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ABSTRACT

This student's manual comprises part of one module in the National Training and Development Service Urban Management Curriculum Development Project. This module focuses on the middle-level line manager working in state or local government. The module provides graduate, undergraduate, and in-service students with a means for exploring questions of generic importance to middle-level managers in the public sector and provides practice in developing answers to those questions. This is accomplished through the presentation of eight series of decision making cases. The cases are included in this manual. Guidance for analyzing the cases and evaluating alternative courses of action is supplied in the instructor's manual. (MK)

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CASES ON
THE MIDDLE-LEVEL LINE MANAGER

STUDENT MANUAL

Developed by

THE SCHOOL OF MANAGEMENT
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Package IV

UDO 20803

STUDENT MANUAL
CASES ON
THE MIDDLE-LEVEL LINE MANAGER

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INTRODUCTORY MATERIAL

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INTRODUCTORY MATERIAL

Objectives of the Module

Perhaps more than anyone else in state and local government, it is the middle-level line manager who bears responsibility for the day-to-day effectiveness and efficiency with which government services are delivered. Positioned frequently at the interface between appointed officials and career civil servants, supervising small departments or subunits within departments, he or she must manage the ongoing operations of his or her agency as well as translate into action both the program initiatives mandated by various legislative bodies and the policy re-directions ordered by top-level agency management. The attitudes and skills that these managers bring to their jobs, therefore, will influence profoundly an agency's capability and willingness to examine and improve current programs and procedures and to respond quickly to new demands.

Despite the complexity of the middle manager's task, the assumption underlying this teaching module is that classroom experience can offer a significant "leg up" for students who expect to work in such positions. The purpose of the module is to provide a means for focussing (in graduate, undergraduate, and in-service classrooms) on the tasks of the middle-level line manager in state and local public sector settings. The module does not attempt to develop precise and sweeping answers to the complex, rich, and diverse problems, challenges, and pitfalls that confront such managers. It is intended, rather, to illuminate and explore some of the questions that are of generic importance to men and women occupying or about to occupy these positions. Specifically:

- How do I get things done, working with and through the people in my part of the organization as well as with those in the rest of the agency and in its environment?
- How do I identify opportunities for operational improvements?
- How do I set priorities on these opportunities?
- How do I acquire the understanding of organizational procedure and traditions that will enable me to see how my part of the agency really works, to know what the keys are to changing its present operating style and results?
- How do I identify and work with the key people in the organization -- those whose active support or acquiescence is critical to my accomplishing my objectives for operational improvement? And how do I budget my time and efforts so that I become a "manager" not just a fire-fighter; so that I develop a clear and explicit idea of where I want to take my part of the organization over the long run and how I'm going to get it there?

In addition to lifting up these questions, a second objective of the module is to provide practice in developing good answers to them in a variety of specific situations. And, in the process of working with the material, it is expected (and hoped) that you will adopt a particular view of middle management; namely, that it involves much more than presiding over some part of a larger organization; that its opportunities and rewards come from initiating and completing actions that make the agency demonstrably better at delivering its services to the public.

Teaching Material

The material consists of eight separate series of decision-making cases. The first case in each series is included in the Student Manual. The remaining cases will be passed out at suitable times by the instructor. Each series focusses on a particular middle level manager, presents information on the organization of which he or she is part, and describes (or provides information that allows the discovery of) one or more managerial problems or issues facing the middle manager. It will be your task, with help and guidance from the instructor, to probe the evidence in the cases, analyze the problems that it raises, develop and evaluate alternative courses of action that the manager might reasonably undertake, select a course of action, and think through the nature, sequence, and timing of actions necessary to put that course of action into effect.

Case Preparation

Preparing a case involves becoming familiar with the case situation, analyzing it to determine the problems and issues that must be addressed, deciding what action to take on these problems or issues, and developing a plan of action from the point of view of the manager(s) in the case. Each of these steps - familiarity, definition, decision, action, - is discussed below in logical order even though good preparation does not necessarily involve sequential movement from one step to the next.

People have different ways of becoming familiar with a case study quickly and effectively. Each person must develop techniques which are best for him or her. Some people scan the material first to get an overall picture of the story involved, then read the text making notes, and then do calculations. Others, after scanning the text once, examine the exhibits in detail and do elementary numerical analysis, and then proceed to a detailed reading. Some people find it useful to do a quick initial reading of the case and then put it aside for a number of hours or even days before returning to it.

Most people develop some system of note taking which may involve writing directly on the case, or developing different categories of notes on separate papers. Most cases, as do most management situations, present more information than is absolutely necessary for understanding and dealing with the problems. Since time is always limited, it is good to be constantly concerned about distinguishing between relevant and irrelevant information.

Definition refers to the process of determining what problems exist or what issues must be addressed. Problems may be that the agency lacks a coherent purpose, management is weak, the organizational structure is inappropriate, or scheduling is ineffective. Issues represent non-problematic areas where management attention is required such as new program opportunities, new constituent demands, or proposals to introduce automated data processing.

Sometimes problems and issues are stated explicitly in the case, sometimes they lie deeply buried in the unstated implications of case fact and opinion. Usually this process of identifying real problems and issues requires discovering relationships between items of information found at many different points of the case. There will usually be one or two issues that have special importance. However, most cases involve many issues and it is difficult for any one case analysis to be exhaustive.

There are several sources of technique and methodology for analysis. One obvious source is conceptual material introduced verbally or in writing by the instructor. Surprisingly, at times this is not the most important source. Often, the intuitive or systematic approaches taken by a student based on his or her own experience or insight may be the only, or most powerful, tools available.

Decision making -- that is, what to do in principle about the problems and issues -- in the third step in case preparation. The case student will have available a wide variety of tools and approaches to use in arriving at decisions. Some will be quantitative, others qualitative; some structured, others unstructured; some sophisticated, others primitive. The important point is to use a tool or approach that is suitable for the particular situation in the case.

The last step in the case preparation process concerns translating thought into action. This involves the development of a plan of action to implement decisions from the point of view of one or more managers in the case. The components of an action plan will vary from case to case. Usually, however, attention should be given to priorities, long and short term goals, and the administrative implications of each move.

In some situations it is appropriate to develop action plans in detail, including time-frames and the assignment of responsibilities. Often the development of an action plan leads back to more analysis, or more work in understanding the case situation, or changed decision, or all of these.

After all this preparation, what should you bring to class? It is generally useful to have one or two pages of notes to refresh your thinking about your position on the case. Each student ought to be prepared to open class discussion with a five to ten minute presentation of

his or her plan of action and the rationale for it. This is a reasonable target for preparation even if the instructor does not start class by asking for a formal presentation. Most people find they benefit most from class when they have come prepared with a firm position based on careful analysis.

A final comment. The above suggestions should be taken as only one of several possible approaches to case preparation. No one has yet devised a guaranteed method or approach for all people to all cases.

Classroom Participation

The pay-off for your case preparation is classroom participation. If you prepare well, but say nothing, you will have missed the opportunity to enhance your ability to present and justify your positions to others, your ideas will remain untested, and others in the class will receive no benefit from the hard work you have done. On the other hand, remember that you are in class to discuss, not to discourse. Push your ideas and be willing to support them with case evidence. But listen carefully to others and evaluate their positions fairly. Keep an open mind and be willing to change it when new insights and evidence overwhelm your original thinking. And remember, for sheer classroom enjoyment, nothing beats a lively, case discussion carried on by well-prepared students.

