

COMMUNITY RELATIONS IMPLICATIONS IN THE USE OF PUBLIC FUNDS BY SECTARIAN AGENCIES*

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SECTARIAN social agencies in the United States have developed, since the founding of the republic, to meet special group needs for which governmental services were lacking. For many years, the activities of sectarian agencies were planned and organized independent of government control, except for such general matters as tax exemption and chartering. In recent decades sectarian agencies, in common with all voluntary agencies, have turned to governmental authorities for reimbursement or grants to finance a segment of the agency program.

This trend has not only continued but accelerated. Today, the activities of voluntary welfare agencies and government are inextricably intertwined, as regards program as well as fiscal relationships. The result is that sectarian agencies need to take a fresh look at their relationships to government and the general community. The fiscal in-

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terrelationships provide a central point of attack for such a review.

The term "public fund" is generally understood to mean government. However, in planning this session, the program committee had in mind a broader definition, appropriate for a discussion by sectarian agencies. This paper therefore uses the term to encompass funds provided by community chests, unions and insurances as well as by government. The common element in all of these sources is that *they derive from a public which is broader than the Jewish community*. What we wish to explore are the possible implications and consequences of a decision by a sectarian agency—sponsored by and responsible to the Jewish community—to obtain a substantial portion of its financing from the wider community.

Our primary focus is on the *community relations* implications of this situation. By this we mean, to one degree or another, the implications for our position as a minority group within American society—our status, rights and obligations.

Since this is an introductory statement, however, it may be helpful to set forth a variety of issues and questions that emerge from the multiple sources of financing which we are considering.

Community relations problems are undoubtedly involved. But there are other questions as well, which have to do with internal problems of Jewish community organization and administrative policy. Whether the key issues here are "internal" to Jewish community planning or "external" in relationship to the general community may very well be one of the major questions to be resolved in analyzing our problem.

Governmental Income

There is hardly a social agency today, Jewish or non-Jewish, which operates in the simple fiscal framework of its origin. The pressures of the last 20 years have forced each agency to search eagerly for as many sources of income as possible. The violent swings from depression to war to post-war expansion have been more than private philanthropy could carry alone. As a result, the traditional support of Jewish agencies, as with other agencies, has been supplemented by government and various forms of insurance. By way of illustration, among Jewish hospitals about eight per cent of total income is derived, on the average, from governmental sources and between 40 and 60 per cent from Blue Cross and group insurance. Some children's agencies, especially along the eastern seaboard, receive as much as 50 per cent of their income from local government. Vocational agencies have initiated many new services through contracts with state vocational rehabilitation agencies. Homes for the aged are in a sound financial position only because a majority of their residents are supported by old age assistance. In New York and California, family agencies secure contracts from state youth commissions for the support of special services.

Government support has become a major financial resource for many agencies. From the standpoint of community

relations and policy, this development may be of utmost significance.

Many of us still have the impression that public support is designed mainly to meet the relief needs of Jewish families through public assistance. This is true only in part and is diminishing in importance as the years go by. Medical services are now paid for on behalf of many persons who are self-supporting except for extraordinary medical needs. Mental health and psychiatric services are often paid for without regard to income. It is fair to say that, theoretically, government reimbursement is a reality for the bulk of the moderate and low income families our agencies serve.

The income from government takes three forms:

1. Purchase of service.
2. Support of special demonstration projects.
3. Contributions to capital construction.

Purchase of Service

Hospitals, homes for the aged and children's agencies are the main beneficiaries of government purchase of service. In homes for the aged the amount paid by a governmental agency may range from \$50 a month through old age assistance to as much as \$150 or \$175 a month paid for special nursing care through the medical program of the old age assistance agency. Hospitals may be reimbursed for the in-patient care of medically indigent patients at rates ranging from \$6.00 to \$18.00 for each day's care.

Homes and hospitals have been in the forefront of the struggle to increase the rate of reimbursement for indigent clients and to expand the definition of indigency. The success of this campaign has often spelled the difference between a "break-even" operation and deficit

operation year after year. The rallying point of most voluntary agencies has been to raise reimbursement until it equals at least the total actual cost of care. Where this has been achieved, in states like Connecticut, hospitals need never run a deficit and homes for the aged may have neatly balanced budgets.

This development has obviously brought many benefits. It has certainly lightened the financial burden for some agencies. For others it has made possible an adaptation to new needs.

Our purpose, however, is to dwell on the problems, not on the obvious attractions of escaping from the need to raise funds through private philanthropic appeals.

One immediate problem is that the governmental agency granting the funds must intervene at some point about the policies of the agency from which it purchases service. Introduction of a new policy-making influence may take place so slowly as to be imperceptible—yet it is inevitable. A public agency that purchases service must make certain that the service is of proper standard. Fortunately, the Jewish agencies have tended to take the lead in seeking to raise standards, but this is neither inevitably nor permanently to be relied upon.

