

PAYMENTS FOR SERVICE TO JEWISH COMMUNAL AGENCIES*

by WILLIAM AVRUNIN

*Jewish Welfare Federation of Detroit
Detroit, Michigan*

THIS paper deals with money, a subject which many people, including social workers, have difficulty discussing objectively and rationally. It deals with money—and with communal services. It considers them together as they must be linked by the people who come to us for help.

Are people ready to pay for Jewish communal services? How much are they expected to pay? Does the amount of their payments depend on their ability to pay or does it depend on the cost of the service? Whether he be a member, a client, a resident, a pupil or a patient, there is no generally accepted standard to determine how much a service should cost the consumer.

The price of most personal services in our society is determined primarily, (1) by the cost to the seller of making them available, and (2) by their dollar value to the buyer or consumer—what he is able and willing to pay. This is true of haircuts, taxicabs, appendectomies, or psychoanalysis.

The price paid for services under communal auspices is affected by these two factors—cost and the value to the consumer—only secondarily.

Payments Up to 100%

Payments by people who use agency services range from nothing to 100% or more of the cost. Taking the average national experience we find that recipients of service or their families pay 65% to 100% of the cost in some programs—specifically at day camps, in acute general hospitals, overnight camps, and homes for aged.

This national picture of service income is true for Detroit and is representative of the picture in most cities.

Payments for camps—city and country—are made directly by parents from their own financial resources. In paying for service in homes or hospitals the patient has a partner or “third party.” One-half of the money paid by the residents of a Home comes to them from public or government sources such as Old Age Assistance or Old Age and Survivors Insurance.¹ More than 55% of the payments to hospitals by patients is provided by insurance plans such as Blue Cross. Having a “third party” partner increases the residents’ or patients’ ability to pay. In the case of the resident of a Home, he would receive all or most of his income from public funds

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¹ 1957 Yearbook of Jewish Social Services, Council of Jewish Federations and Welfare Funds.

whether he lived in the Home or not. In the case of a hospital patient he has increased his resources by prepayment. In both cases, resources have been developed with substantial regard for the actual cost.

The four services in this category are available under private commercial auspices such as proprietary hospitals, nursing and convalescent homes, and private camps. The charges for the same type of services, often of higher quality in communal agencies, are comparable with the charges under commercial auspices.

A distinguishing common feature of this group of services is that the agencies have established fees which meet 100% of the cost. Of the whole range of communal services, *only* those in this category of highest self-support make it a practice to request fees which are based on *full cost*. Request for full payment is not a guarantee of full payment, but obviously where there is a failure to request full payment this is a guarantee—that it will not be forthcoming.

Does this mean that people who cannot afford the full fee for camping, hospital care, or institutional care of the aged are denied these services? By and large in homes for aged and in camps, if there is preferential treatment at all it is for those applicants who cannot afford to pay. Regardless of economic category the services given to the resident or camper is identical. Only in hospitals are patients segregated according to level of payment into private, semi-private, and ward or staff beds, but even here while there may be a difference in social prestige there is not necessarily a difference in the quality of medical care. As far as priority for admission is concerned, taking the experience of Sinai Hospital of Detroit as an example, it is easier to get a staff bed than a private room.

There are differences in fees for

these four services community by community, but with some rare exceptions there is a consistently high level of payments in relation to cost.² Fees for day camps, for example, run from under \$4 weekly in some communities to over \$16 in others. The large majority (65%) of the camps charge over \$10 a week. The overwhelming majority (92%) of the camps get more than 70% of their income from fees and a similar distribution is found in homes for aged, and in Jewish hospitals.

In all four of these program areas there has been a marked increase in payments for service year after year which more than keeps pace with rising costs generally and costs of services particularly.