CASES

00 10

GERRY CORBETT (A)¹

I really wanted to work at welfare. It was exciting. I had been exposed to enough intelligent people to know that I wouldn't be the lone wolf. Friday, I accepted the job.

Gerry Corbett
Assistant Manager of Finance
New Connaware Department of
Welfare (Dow)²

Gerry Corbett did not relish learning her new job under the direct gaze of the man who had hired her, the New Connaware state Department of Welfare's Finance Manager, Matthew Turner. It was Monday, October 11, 1976, her first day at work as Assistant Manager of Finance, and Corbett did not feel like settling down to work at a table right in Turner's office.

He was used to having new people--when they first started--work at a table in his office. Rob Miller, Manager of the Budget, and Don Dunbar, Manager of Federal Resources, had moved to offices, and I wasn't going to have an office until they got around to reshuffling people again. I was not going to sit in Matt's office. He was constantly on the go, in and out, with his own meetings going on in his office.

If I was going to have any contact with any of my employees at all, I wasn't going to do it in Matt's office at the table. I wasn't going to sit in his office with all the chaos going on around me and try to figure out what my job was. I certainly wasn't going to sit there having him watch me learn by making all my stupid mistakes, which anybody's going to do on the first couple of days on the

¹Names and locations have been disguised.

²New Connaware was a small, but densely populated and heavily industrialized east coast state, noted for its liberal politics and programs. Its capital city was Brewster.

This case was prepared by Delia O'Connor, Research Assistant, under the supervision of Professor John R. Russell of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

job. First, I tried a desk right outside his office, but that was chaotic because of the phones right behind me, so I moved to the next desk, one removed from the phones.

A 1973 Harvard Business School graduate, 28-year-old Gerry Corbett had worked since graduation as an auditor for the public accounting firm of Coopers & Lybrand and, most recently, as Director of Admissions at Hemlock Knoll Junior College in Chestnut Park, New Connaware. She had taken the DoW job because it seemed irresistible. When she arrived for work, at 720 Hickory Street, the first day, she knew she was in charge of about thirty-five people in the Accounts Unit and another forty in the Finance Unit, but she had only a rough idea of what they did.

Though she would be acting as an Assistant Manager of Finance, Corbett had been hired under the "44 account" used to pay consultants. This had been necessary because the legislature had never authorized civil service positions either for the Manager of Finance or for the assistant manager. Turner, in fact, was on loan from another state department, and since he had no legal authority to sign letters as an official of DoW, he frequently acted as DoW Commissioner Harry St. Clair's backup and signed correspondence for him.

As Corbett surveyed the open office area full of accountants and clerks, many of whom now worked for her, she noticed a "China Wall" of file cabinets sealing off one small group. That, she was told, had been arranged by Budget Manager Miller, who disliked the noise and papery disorder in the large room and wanted to give his workers a quieter place to work. Corbett was unable to introduce herself to Laura Daniels, the long-time civil servant who was in charge of the Accounts Unit. Daniels had called to say that her bursitis was "acting up" and that she would not be coming to work that day. Corbett's other principal subordinate, Finance Unit Director David Rossiter, was at his desk working.

The Finance Bureau at DoW

According to a report issued by the governor's Management Task Force:

The Department of Welfare provides a broad range of social services and financial assistance to needy residents of the state.

The Commissioner of Welfare has ten functions which he supervises directly and a total staff of almost 6,000. Total expenses for department operations in fiscal 1975 were almost \$1.4 billion or 34 percent of the total state budget. Approximately 50 percent of these expenditures are recovered through federal reimbursement. Major programs in the department include: Aid to Families with Dependent Children (AFDC), which had an average caseload of 107,000 persons per month in 1975; Supplementary

Security Income Program (SSI) with an average monthly caseload of 115,000; General Relief (GR), a state program which served 41,000 persons ineligible for federally supported assistance in 1975; Food Stamp Program, a federal subsidy for which the state pays the administration costs only; and Medical Assistance (Medicaid), a program which reimburses eligible vendors for specific services provided to recipients.

DoW's Finance Bureau included a Budget Unit, a Federal Resources Unit, an Accounts Unit, and the Finance Unit, altogether ninety employees (see Exhibit 1).

The Finance Unit (FU), housed at 72 Blackwell Street, Brewster, was responsible for writing and disbursing 350,000 checks a month to recipients of assistance (under such programs as General Relief and Aid to Families with Dependent Children) and to vendors such as pharmacies, doctors, and nursing homes who provided products or services under one or more of DoW's programs. The vendors' payments were keyed onto input tapes at DoW's data processing center in Blue River; payments to welfare recipients were entered into the computer system from any one of nine regional data units (RDUs).¹ Seventy-two Blackwell Street was the Brewster RDU and also the computer center where all DoW checks were written. Clerks at the RDUs received authorizations to update the computerized recipient file, either by adding or dropping a recipient or changing the amount of reimbursement. After checking to make sure that the form was filled out completely, and that the numbers added up, the clerks keyed the new information into the master file on the computer. Authorizations were written by social workers [in 150 local welfare offices (LWOS) around the state] who followed the case histories of people requesting or already receiving assistance. Input tape authorizations in the Brewster region were brought by pickup to the Finance Unit. In the other eight regions, they were taken by pickup from the LWOs to the appropriate RDU. All nine regions' authorizations were combined daily by the Finance Unit. The turnover in the master recipient file was approximately five percent a month.

One group of four employees at the Finance Unit fetched checks when the computer printed them, stuffed them into envelopes, and delivered them to the mail pickup. Another group of ten clerks formed a unit that dealt with about 2,500 requests for replacement checks each month. They received forms from the LWOs requesting replacement checks for recipients who had contacted their social workers to report that their checks were missing. The clerks at the Finance Unit checked the file to see if the particular recipient had a history of requests for replacement checks, and then culled the check file to see if the "lost" check had cleared. If it had, which was frequently the case, the clerk pulled the cancelled check and directed the recipient to appear at the Finance Unit on Blackwell Street, or at one

¹Neither Blue River nor the RDUs would be under Corbett's jurisdiction.

of the outlying regional RDUs where the material could be sent. When the recipient arrived, he was asked to sign an affidavit stating that the signature on the check was not his own. (These interviews could last an hour, during which time the clerk might badger a recipient into admitting that he had cashed the check himself. Some recipients had a history of ten or more replacement requests, all for checks that had cleared with a signature remarkably like their own.) Once the recipient signed the affidavit claiming the signature was a forgery, the clerk forwarded the check to the bank with a written request to "stop payment," although this was a little like closing the barn door after the cow was gone. Even so, the bank had to reimburse DoW for the amount of the check. The clerk also filled out a form requesting issuance of a replacement check for the recipient.

Another group of employees at the Finance Unit worked on the problem of retroactive nursing home payments. The state's Fee Control Commission established the rates at which nursing homes were reimbursed for providing services to welfare recipients. These rates were determined on the basis of cost reports submitted by the homes at the end of each year. Customarily, the commission did not decide what an individual nursing home's final rate would be until an audit had been performed. This might be two years after the cost report was filed. Until that time, the homes were paid at interim rates. When the final rate was set, the homes either owed DoW money, or were owed money by DoW. A typical clerk's desk in the retroactive nursing home payments unit was covered with files and papers--requests from nursing homes for payment due according to the adjusted rate; documentation from the Fee Control Commission on the final rate; and records from DoW's files on the interim payments that had been made to the home. Clerks calculated what payment was due and forwarded the information to Blue River, for entry into the vendor payments system. Checks were written and sent out from Blackwell Street.

