secretary of State."  
**DO NOT SEND CASH!**

Date

3-10-92

Filing Fee

\$50

Approved

TO: GEORGE H. RYAN, Secretary of State

Pursuant to the provisions of "The General Not For Profit Corporation Act of 1986", the undersigned incorporator(s) hereby adopt the following Articles of Incorporation.

Article 1. The name of the corporation is: Illinois Assistive Technology Project

Article 2. The name and address of the initial registered agent and registered office are:

Registered Agent	<u>Loretta</u>	<u>Ann</u>	<u>Johnson</u>
	First Name	Middle Name	Last Name
Registered Office	<u>411 East Adams</u>		
	Number	Street	(Do Not Use P.O. Box)
	<u>Springfield,</u>	<u>IL 62701-1404</u>	<u>Sangamon</u>
	City	Zip Code	County

Article 3. The first Board of Directors shall be three (3) in number, their names and addresses being as follows:  
(Not less than three)

Director's Names	Number	Street	Address City	State
Brenda Yarnell	308	Middleburg	Sherman	IL 62684
Harold Berjohn	2822	West Sheffield Dr.	Peoria	IL 61604
Robin Jones	107	Harrison, #2	Oak Park	IL 60304

Article 4. The purposes for which the corporation is organized are:  
See Attached Exhibit I

Is this corporation a Condominium Association as established under the Condominium Property Act?  
☐ Yes ☒ No (Check one)

Is this corporation a Cooperative Housing Corporation as defined in Section 216 of the Internal Revenue Code of 1954?  
☐ Yes ☒ No (Check one)

Is this a Homeowner's Association which administers a common-interest community as defined in subsection (c) of Section 9-102 of the code of Civil Procedure?  
☐ Yes ☒ No

Article 5. Other provisions (please use separate page):

ILLINOIS ASSISTIVE TECHNOLOGY PROJECT

411 East Adams

Springfield, IL 62701-1404

(217)522-7985

EXHIBIT I, ATTACHED TO ARTICLES OF INCORPORATION

Article 4.

The purposes for which the corporation is organized are:

to provide assistance to persons with disabilities by coordinating and expanding existing public and private sector resources to promote a more consumer responsive, comprehensive, accessible system of assistive technology service delivery to persons of all ages with all types of disabilities. These purposes shall be exclusively charitable, scientific or educational within the meaning of section 501(c)(3) of the internal Revenue Code of 1986, as amended, and in furtherance of these purposes, the corporation may:

a. own, lease, mortgage, sell and otherwise deal with all property, real and personal, to be used in furtherance of these purposes.

b. contract with other organizations for profit and not for profit, with individuals, and with governmental agencies in furtherance of these purposes.

c. otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, as amended, in the course of which operation:

i) no part of the net earnings of the corporation shall inure to the benefits of, or be distributable to, its members, trustees, officers, or other persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein;

ii) no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in any political campaign on behalf of any candidate for public office except as authorized under the Internal Revenue Code;

iii) notwithstanding any other provisions of this certificate of incorporation, the corporation shall not carry on any other

activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, as amended (or the corresponding provision of any future United States Internal Revenue Law.

iv) upon the dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all the liabilities of the corporation, dispose of all the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under section 501 (c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Circuit Court of the County in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.