Centers and Schools

A second group of services receive an average of between 40% and 50% of their income from payments by the people served. They include Jewish Community Centers, and Jewish schools and the two Psychiatric Hospitals under Jewish auspices.³

Centers and Jewish schools are generally regarded as the community's informal and formal educational and cultural institutions. The standard rate for both tuition and membership in schools and Centers is generally established below the full cost. In fact it is unrelated to cost. It is related rather to estimates of what pupils and members or their families will pay.

School and Center policies operate to provide services for all who seek them regardless of ability to pay. Students and members who receive scholarships have the benefit of precisely the same services as those who pay the full fee. Although the fees are modest in rela-

² JWB Yearbook 1955-56.

³ Tuition Fees in Weekday Afternoon Schools, American Association for Jewish Education, May, 1952.

tion to cost, schools and Centers are more apt to make allowances for lack of readiness to pay than camps, hospitals or Homes. A Home is more likely to insist on full payment if the ability to pay is evident. This is also true of camps and of hospitals. Schools and Centers, however, are more inclined to accept reduced payments even from those who could pay the full fee if they chose to do so. The explanation is often made that it is "unfair to deny the child an opportunity because of the parents' attitude."

It might be said in the language of the commercial world, that camps, hospitals and Homes operate in a "seller's market" and that schools and Centers operate in a "buyer's market" and are ready to make flexible adjustments to keep their customers.

Jewish schools are organized in such a wide variety of forms and have such varied policies that averages tend to be less meaningful. This is so, in part, because statistics are loosely maintained and partly because of the wide variance in educational and fiscal policy under congregational, fraternal, organizational and communal auspices. In Detroit our communal school system with almost 2700 pupils meets 50% of its costs from tuition income. In some communities there is still resistance to any payment whatsoever on the philosophical ground that "education is a communal responsibility."

In Jewish schools payments are all for a single category of service, the regular classroom program. In Centers there are separate parts of a multiple program. Health clubs are generally self-supporting or income producing. Membership income can be further subdivided into dues payments, and charges for activity programs. Of the 46% average secured by Centers from membership income, two-thirds comes from the activities programs such as art, bridge and dance

classes. Such activities are generally self-supporting except for overhead.

Peripheral programs of the Center—day camp, health club, specialized activities—are self-supporting to a much higher degree than the basic club or group work program.

There has been a steady rise in Center income from member payments in the last six years. Center total expenditures have risen dramatically in these six years and member payments have risen even faster (by 6%).

Membership fees show a wide variation starting with zero or free memberships for welfare fund contributors in some small communities. Income from membership is a higher portion of costs—about 10% higher—in Centers with new buildings. Membership dues represent a larger proportion of the budget of Centers in small communities than in metropolitan cities.

In day camps \$10 for one week is a common charge. In most Centers \$10 would easily pay the *annual* membership fee for a Junior or Intermediate child.

Lowest Service Income

A third group of services arranged by client income level includes⁴ child care, family care, and vocational counseling. The income from client payments for these services, taking the national averages, is less than⁵ 15% of the cost of the service.

The Family Service Association reports that of 163 family agencies which

⁴ Child care services might be regarded as belonging in group two with 40% to 50% of budgetary income from services since in addition to direct client payments almost 30% of the income is from public funds. This income is paid directly to the agency and would not be available to the client if he did not use the service of the agency. The significant public welfare income is confined to 4 cities, New York, Los Angeles, Philadelphia and San Francisco.

⁵ CJFWF and Jewish Occupational Council.

charge fees, one-half have an income from this source of 1% or less of their total budget and the range is .6% to 20% of total budget.

Child care is at the top of this group in percentage of service income. Client payments for family service and for vocational counseling is less than 5% of cost. In the vocational services this low proportion of income prevails even when the career and vocational counseling costs and income are isolated out of the total budget of the agency.

The range of income from client payments is relatively narrow in the family service field, not exceeding 10% of budget in any agency. In vocational counseling where services were traditionally free, there are some dramatic changes taking place in large cities. In New York the maximum fee for counseling service was raised to \$55 in 1957. In Cleveland the maximum is \$35; in Chicago, \$30 with increasing numbers paying some fee in all these cities and others.