A unit of two people in the Finance Unit provided assistance to DoW's Legal Department. For example, DoW lawyers might notify the unit that a court settlement was impending--on a welfare recipient who required public assistance after a serious auto accident--and ask for a summary of all payments made to the recipient. A clerk would find the information in the files and the computer data bank, record it on a special form, and send it back to the Legal Department. The lawyers would then attempt to recover part of the money paid to the recipient either from insurance or a court settlement. Other employees in the Finance Unit worked on reviewing the DoW's bank records and preparing expenditure reports.

While the Finance Unit processed DoW's direct payments to recipients and vendors (like hospitals and nursing homes), people in the Finance Bureau's Account Unit worked on authorizations for payments of administrative bills, travel expenses, foster homes, group care homes, and medical services for unwed mothers. A few categories of payments, like travel and administrative expenses, were forwarded to the state comptroller for payments. Others were paid by DoW. Clerks in the Accounts Unit received requests from sources such as DoW's social

workers asking that payments be authorized, say, for a new group care home. After ensuring that the request was in order, the clerk forwarded an authorization to Blue River, where the home's name was entered in the Purchase of Services (POS) system. Thereafter, when the home submitted a bill to DoW, payment was automatic unless a stop authorization had been entered. It was not unusual, however, for the clerk to return a request to the social worker because it lacked information, or to hold it at her own desk until she could verify something for herself. When this happened, the provider might begin billing before the POS system could respond. Sometimes a group care provider would have had welfare children in her home for six months, and still have her requests for payment denied. It was difficult to trace at which step in the process, from the social worker to a local welfare office, to the Accounts Unit, to the POS system at Blue River, the chain of authorization and payment had broken down.

The four people in the Finance Bureau's Federal Resources Unit worked to ensure that (under the terms of applicable regulations) the state's various welfare expenditures were classified into those categories for which federal reimbursement was highest. For example, if funds spent on "Cuban relief" were reimbursed 100 percent by the federal government and other expenditures at only 50 percent, the more that could be classified, appropriately, as Cuban relief, the better.

The last of the Finance Bureau's four subdepartments was the Budget Unit. A staff of eight, some of them employees who were returning from educational leave, worked under Budget Manager Miller preparing the annual DoW budget and carrying out various fiscal analysis and reporting functions.

When she arrived at work on October 11, Corbett's knowledge of the Finance Bureau was nowhere near as thorough and organized as the preceding paragraphs. She did have a general impression of DoW, gained during the summer of 1972 (between her two years at Harvard) when she had worked at the state's Budget and Management Agency.¹

I had met Steve Hunter, the old welfare commissioner, when I was up at B and M, and I was really impressed. He was cool, but he was a social worker with an MSW degree, and I knew he had given away the world. Someone told me that the way they did the budget in those days was that Hunter sat down with the guy who did the budget and said, "What did we spend last year?" And they'd tack on a little more for each line in a two-hour session, and submit it. I knew that two big accounting firms had tried to do an audit of the welfare department and said, "There's no way we can be of assistance without costing you too much money," and packed their bags. I had no idea how far the department

¹Budget and Management was not part of DoW, but was an independent agency reporting directly to the governor.

had progressed from that stage, but I knew it couldn't be light years. Although Harry St. Clair was commissioner, now, and he had some financial experience, he'd only been there since February. It was a large department, and he couldn't have the house in order completely. Obviously his people were aggressive and intelligent, though I didn't know much about them.

Added to the information she had acquired during her summer job were the insights that Corbett had gleaned during her preemployment interviews at DoW the previous Wednesday afternoon. She had talked briefly with Finance Manager Turner, Budget Manager Miller, and Commissioner Harry St. Clair. This had been her first encounter with the department's managers, although Don Dunbar, the director of the Federal Resources Unit, was a friend-of-a-friend and had been her initial point of contact at DoW. She had come away with the following information and perceptions about the people with whom she would be working.

Harry St. Clair, the Commissioner of Welfare, had come to DoW from a vice presidency at an investment counseling firm in Brewster. In his early thirties, a graduate of Dartmouth and the Stanford Business School, St. Clair gave the impression of being very bright. He was said to make quick decisions after consulting his inner circle of managers, primarily Turner, Miller, and Dunbar. He often ducked his head into Turner's office for a quick update. It was reputed that St. Clair had learned more about welfare department regulations after two months than had many who had been working there for two years. He read quickly and, when testifying at legislative committee hearings, had great poise and excellent command of information. He was over six feet tall and had brown, wavy hair. Although always dressed in a coat and tie, he often wore red socks, a habit that elicited many comments from the clerks and accountants in DoW. Pleasant and congenial, St. Clair frequently jogged to work.

Matt Turner had been appointed by St. Clair, in March, 1976, to direct the Finance Bureau. Also in his thirties, Turner came from the budget office at the state's Budget and Management Agency. He was a quick, articulate man, a Yale graduate who seemed to find the personnel at DoW unduly slow. Experienced in journalism, he appeared to value quickly written directives as a means of managing his department. Turner's expression was often serious. He wore well-tailored, conservative suits and frayed shirts, which were as much a subject of departmental comment as St. Clair's socks.

Rob Miller was a Turner appointee, who came from the budget bureau at Budget and Management, where he had worked with Turner. He, too, was in his thirties. He had blond, thinning hair, and was yet another graduate of the Stanford Business School. Don Dunbar, a graduate of Princeton University's Woodrow Wilson School, appeared to be smart and affable. Young, and with a mustache and glasses, he had a distinctly Ivy League look.

During her interviews, Corbett had also learned that she had no predecessor. Her job as assistant manager would be new and would displace a long-standing arrangement in which Laura Daniels and Dave Rossiter, directors of the Accounts Unit and the Finance Unit, respectively, had reported straight to the Manager of Finance.

She had also been told by Turner of his dissatisfaction with Rossiter, who worked at Corbett's grade level but at a higher step, so that he received more money. Rossiter, who was in his early thirties, had a B.S. in Accounting from Brewster University, which he had earned at night while working as assistant comptroller at a Brewster hospital. He had also worked in private industry as an accountant and as a data processing analyst. He had joined DoW five years ago as a fiscal analyst in the Finance Unit.

Matt [Turner] was not at all pleased with this guy. He just didn't feel he had it. I felt Turner would like to fire him, but he couldn't until he got someone in such as myself. He wasn't particularly happy with Dave, but it was up to me to decide whether he could be made more effective.

The First Morning

Corbett met with Turner at 9:30 on her first day; and for half an hour, he tried to fill her in on what he expected. When Turner, himself, had first arrived at DoW, he had gone to every desk in the Finance Bureau asking each employee what he or she did--an activity that had produced a sheaf of one-page descriptions that he gave Corbett during their meeting. As Corbett flipped through them, however, she found most were, to her, all but unintelligible. She thought they would not be much use; and the more Turner talked, the more it struck her that he did not understand, in detail, what the people in her two units did.

There were a lot of interruptions, and Rob [Miller] kept coming in and out so it was very clear that the relationship between Matt and Rob was such that anything I might have going on was not nearly as important as Rob's getting to the director right away. Rob came in and went out at will, and Matt would interrupt his conversation with me and talk with Rob.

I was new, and I was just being introduced; but it was very clear to me that power was something I was going to have to grab if I was going to get it at all.