Of more direct significance for the Jewish community is the public agency's necessary concern with coverage of service for a total community. The governmental agency, unlike the voluntary, cannot control its intake within legal eligibility limits. It is obligated to provide care for all those who are covered by the law. If a governmental agency is under severe pressure to provide, for example, for large numbers of emotionally disturbed children, it is naturally impelled to use all resources regardless of sectarian eligibility guides. This poses for the Jewish community the

question of whether to relax a sectarian policy. This is not academic. In practice today a number of sectarian agencies are reviewing their eligibility policies to meet this development.

Another problem—or set of problems—involves the search for clarity as to the relative functions of public and voluntary agencies—and the distinctive function of the Jewish sectarian agencies.

The traditional claims of the voluntary agencies have been that they are more flexible than government, that they set standards, they experiment and demonstrate new services. What becomes of these claims when we find voluntary agencies dependent on tax income to improve quality or to launch experiments and research projects. In several fields the government has already become the primary agency stimulating and paying for experimentation and research. *The rationale for maintaining a voluntary service loses a good deal of its force if it operates as a conduit for governmental service and financing.* At some point, the question must arise whether and in what way this indirect service should give way to direct service by government through public institutions.

An example can again be drawn from the children's field. There is, as we know, a great shortage of residential treatment facilities for disturbed children. A number of private institutions are being built and at the same time a number of public residential treatment institutions are being constructed. What do we think should govern the future relationship between these institutions under different auspices? This is especially significant when we recall that hitherto psychiatric treatment services under non-sectarian auspices have been widely used by members of the Jewish community. Today we can justify sec-

tarian services because of the shortage in new facilities. For the long view, do we support parallel services or not? If we support parallel services, how much of our own program should be paid for by government which is also operating its own institutions? Does our planning for unmet needs envisage forethought and early agreement about disposition of our limited resources? Or is it based on competition to launch a new program?

This has also become a problem in the health field. Some cities with sufficient city hospital beds refuse to pay any reimbursement for city cases treated in private hospitals. The result has been that some private hospitals have nearly discontinued giving free care. This may be compatible with a new concept of philanthropic responsibility but have we considered whether the remaining responsibilities are clearly defined? Carried to an extreme, voluntary hospitals might treat only those patients who are insured or can pay their own way. Will this affect their tax exempt status as charitable or educational institutions?

In a completely different area there remain certain difficulties about the accountability of voluntary agencies. So long as funds are provided by a small and closely knit group, public accountability is fairly easy. When these funds are substantially supplemented by governmental and community chest sources, our agencies must be prepared to account for their expenditures to these broader bodies. The standards will certainly vary. Are we prepared to welcome the open and sometimes close scrutiny of our operations which this implies? Are we ready to test our plans with diverse groups representing a broader public than our own; and have our results tested by them as well? If our plans are sound this can be welcomed, but at a price measured in time, delay and possible clash of values.

These questions, and others, arise because of the new period in which we are operating. Twenty years ago the major new planning emphasis in social work was the construction of governmentally operated programs. These are now accepted and we are attempting to define new relationships between these organizations and our own. Many people today seem to be saying: "Let us have a standstill. Let us retain the services we now have. Let government buy new services from us. Let us call a halt to further building of governmental services." We need ask ourselves whether this represents our considered thinking.

Support of Special Demonstration Projects

Another important area of governmental support is that of special demonstrations and experiments. There is a long tradition of governmental support for research by private hospitals and universities. More recently there has been a rapid acceleration of support in welfare areas. The Department of Health, Education and Welfare is making substantial grants for research and demonstration in vocational education through vocational agencies and workshops. State youth boards in New York and California support experimental efforts to combat juvenile delinquency and meet the needs of youth. The Federal Congress is considering legislation to authorize substantial grants through the Social Security Administration for research in problems of social and personal adjustment.

Many of the previous comments on purchase of service apply to the demonstration projects as well. Here we find governmental financing in the area of pioneering, traditionally assigned to the voluntary field. True, the experimental operations may still be conducted by private agencies. However, government must set priorities and goals, since it

must decide where to make contributions. In time, the value of the findings must be assessed and evaluated. At best this means that forward planning must now be shared on a new basis of equality between private and governmental organizations.

This new stimulation to research by government calls for careful assessment of voluntary community goals. For example, in the field of chronic illness, the federal government makes available substantial sums for the construction of buildings and for the development of special programs. A number of Jewish institutions have become interested. Which came first? Did interest of the Jewish community—together with the interest of other groups—lead to the federal program? Or did the federal program stimulate the interest of Jewish agencies?

Capital Funds

The significance of our problem is also clear in the case of new building construction.

The Hill-Burton Act made available many millions of federal tax dollars for the construction of voluntary hospital facilities. Ease in construction of facilities brings one inevitable consequence—a continuous operating cost in the future. Does our community planning take into adequate account the capacity of the Jewish community to support the annual operating cost of a vastly expanded institutional program? Have we evaluated the implications for increased sectarian fund raising? If we rely on Community Chests for operating income have we assessed the differential demands for limited Chest funds?