This group of services—child care, family counseling, vocational guidance—are all available under private professional auspices. The fees by private practitioners are in excess of cost and are markedly in excess of fee charges by agencies.

These are services which require the most highly developed professional skills in social work. They are also the least expensive for the recipient of the service.

Generally speaking, in spite of many overtures to clientele in the middle class and high economic category, the clients of this group of services are regarded as indigent as far as payment for service is concerned. Of those who can pay many often look for help outside of communal agencies. It is difficult to determine whether this choice is related to different levels in quality of service or of social prestige.

While fee charging for family and

child care service has been discussed at professional conferences for more than a quarter century and there has been increasing interest in the subject, the increase in agency income from this source has been barely discernable over the years.

Change in Jewish Community

Consideration of fee policies of agencies has sometimes focused on fees as a resource for increasing the income of the agency, and sometimes as an aid in attracting the higher income groups. While both of these approaches have validity, they can be included in a more general sociological approach which recognizes the middle class character of the Jewish community of today, and the change that this is likely to make in attitudes towards communal service. Social work as an instrument of the rich who wanted to "do something for the indigent" is gradually being moved into the historical past. In the general community, and in a more pronounced way in the Jewish community, we are developing local communal services in which the donor group and the recipient group overlap markedly. They are, in many instances, the same people.

If we had a perfect voluntary society, everybody would contribute what he could afford to the support of communal services and in turn everyone would use whatever services he needs. We would have no concern with fees. For the time being, at least, and for the foreseeable future, we are dealing with a society which is identifiable by its imperfections. We can adjust to its middle class character in our day only by a combination of two approaches; increasing the participation of a wider and wider group of contributors and making it possible for people to pay for services—both in relation to their resources.

Some 30% of the Jewish households in the Detroit area have an income of

over \$10,000 a year. Approximately the same distribution of income is found in most cities of comparable size. Are 30% of our clients and members from this income group?⁶

Where the standard fee is based on full cost, a larger proportion of the middle class Jewish population is served.⁷ This is certainly true for camps, homes for aged and hospitals. Agencies which charge a very small proportion of cost—casework agencies and the vocational service agencies—do not attract higher income groups to their clientele so readily. We might examine whether the higher fees in these agencies at the top of the service income scale are the *result* rather than the stimulus for requests for service from the middle class segment of the population. Certainly our literature is full of claims that people in the middle economic group could use casework and group work services. Their expressed need for casework services encouraged the development of the private practitioner in counseling. We must assume that the higher economic group in the population uses communal services more readily when it is expected to pay fees approximating the full cost of this service.

It requires our ingenuity to make our service available to a Jewish population which includes large numbers of the economically self-sufficient without making this service less available to others. One of the obstacles is the suspicion that the impetus for higher client income is stimulated by the ulterior motives of "fund-raisers and budgeters." In this regard I quote a letter from an agency executive who says, "... this is the same problem with a different dress from the one that currently could have a similar detrimental effect. I refer to the fact

that Federations have, and rightly so, raised questions about production. If an administrator is insecure he can construe this as pressure on him and begin to press his staff for greater production without any real concern for what will happen to clients. If he is secure he will take the question for what it is worth and help the staff review practice to see the degree to which the question is valid. In brief then, on the matter of fees, if the administrator of the agency is clear that he is there to serve a client community and not to make money, I do not think the staff will lose their professional identity or objectives."

Budgetary Obstacles

The factor of ingenuity cannot be overstressed. It was obvious in examining the Jewish Vocational Service in Detroit that there was a need for increased career counseling services but over a period of time our budget committee could not finance the increased cost of such service. In the course of its presentations the agency emphasized the fact that much of the need for this service comes from middle class families. Their sons and daughters need help in making decisions about college aptitude and in choosing careers. After considering the problem administratively, Federation and JVS staff finally came up with a proposal that would use half of the service of an additional staff member exclusively for clients who would pay a fee approximating the full cost. On this partnership basis the budget committee approved the expanded program and made funds available.