There was this amorphous blob of people out there. I couldn't even get an organization chart out of them. Turner gave me a sense of the superstructure of the management in the Finance Bureau--these were the things I was supposed to be responsible for, the Accounts Unit

and the Finance Unit--but not much more than that. They had drawn a couple of organization charts that had been changed, but there was not one that was fixed. I couldn't be on the charts because I didn't really have a position. I was just on a 44 contract, a consultant, so I wouldn't even be able to sign anything, legally.

Toward the end of their meeting, Turner gave Corbett a list of sixteen tasks he wanted her to undertake (see Exhibit 5). Some of the projects were in Dave Rossiter's area, some in Laura Daniels'.

Turner also asked Corbett to expedite DoW's response to a memorandum from Katherine Whist (one of the governor's staff) concerning the status of unpaid bills.¹ Rossiter had written a draft that Turner found incomprehensible.

Matt had promised an answer by October 12. We had all these dollars via the deficiency budget, and we hadn't informed the governor's office how we were making progress on the back bills. Dave had done a draft that was completely unintelligible to anyone outside the department, just a lot of gobbledegook. I couldn't even understand what it was about. My assignment was to find out what that goddam memo said and get it redrafted in a form that could be passed on to the governor.

After the Meeting with Turner

When her meeting with Turner ended, the issue for Corbett was what to do next. Because the Accounts Unit supervisor, Laura Daniels, was out with bursitis, she decided to stay away from that area. Instead, she planned to spend a lot of time, sometime that day, with Rossiter, although she thought she should proceed cautiously.

Having had the experience at Hemlock Knoll, where-- after a short period of time--I regretted talking the president out of firing my associate, I wanted to be careful. She had gotten the upper hand because I had been conciliatory and tried to work with her. This time I would say, "I'm the boss, but I need your assistance. . ." Obviously I had to come on very strong, establish my authority effectively as quickly as I could; make an impression that I was there to stay, and I meant business.

¹Early in the new governor's administration, over \$50 million in unpaid vendor's bills had been discovered at DoW. The governor had been compelled to ask the legislature for supplementary funds--that is, a "deficiency budget"--to pay these bills, and his office wanted to know if the checks were being processed.

Corbett returned to her desk to refine the list of tasks Turner had given her. Soon, however, Turner interrupted her with a travel problem that fell under Daniels' area. A woman in DoW, named "B." Stone, claimed she had not been reimbursed for travel although she had submitted the proper forms.

It was a typical inquiry to the Manager of Finance, so off I go into the blazing travel group, trying to figure out why in the hell this lady didn't get her money. I had to go find out who did "travel," so I went up to a guy who didn't do it, but he took me to the lady who did. I really didn't understand what was going on, but everyone was trying to be helpful. One clerk would lead me to the next clerk, who would lead me to the next clerk, who would make some telephone calls to find out who these people were. He'd come back with an explanation, half of which I couldn't understand. But I figured I couldn't act too dumb and ask too many questions. I had to take it back to the refuge of my desk and see if I could understand what they had tried to tell me. There had been lots of correspondence on this particular case, and other people had tried to deal with the problem.

I decided to drop that. There was no way I was going to understand what they told me that quickly. And who cares about the \$122 in travel when three people had communicated with the lady and told her she had been paid. All our records indicated that the matter had been taken care of, so why should I worry about that? There were too many other things rushing in.

Corbett spent the rest of the morning introducing herself to most of the clerks and accountants in her unit at 720 Hickory Street. After lunch, she attended a one o'clock meeting with Turner and a group care provider whose payments from DoW were late.

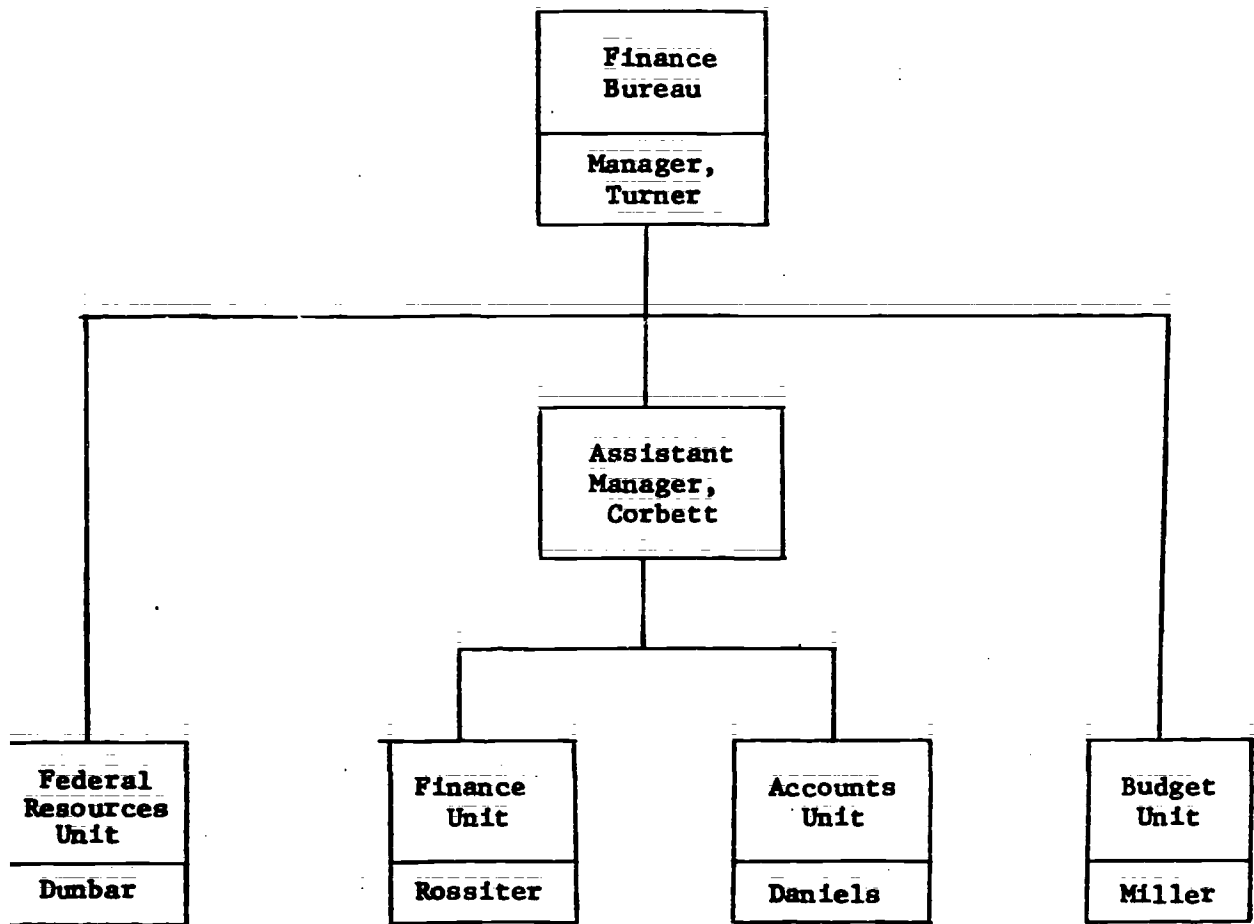
I was pulled in to listen to these people's sob stories about how they weren't getting paid, and it seemed clear we had no idea how they would ever get paid and how we ever got them into the mess they were in. And I began to have some sense of how much chaos there was still remaining in the department. I was just chagrined at how horrible the (POS) system still was. It was clear this was a big problem that wasn't going to go away quickly. And it wasn't even on Turner's list. A supervisor from Laura's area was at the meeting--very, very good and knowledgeable; it was clear there was a big difference between her and the managers. She was a heavy-set woman from East Brewster. Matt, Harry [St. Clair], and Don [Dunbar] had gone to Ivy League schools, and they wore pinstripes. The rest of these people were bureaucrats and sort of funny looking and funny dressed.