In all of this, we need to face the issue of opportunism. We need to examine whether—and to what extent—programs are being determined by the availability of earmarked governmental funds

—for mental health, or rehabilitation, for example—regardless of whether the central purpose and function of the agency is truly compatible with that service. One aspect is illustrated in New York State where a mental health services law provides large sums of money for the strengthening of community services in that field. Private family agencies have engaged in discussion about their eligibility. Some argue that family services are preventive mental hygiene. Some argue that only psychiatric services are authorized. Still others claim that the intent of the law is to develop new services. Under the pressure of trying to find the additional funds which they need, it may be difficult for the agencies to think through and develop the most constructive manner of working with these new governmental programs.

Before we leave the question of governmental financing, let us take note of one area in which community relations issues may be most clearly reflected. Under the Hill-Burton Act, capital grants were made initially to institutions with completely open and non-sectarian intake policies. In the last year or two there has been a tendency to re-examine and re-define the concept of open intake. There is a greater readiness to consider grants to completely sectarian institutions provided the distribution of services in any one community is not unbalanced thereby or provided the grant helps correct a maldistribution of services in a community. The whole vexing and unresolved issue of church and state is inevitably conjured up. As citizens and as social workers, as well as Jews and Jewish social workers, what is our position on this matter? From a community relations point of view, if our social work exigencies force us to seek governmental support we must at the same time be prepared to examine the implications of extending such support

to agencies with sectarian intake, a term which can be applied to most voluntary agencies.

Prepayment and Insurance

There is time for only a few words about this significant development which has arisen mainly in the field of health. Blue Cross, group hospital insurance and Union welfare plans have one thing in common. They represent effective groupings of private consumers to secure needed services. This is to be welcomed but we must recognize that each insurance grouping represents an articulate focusing of special interests and special points of view. These consumers no longer represent scattered contributors who may complain or not. A Blue Cross association or a Union welfare association is in a position to make special requests for services since it controls a large consumer demand. In some ways this may ease the planning problem of large agencies, but it also places a special burden upon them.

The major concern for Jewish agencies is how to weave the needs of these special groups into agency plans to meet Jewish community needs. This takes on a special significance since these special groupings are usually non-sectarian and seek to contract for all their membership. It is not unlikely that, to the extent Jewish agencies develop contracts with these groups, to that extent the pressure to extend services to the general community will be increased. This has been a factor in the hospital field but several states now have experimental insurance coverage for the chronically ill which may well extend to Jewish institutions for the aged and chronic sick.

Community Chests

The pattern of chest support varies from city to city, but family, child and

recreation agencies are the major chest beneficiaries under Jewish auspices. The widespread participation of Jewish agencies in community chests tokens their integration in the general community and the acceptance of the concept of federated financing. Today, a few problems can be identified which, while they do not challenge this pattern, may subject it to new strains.

Chest income has risen but slowly. With the addition of new beneficiaries in United Funds there has been a sharpening of competition for available funds. Jewish communities for many reasons may require more funds, proportionate to population than their non-sectarian counterparts. Since Jewish agencies are small, their unit costs may be high. There have been some scattered indications that our sister agencies are not altogether pleased with what appears to them to be the relatively advantageous financial situation of some Jewish agencies. Many of the questions raised by Mr. Sobeloff in his opening paper are pertinent here, and there is no need to repeat them—but to remind ourselves that they belong within the framework of our problem. The particular community relations facets are (1) the implications of growing disparities between levels of service in Jewish agencies and others; and (2) our point of view on general community priorities, especially in meeting the needs of racial minorities and other underprivileged areas and groups.

The tendency toward supplementation by welfare funds of chest grants has emerged increasingly in the past decade as an answer to this dilemma. The tendency has been understandable because of the growing demands of the Jewish agencies, as against the inability of the chests to meet the demands; or the reluctance of the Jewish community to widen the disparities we have been dis-

THE USE OF PUBLIC FUNDS BY SECTARIAN AGENCIES

cussing by asking for more and larger chest allocations.

Although the reasons are easy to understand, it is perfectly clear that supplementation has many weaknesses—both in principle and in practice—and that it cannot have the real acceptance of the general community planning and financing agencies. It tends to undermine the integrity of overall community planning. We must anticipate that at some point questions will be raised as to whether a given service should be totally in the chest or totally in the welfare fund. The implications of

supplementation have not really been thought through.

There seems to be no denying the fact that multiple sources of financing—from government, chest, private groups and Jewish community—must necessarily complicate the definition of function of the Jewish sectarian agency as well as the planning processes within the Jewish community. It is certainly time to apply logic, principle, community organization concepts and skills—as well as a sense of community relations—in a thoroughgoing review of this entire situation.