The same kind of thinking can apply to family service. There may be budgetary reasons why family agencies do not expand their family counseling service. There is no such reason why a family agency cannot develop a program to expand its family counseling service to those who can pay the full cost or a

⁶ Detroit Area Study, University of Michigan.

⁷ A Sensible Approach to a Community Fee Policy, Blanche Bernstein, p. 88.

fee approximating the full cost of this service. Such expansion would not deny service to the indigent. It would be paid for by the client or the family of the client. In fact it would conserve philanthropic funds for those least able to pay.⁸ Yet there is no concerted spring-into-action for the creation of this kind of a service in family agencies.

What are the factors which generally determine the rate charged for service? One of the factors obviously is that agencies are more prone to charge the full cost or at least to ask the full cost for services that are available commercially elsewhere and have a going rate. Many of you must have had the same experiences as I have had seeing scholarship members of Centers pay the going rate for bowling or pool in the Center though their families persumably could not afford a Center membership. However, the going rate for counseling under private profit-making auspices has not appreciably affected the fee policies of the non-profit agency counseling services.

Another factor which is considered in determining agency fees is cost. This is sometimes discarded as *too realistic* and there is resistance to the determination of cost as if this were a retrogressive social process. Nevertheless, cost can be a constructive factor in determining charges by the agency as well as in determining payment by the client. Regardless of the agency fee scale, it should be helpful to the recipient of service to know what the cost of that service is in determining how much he wants to pay. We live in a society in which values are translated into dollars. There is resistance to confronting the client with cost because supposedly it ends to "pauperize" him if he pays less than the cost. Still all of us know families in upper economic groups who send their children to col-

lege at considerably less tuition than the actual cost. In many instances these are privately endowed colleges. The pauperization charge lacks realistic support in our society. In fact, knowing the full cost often enhances the value of an item or a service even for those who don't pay it.

Tradition is a factor in determining the rate of payment for service. It is obvious that most social services were available free at one time and it can be assumed that there would be a social lag in the transition from free services to full-pay services even by the people who can afford the full charge. This social lag is reinforced by attitudes of administration and board of agencies who cannot shake themselves entirely loose of the "do-goodness" approach to their clients.

Fee Sets Value

A constructive attitude toward fee charging might be to regard the established fee as the estimated value of the service by the administration and by the recipient—with recognition that actual payment may often be less.

I cite two Detroit illustrations which reflect the possibilities for change when attitudes are changed. One of these is in the field of Jewish education. Our communal Hebrew school, some years ago, boldly established a full tuition rate of \$120 a year for a ten-month period of classes. This rate was subsequently raised to \$125. It was a bold step faced with considerable trepidation in a field in which there had been some argument as to whether fees should be charged at all. The experience was so encouraging that the administration of the school and the budget committee began to discuss the possibility of reviewing the full cost of schooling with the families of students asking those who could do so to assume responsibility for the full cost. In 1955 there were

2268 students in the school, none of them paying the publicly announced full cost. In 1956 there were 2451 students, 35 paying the full cost. In 1957 there were 2657 students in the school, 72 of whom paid the full cost of \$175 a year. In these same years the number of students paying the regular rate of \$125 was increased. I should mention that the number of free students also increased from 152 to 164 in the three-year period. In a school with this kind of a policy the budget in a six-year period grew from \$203,000 to \$485,000 and the income from pupil payments grew from 29% to 50% of total budget.