I saw there was no way we were going to solve the order of magnitude problem that this provider had very quickly. And I also didn't want to go heavy into it because it was in Laura's area.

Exhibit 1

GERRY CORBETT (A)

Organization of the Finance Bureau



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Project Title

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Boston University School of Management

ADRIAN DOVE (A)

Adrian Dove had come home at last.

After eight years in Washington, D.C., Los Angeles somehow seemed like a small town. From the nerve center of the colossal federal bureaucracy to a small outcropping on a municipal government was, in professional terms, perhaps even a greater distance than in miles:

To me, as an individual involved in both, it was rougher at City Hall, just because the accountability for each action you take is so much greater. In the feds, you do things as a debating society among federal officials. You negotiate what you want. You aren't really dealing with the public at large: they don't know you exist. But at City Hall, the day I got started, there were 35 people in line. The longer I've been out here, the more I realize that the Federal Budget Bureau is lousy training for being a human being.

As Director of the mayor's Office of Small Business Assistance, Adrian Dove had to relearn "how to be a human being." But, first, he had to figure out what in the world he and his fledgling agency should be doing.

The Los Angeles Plan

Most of Dove's tenure in Washington had been spent in the Executive Office of the President, Office of Management and Budget, referred to simply, and often with a mixture of reverence and resentment, as OMB (see Exhibit 1 for Dove's biography). In 1973, Dove had been promoted to the classification of Senior Budget Examiner, in which position he had the assignment of acting as Director of OMB's "Secretariat to the Federal Executive Boards." The Federal Executive Boards (FEBs) were councils of the highest ranking federal officials in each of the nation's 25 largest cities, sitting as committees to "coordinate" federal activities in those cities and, in particular, to carry out "presidential priorities." The secretariat was a group of OMB staffers whose function was to communicate such priorities to the various FEBs and to help assure that they would be carried out. Before OMB assumed this role, the FEBs acted pretty autonomously, and in most regions, according to Dove, unimaginatively:

This case was prepared by Associate Professor Colin S. Diver of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

Let me give you an example of the kind of thing the FEBs used to worry about. The head of the Boston FEB thought that the Boston federal building looked ugly because the venetian blinds in the windows of the different agencies were all at different heights and angles. So they worked out an "innovative management plan" to turn the venetian blinds to an identical angle in all the offices up and down the building, so that when you passed by, you could see that nice, neat look. That was "interagency coordination."

One of the "presidential priorities" of the first Nixon Administration was to assist the development and growth of businesses owned and operated by blacks, Hispanics, and members of other recognized minority groups, as a strategy for the economic advancement of minorities in America. The Small Business Administration (SBA) was encouraged to advance this goal through the judicious use of its loan and loan guarantee programs. Federal agencies were encouraged to purchase goods and services from minority-owned suppliers. And a unit was established in the Department of the Treasury, called the Office of Minority Business Enterprise (OMBE), to provide, through grants to local "business development organizations (BDOs), technical assistance to struggling minority entrepreneurs in such areas as accounting, marketing, finance, taxation, and regulatory requirements. By 1975, OMBE had a nationwide grant budget of \$52 million for grants to support BDO's and, in some cases, directly to hire management consultants to assist designated businesses.

In his capacity as FEB Secretariat Director, Dove was particularly interested in pushing federal efforts to promote minority business. Dove and his staff came up with a plan and decided to seek authorization for a pilot project in Los Angeles. As he described it:

Basically, there were four parts, since the minority businessman needs four things. He needs a market -- which the government can provide through its procurements. He needs capital -- which the government can make available through SBA loan guarantees up to \$350,000 or direct loans in some cases. He needs removal of impediments -- like bonding, licensing, permits, inspections, that kind of stuff. And finally, there's technical know-how -- which OMBE and BDOs and everybody's willing to give.

We said that all federal construction contracts in the next year in L.A. under \$350,000 should be pulled out from the regular open bid process and awarded directly to SBA, as a general contractor, and SBA would subcontract out the contract to minority subs on a negotiated basis. The contracting agency would waive the bonding requirement where permissible by law, and SBA would make available a loan or letter of credit in an amount equal to the total cost of the project.

For the next six months, Dove pushed the idea up through the federal bureaucracy, starting with the Los Angeles FEB, in order to get it approved by all of the participating agencies. It went from the Los Angeles FEB, to the Regional Office FEB in San Francisco, to the Steering Committee of departmental Assistant Secretaries for Administration, to the Undersecretaries Committee, and finally to the Domestic Council:

We carried it right on into the Domestic Council and in walked the President, and we discussed it. It had been approved by everybody up and down the line, all agencies represented. And the President sat down and signed it. It was kind of funny -- we started with a thing in L.A., and six months later it was sitting on the President's desk. He signed it, saying, "I think it's important to do this kind of thing, but more important than doing it is to give the impression that you're doing this kind of thing."

The Los Angeles HUD area office took the lead in implementing the program, once it had been approved; and in the next year, it generated some \$200 million in construction activity for small contractors.

Mayor Bradley

The federal "Los Angeles Plan" helped to stimulate interest in promoting comparable efforts at the local level in the city of Los Angeles. One of the most active supporters of such an idea was a black city councillor named Tom Bradley. Bradley, a charismatic, articulate lawyer, was busily at work organizing a campaign to succeed long-time Los Angeles Mayor Sam Yorty. In 1972, Bradley led an effort to secure city council approval of a set of demands made by the California Association of Mexican-American Contractors to open up city purchasing and contracting to greater minority participation (see Exhibit 2). Despite approval of the demands "in principle" by a special committee of the council, the full council tabled the proposal indefinitely after the city attorney rendered an opinion that city bidding laws precluded the granting of preferential treatment to any class of vendors (see Exhibit 3).

In his campaign for mayor, Bradley promised to continue the struggle for expanded city commercial support of minority businesses. After winning the election, the new mayor set about to put his program into action. Bradley had fashioned an impressive coalition of minority and liberal support in this traditionally conservative, predominantly white, middle-class city. He had garnered the support of the overwhelming majority of the city's black and Mexican-American voters (each about 15 percent) and a large percentage of Jewish and Oriental voters, plus enough of the dominant white middle-to-upper class to achieve an impressive majority. But despite his electoral achievement, Bradley knew he faced formidable challenges in pushing his programs through the city

council and the municipal bureaucracy. The 15-member city council contained only three black members and no Hispanics. A handful of other members could often be counted on to lend a sympathetic ear, but the political center of the council was heavily influenced by the councillors from the suburban Hollywood Hills and San Fernando Valley sections of the city, which housed a majority of the population.

Beyond these political obstacles, Bradley confronted a city charter redolent of the reformers' distrust for concentrating power in the mayor's hands. Adopted by the voters in 1924 after a series of municipal scandals, the charter established what is sometimes described as a "weak mayor" or "commission" form of government (see Exhibit 4). The legislative branch of the municipal government was a "strong" city council. The council consisted of 15 members elected from districts, for four year terms coterminous with that of the mayor. The council had authority to promulgate ordinances and appropriations, confirm all top-level mayoral appointments and recommend charter amendments to voter referendum.¹ In the executive branch, the mayor was the nominal chief administrator, but his direct powers over departmental operations were limited. Virtually all executive departments were headed by multi-member, part-time commissions. Members of these commissions were appointed to staggered terms by the mayor subject to confirmation by the city council. The full-time staff of these departments were exclusively career civil servants. The agencies responsible for "overhead" functions such as legal counsel, accounting, budget, and purchasing, were all governed by officials largely beyond the direct control of the mayor: the city attorney and the controller were popularly elected, and the city administrative officer and purchasing agent, though initially appointed by the mayor and council, had indefinite tenure.² All officers appointed by the mayor and council could be removed only by action of the mayor, with approval of two-thirds (10) of the city councillors.

Although the mayor and council controlled the budgets of most city departments through the appropriation process, there were several important exceptions. These so-called "proprietary" departments -- chiefly the Department of Water and Power, the Harbor Department, and the Airport -- depended exclusively on operating revenues and were subject to no direct budgetary control by the mayor or council.³

¹The Charter was quite specific in prescribing the structure, functions and powers of "line" city agencies (including the "proprietary" agencies described infra). Consequently the scope of the city council's legislative authority was substantially confined.

²Bradley inherited a city administrative officer who had been appointed by his predecessor and a purchasing agent with 12 years' tenure. A new city attorney was elected at the same time as Bradley's election. He was younger and generally regarded as more progressive than the previous city attorney.

³The governing boards of the proprietary agencies were, however, appointed by the mayor, with council confirmation, in the same fashion as for "line" departments.

The Mayor's Minority Enterprise Program

Bradley and his advisors decided that the city's efforts to foster minority business ought to start with the city purchasing function. This decision was made in part because the federal "Los Angeles Plan" was available to assist minority contractors, but there was no direct counterpart to assist other types of minority businesses. In addition, Bradley felt that the city's annual purchases of over \$100,000,000 provided the most ready resource for stimulating minority enterprise. Influential in shaping this view was successful black entrepreneur and mayoral supporter John Ketch, who commented:

So much of the business goes out -- like every environment -- to people where the buyer feels comfortable. A buyer looking at a new vendor is always suspect: he's doubly suspect if that vendor is a minority guy, because he thinks they come with no capacity, few resources, limited technical skills. So one of the purposes of the mayor's program was to go out there and begin setting up a framework of communications.

One of the problems that you have in starting any business is to get contracts that are long enough to really get over the learning curve. It's difficult for a minority guy to come in and be competitive with a guy who's been doing it for five or ten years. In those areas, it would be a tremendous opportunity to have some areas of set-aside or preferential treatment, in order to get started.

The mayor and his staff decided to establish an "Office of Small Business Assistance" (OSBA) within the mayor's office to be responsible for stimulating city purchases from minority business. Concerned that he would have difficulty securing regular city funds to staff the office, the mayor requested a grant of \$100,000 from OMBE. The grant application recited that OSBA would be responsible for raising the city's minority procurement level from its current one percent¹ to five percent after one year, 7.5 percent after two years, and ten percent after three (see excerpts from the grant application in Exhibit 5). The grant application was submitted to the council, as was required for all city grants under an ordinance initiated by then-Councillor Bradley to "curb the power" of Mayor Yorty. Even though the proposal necessitated the direct expenditure of no city funds,² the proposal touched off bitter debate. Most of the more conservative councillors from the suburban districts strenuously objected to the granting of preferential treatment, especially where it would increase the cost of

¹ An undocumented figure whose precise origin Dove could never quite pinpoint.

² The \$25,000 local match would be an "in-kind" contribution of such things as space, furniture, and use of city motor pool vehicles for travel.

goods and services purchased by the city. Other councillors feared that preferential treatment would be given to one minority group at the expense of another. An Irish councillor representing a predominantly Mexican district expressed concern that "his" people (the Chicanos) would be left out, while a Jewish councillor, very active in the cause of liberating Russian Jews, wondered out loud why Eastern European Jewish immigrants were never included in the favored "minority" categories. The malcontents also relied on the legal opinion of the city attorney that it would be illegal to give any sort of direct preference to minority vendors as a group. In the end, Bradley and his supporters managed to salvage the proposal only at the cost of deleting all references to any form of "set aside" program and by eliminating any reference to "minority business" and substituting the expression "small business."

Bradley's troubles weren't over, however, for the regional office of OMBE (in San Francisco) rejected the application. The stated reason was OMBE's "policy" to make grants only to nonprofit BDOs, not municipal agencies, but there were some in Bradley's office who suspected that the Mexican-American OMBE regional director distrusted Bradley and feared that he would favor blacks at the expense of Chicanos. Whatever the reason for the regional office rejection, Bradley was able to obtain approval of the grant only after a direct telephone call to the Secretary of the Treasury. "All he wanted was a crumby \$100,000," Dove observed wryly. "That's the least they could do for the new black mayor of L.A."

To run the program, Bradley sought out Adrian Dove, whom he had met during formulation of the federal Los Angeles Plan. Dove was, after six generally frustrating years in the Nixon and Ford Administrations, extremely receptive to the invitation from his home city's bright, attractive new mayor. In order to maintain his federal salary level -- considerably higher than that prevailing in the Los Angeles city government -- Dove requested an Intergovernmental Personnel Act "mobility assignment" from OMB. The IPA authorized a federal agency to grant a leave of absence to an employee wishing to transfer to a state or local agency, for a period of up to two years, with the federal agency agreeing to pay the difference between his federal salary and the salary paid by the transferee jurisdiction. When the OMB personnel officer refused the request, Tom Bradley had to make another cross country phone call -- this one to fellow Los Angelino Roy Ash, the Director of OMB -- to secure the necessary approval.

Dove Arrives

Prior to Dove's arrival in April of 1975, Mayor Bradley had announced his appointment in glowing terms. As Dove described it:

The Mayor said, "I'm going to bring a genius in from OMB" -- that's what he said -- "he was trained in Boston, at Harvard, he worked in OMB, he's been in the New York Times. He's coming here, and we're gonna square this thing away. I've seen him work. We're gonna get contracts for the minorities."

The minute he said that, the gates opened. Between the time of the press release and the time we started up a month later, over 300 letters came in, and there were 35 people waiting to see me -- before I could find an office or hire a staff.

Most of them said the same thing: "Hell, you got this program here. Where's my contract? I want to borrow money. I want to sell caps to the transit company bus drivers. It's about time the county hospitals bought meat from me. The feds owe me money. Lockheed blocks my driveway. Where can I get a 1907 Maxwell to rent to Paramount?"

Everybody wants to see the Mayor, Not only is the office of mayor highly visible, but Tom Bradley is very charismatic.

Bradley was not only charismatic, but extremely accessible. He held "open house" every two or three weeks, and, as Dove described it:

Anyone who wants to come will come in. Someone might say, "I heard about your position on helping small business. I'm interested in getting some City business." And the Mayor will say, "Did you say 'business?'" Adrian, I've got a gentleman down here. Would you mind talking to him?"

He always says "would you mind?" He's said it 500 times to me, I know. I've counted them.