Our community camping agency is having a similar experience. Its strong tradition of serving the poor is subtly expressed in its name, the Fresh Air Society. A number of years ago, after some very painful soul-searching, the Society decided to make known the full cost of caring for a child for a three-week camp period and of setting a fee at this cost, concerned meanwhile that no one would be denied camp who could not pay the fee. The acceptance of this plan was followed by establishing an additional category of voluntary payment \$25 higher, and later \$35 higher, than the full cost. In the first year in which such a cost plus fee was available, 130 families voluntarily agreed to pay it. The proportion of full fee families has remained fairly constant. The Camp has never been able to accommodate all applicants even though it has a capacity of almost 1300 campers. In 1957 it was able to accommodate all of the camper-ship, or reduced rate applicants because its budget would permit it to do so for the first time even though it had to reject a number of applicants for the full fee and full-plus fee.

An interesting change seems to be taking place in the philosophy of the Fresh Air Society. It always included an articulate number of board members

who wanted to be sure that the poor were taken care of first. It now has an articulate number who want to be sure that the poor have an opportunity to go to Camp in a group which reflects the different economic levels of our society. The agency's board minutes only a month ago reported the conclusion that "need is social as well as economic."

Quality of Service

It is difficult to prove that the charging of fees approximating cost has an effect on the quality of service of agencies, although one would be led to assume that such effect is inevitable in our society with money such an important measure of value. Everything else assumed equal, a client's incentive to make the most of a service would be stimulated by the necessity for paying for that service, and a worker's incentive to sharpen his skills might be stimulated by his awareness of the client's payments. And, it might be added, a community agency's incentive to provide high-level service might be stimulated by the fact that people are paying for this service. Psychologically, in the opinion of many, a service that does not cost anything cannot be worth much. Since this estimate applies to so many other elements of our society it may be a rationalization that it does not apply where communal services are concerned. It is no accident that the Arthur Lehman Counseling Service, which charges substantial fees for counseling, employs only the most experienced and skilled staff. The director explains that the reason for hiring people on this level is twofold: "first, because we want them to participate in answering certain professional questions—to do so validly requires experienced staff. Secondly, I see no reason why the clients coming to a social agency will feel any differently than if they seek any other type

⁸ A Sensible Approach to a Community Fee Policy, Blanche Bernstein, p. 88.

of help. If you pay a fee which represents the cost of this service you expect to get experienced help."

It is of interest to note in this connection that social workers who could easily be referring their friends to counseling agencies where the cost would be lower are among the important sources of referral for the Arthur Lehman Counseling Service. The Service has ascertained that often the referral sources choose the agency because they want their friend or relative to see a really skilled person.⁹

The Family Service Association reporting on a poll of the fee charging experience of fourteen agencies includes the following general observations: (1) Fee-charging makes for a wider range of clients including more from the middle and higher income brackets; (2) Fees do not deter clients from using the agency; (3) Both client and caseworker make better use of their time together; (4) The status and prestige of the agency is increased.

And now, in summary:

(1) It is virtually impossible to develop a rational explanation for the wide variation in payments for service within particular fields or among the different fields. There is no direct relationship between the level of payments and such factors as cost of making the service available, the cost of the service under private commercial auspices, the city in which the agency is located, the profes-

sional training required to provide the service, the importance of the service to the recipients.

(2) A major factor appears to be the attitude of the agency administration, board and staff, toward placing a money value on the service for those who use it. Where there is a reluctance to charge there is little payment. Where there is a readiness to charge those who can afford to pay, payments more nearly approximate costs and the services are used more widely by all income groups.

(3) There are three major factors which can be useful in establishing fees for services: cost to the agency, client income and the development of a scale which can be used mutually by the client and the agency in relating income to cost in determining the fee.

(4) The establishment of a reasonable fee scale will serve to make both the rich and the poor and the great middle group, in between—more comfortable in seeking out and using communal services.

(5) Payment for service which takes into account client income and agency cost releases funds for increased services to those who cannot afford to pay. It enhances the value of the program and tends to improve the quality of service for all. It helps convert the agency from an instrument for the poor to one which offers services for those in need of service.

In this context the entire question of fees for communal service is related secondarily to budget and primarily to people, their needs and the changing conditions under which they live.

⁹ A New Look at Fee Charging, Ruth Fizdale, Social Case Work, February, 1957.