Regular staff meetings put additional burdens on Dove's time. Every week, the mayor held "cabinet meetings" of senior staff and department heads. Dove's introduction to the staff meetings was unexpected. One day, barely two weeks into the job, he went to see the mayor to discuss the minority business program. A few minutes later, the mayor looked at his watch, bolted upwards, grabbed Dove by the sleeve and said, "Come along with me." The next thing he knew, Dove was explaining his still rudimentary conception of the program to the assembled cabinet, many of whom were, in effect, being told for the first time by this "genius from Washington" that they would have to change their ways.

In addition to the cabinet, the mayor was fond of creating task forces on special projects, which also met regularly for long hours. Dove was invited to sit in on two of them, a task force on affirmative action and one on minority enterprise. Still more demands on Dove's time those first months came from his organized constituencies outside City Hall. The minority-owned business sector might not be getting much business, Dove thought, but they sure as hell were well organized. There were associations for each recognizable minority group -- as well as a vast array of other special-interest professional, trade, and technical assistance groups, many funded by OMBE, and nearly all in the business of helping minority business get started and grow (see Exhibit 6). Invitations to speak before these groups or to attend their meetings flooded in (see Exhibit 7 for a list of Dove's formal appointments for May, 1975).

City Procurement Process

Dove spent much of his time during the first few weeks attempting to unravel the city's purchasing procedures. Under the city charter, most city purchasing was controlled by the Supplies Department, under the direction of the city purchasing agent. Whenever a city agency needed goods or materials, it would send a requisition to the Supplies Department, specifying the items required, the quantity, and any other specific terms of purchase (such as point of delivery). The order would go to one of five "teams" of buyers in the department -- each team consisting of a senior and junior buyer responsible for a broad category of procurements. The buyer to whom the requisition was assigned would obtain quotations or formal bids from suppliers and would recommend an award, which would be made by the purchasing agent. The vendor selected would deliver the goods and bill the requisitioning agency directly. The chief exceptions to this procedure were common items required by several agencies. Typically, these were purchased directly by the city "Store," a division of the Supplies Department which purchased items in quantity for stock or in some cases for direct delivery from the vendor to an ordering agency. Such items would be ordered by agencies by use of an "interdepartmental sub-order" to the Store.

There were two exceptions to the purchasing agent's exclusive control over procurement. First, all purchasing by the proprietary departments was handled by separate procurement offices within each of those departments. Although these departments were bound by city bidding law requirements, they did not have to use the services of the purchasing agent unless they wished to. In practice, they rarely did. There was a good deal of professional jealousy and distrust among the several procurement offices. Second, the authority of the purchasing agent did not extend to the purchase of most services. A city agency wishing to purchase such services as cleaning, construction, or professional consulting, could procure the service directly. The only category of service of which the purchasing agent had exclusive control was repair and maintenance of equipment.

Competitive Bidding

The city charter required that competitive bidding procedures be used for the award of most contracts over \$5,000 (see Exhibit 8). In practice, the Supplies Department claimed to rely heavily on written quotations from multiple bidders even on contracts of less than \$5,000. Up to \$500, it was customary for the buyer to obtain one or more price quotations, at his discretion, by phone. For purchases likely to cost between \$500 and \$5,000, buyers used phone bids for emergency purchases, but usually sought written quotations (letters) in other cases, as well as getting written confirmation of bids made by phone in an emergency case. For all purchases exceeding \$5,000, the department published a notice, identifying the items for which bids were invited, in the "Legal Notices" section of the Los Angeles Times and sent copies of the notice to vendors on its "bidder's mailing list" under the appropriate commodity heading. Detailed specifications for the required items were available from the department on request (see Exhibit 9 for a sample specification). The "bidder's mailing list" consisted of those firms known by the buyers to be capable of supplying commodities falling within the appropriate category (for example, "hardware" or "automotive supplies") and in good standing. If a vendor had failed to comply with the terms and conditions of a previous contract or had failed to respond to three consecutive requisitions, it was dropped from the list. New vendors seeking to be included on a mailing list applied by filling out a form (see Exhibit 10).

Bids were opened at the time specified on the specification. For purchase orders under \$5,000, the time for receiving quotations might be extended at the discretion of the buyer, usually upon request by a prospective bidder. But for purchases exceeding \$5,000, there was no deviation from the specified time. Bids submitted after that time were never accepted, according to Assistant City Purchasing Agent Hal Williamson, no matter what the mitigating circumstances:

I had one guy carry the bid to the Postmaster. The Postmaster called me up and said, "He had his bid mailed; and it should have been there, but it wasn't. It's not his fault." I said, "Ma'am, we can't be responsible for your deficiencies. You look at it at your end." That was a salvage bid that was supposed to be opened at 10:00 a.m. The bid came in two hours late.

Once the bids were reviewed, the Supplies Department was required by the charter to award the contract to the "lowest and best regular responsible bidder." Where the bid contained several different price quotations (as for several different commodities), the Supplies Department had to aggregate the prices into a single figure, so as to be able to compare bids and select the "lowest" one. The Supplies Department also had to determine whether the bid met the specifications and whether the bidder was "responsible." Ordinarily, the only reasons for finding a low bidder not "responsible" would be: (1) unsatisfactory performance on a previous city contract, or (2) insufficient capacity to handle an order of such large volume.

Dove was concerned about the obstacle that these charter provisions apparently presented to a minority business procurement program. Since he was not a lawyer by training, Dove asked a friend of his who was a practicing attorney in a downtown law firm whether he thought the charter left any room for granting minority businesses any kind of preference, such as setting aside certain contracts for minority vendors or awarding a specified percentage point bid advantage to minority bidders. The friend concluded that there was some room for such a program, at least for smaller contracts. The charter required formal competitive bidding, he argued, only for contracts of \$5,000 or more; below that level, bids were required only "as far as reasonably practicable and compatible with the city's interests" (section 387). The California state courts had not had occasion to decide whether a program to assist minority businesses was such a "city interest," but such programs had met with generally favorable response in other states and the federal courts. It certainly seemed well-established by now, said he, that municipal governments have a legitimate "interest" in promoting the economic and social advancement of disadvantaged minorities. A well-designed program which preserved some competition and carefully targeted disadvantaged businesses, he felt, would probably satisfy the generally liberal California state courts.

But when Dove approached officials of the Supplies Department with the idea, he encountered unyielding resistance. While the purchasing agent professed to be sympathetic with the problems of small and minority businesses, he maintained that the charter and the city administrative code strictly forbade the granting of any preferences whatever, citing the opinion of the former city attorney (see Exhibit 3). Despite this reliance on legal argument, Dove felt that the purchasing agent was philosophically opposed to deviating from the competitive bidding system. The attitude was illustrated by this comment from Assistant Purchasing Agent Williamson:

I went to a meeting a month ago sponsored by the Black Businessmen's Association, and I met a very successful entrepreneur. He's the head of a hair products company, and this individual started with capital of \$300 and just good business sense. He told all these people the same thing: "To be successful, to be competitive, you've got to know what business is all about."

He told me point blank. He said, "I hope you don't get up in front of these people and start throwing milk sops out that you're going to help them, that they can lean on you. Make 'em work for it."

The purchasing agent, nevertheless, insisted that he "bent over backwards" to assist minority business to bid on city jobs. He cited such instances as attending meetings of minority business associations, advertising contracts in minority-community newspapers, and advising

applicants on how to bid on city jobs. He would like to do even more, he insisted, but he lacked the necessary staff. The staff level of the Supplies Department had remained constant for many years, despite a substantial growth in purchasing activities. The purchasing agent had recently received budget authority to hire one additional buyer -- the civil service commission had scheduled an examination to fill the position -- but he maintained that the department still needed several more.

Purchasing Information

Information about city purchasing activities was sparse and not easily accessible. City agencies were required to report quarterly to the city council on their contract awards, but the information was rarely published on a timely basis (see Exhibit 11 for illustration). The only automated system of information about purchasing was the city's automated financial information system, maintained by the city controller. Once a contract was awarded, a copy of the purchase order was transmitted to the controller so that the total amount of the obligation could be entered as an encumbrance against the requisitioning agency's funds. The entry would also show the purchase order number, the name and identification number of the vendor, and the commodity ordered. As the vendor made deliveries, it would submit invoices to the controller for payment. Payments would be made against the recorded encumbrance. The system was used primarily as a means of preauditing vendor invoices (making sure that they were covered by an outstanding purchase order) and printing the payment checks. The system was also programmed to generate daily statements showing the status of each expenditure account.

Because it had been designed for financial accounting purposes only, the automated system in its current form did not have the capability to report the limited procurement information which it did contain in a different format. The purchasing agent's information needs thus had to be satisfied, if at all, by other means. Some of this information was maintained centrally in the Supplies Department. For example, the vendor mailing list was maintained in a central manual file. Most information useful to the department, however, was maintained by the buyers themselves. For example, each buyer often had supplementary information, sometimes not even written down, about the qualifications, capacity, and prior record of vendors. Buyers also retained the only set of records on the methods used to make each procurement -- that is, the manner of procurement used (formal competitive, informal competitive, or negotiated); the vendors from whom bids were solicited (in the case of informal competitive or negotiated awards); the names of vendors submitting bids, the amount of bids; and the reasons for rejecting the low bid (whenever that occurred). Buyers also kept written historical records of procurements, showing the name of the vendor, the date of the award, the commodity, the unit price, and the total contract price.

Because the information was so decentralized and maintained in a manual form, it was difficult for the purchasing agent to monitor procurement activities as carefully as he wished. He often expressed concern, for example, that the Supplies Department was not realizing maximum quantity discounts by consolidating purchases of common items; or that the department was not informed of failures by certain vendors to meet delivery schedules; or that the department's invitations were not always attracting a sufficiently large and representative sample of bidders. The purchasing agent had proposed that the city develop an automated purchasing information system to give him a greater capability to oversee procurement activities, but he lacked the systems design and programming capability to do the job, and his requests for systems development funds were rejected by the budget office.

Resources

Dove had five staff positions to fill, including the four positions (other than Dove's) funded by the OMBE grant, and one CETA slot.¹ The CETA slot had been allocated to OSBA by the mayor's manpower office, which administered the CETA program for Los Angeles. Dove had wide discretion in establishing specifications, qualifications, and duties for the job.

Dove was also pleased to learn that, aside from clerical staff, all employees of the mayor's office were exempt from civil service requirements. He soon discovered, however, that this freedom to hire professional staff was more illusory than real. In the first place, he began to receive strong recommendations from several city councillors, including in particular the three black councillors. Several minority business associations had candidates, as well, including several who claimed to be close friends of the mayor. In addition, he discovered that all appointments had to be approved by OMBE. Although he found the requirement to be particularly galling, he understood the reason for it:

OMBE has a \$52 million grant budget nationwide. All their programs except for the City of L.A. are to private business development organizations. The BDO is just a neighborhood board, not appointed by any kind of OEQ-type mechanism -- just whoever they pull together, make a board, and apply for a grant. It's one of the few categorical-type grant programs remaining. So who's to say how responsible that board is? It's just a bunch of folks from the neighborhood and a director. So OMBE polices very heavily on the calibre and the competency of the staff. So we have to go through this rigmarole here.

¹ Under the Comprehensive Employment and Training Act, the U.S. Department of Labor provided funds to create public service jobs -- up to a maximum \$10,000 federal contribution per job -- for the unemployed.

Even before making any hiring decisions, Dove found himself receiving gratuitous, but nonetheless, pointed advice about the proper ethnic and sexual composition of his staff from the aggressive OMBE project officer.

In the meantime, Dove faced the unexpected problem of deciding what to do with several people who offered their services free of charge. Mayor Bradley attracted all kinds of people to him, and many of them were naturally attracted to the minority business program. These were chiefly of two types -- volunteers willing to give a few hours a week of their time and businesspersons seeking to give advice. In the first two months, Dove received offers of assistance (averaging about five hours a week) from five graduate students at local universities (three law students, one in public relations, and one in public administration), plus five citizens who had signed up for Mayor Bradley's "City Volunteer Corps." In addition, Dove inherited a committee of people representing the city's small and minority-owned businesses. Late in 1974, various small and minority business associations had arranged a meeting with Mayor Bradley to demand action on his promised, but still nonexistent business development program. At the suggestion of a mayoral staff aide, the group elected a permanent committee, to be called the "Mayor's Advisory Committee on Small Business," consisting of two blacks, two Hispanics, two Asians, and two whites. Later, three additional members were added by Bradley at the request of one of the three black city councillors. The advisory committee, containing a broad spectrum of very successful and politically active businesspeople had grown increasingly impatient for action by the time Adrian Dove arrived:

Some of the members began laying on heavy pressure from the day I arrived. You know: "What is this advisory committee? This advisory committee should be in charge of everything. When are you going to hold a meeting. We've been waiting a year, and you haven't called a meeting!"

I said, "I just got here."

I held it off, and I was really of a mind to abolish the advisory committee. But it wouldn't go away. It demanded more meetings, and it wanted to be there. I talked to the Mayor, and he said, "Well, if you can figure a way to abolish it, I leave that to you. If you can figure a way to make use of them, I leave that to you. It's not written into the grant. It's not a requirement of OMBE. It's just there."

Exhibit 1

ADRIAN DOVE (A)

Professional Biography of Adrian Dove

EDUCATION

| | | |
|------------------------------------------------------------|---------|--------------------------------------|
| University of Hawaii | 1955-56 | |
| East Los Angeles College, <u>A.A. Degree</u> | 1956-57 | |
| Cal State University at Los Angeles, <u>B.S. Degree</u> | 1958-60 | (Sociology and Industrial Relations) |
| George Washington University Washington, D.C. | 1967 | |
| Harvard University, <u>Masters Degree</u> | 1973 | (Education Administration) |

EMPLOYMENT

| | | |
|-----------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 4/73-4/75 | Senior Budget Examiner | Executive Office of the President Office of Management and Budget Washington, D.C. 20503 |
| 6/68-3/73 | Management Analyst- Field Coordinator | Executive Office of the President Office of Management and Budget Washington, D.C. 20503 |
| 3/67-6/68 | Deputy Ass't. Dir. for Construction | U.S. Department of Labor Office of Federal Contract Compliance Washington, D.C. 20210 |
| 7/66-3/67 | Manager, Governor's One- Stop Service Center | San Bernardino Multi-Service Center 1653 N. Mt. Vernon Avenue San Bernardino, California 92405 |
| 7/64-7/66 | Investigator-Negotiator (Employment and Housing) | Calif. Fair Employ. Practices Comm. 322 West First Street Los Angeles, California 90012 |
| 5/61-6/64 | Parole Officer (Institution and Community) | California Youth Authority 108 South Hill Street Los Angeles, California 90012 |

HONORS, AWARDS, AND AFFILIATIONS

Independent Travel-Study in Cuba, Mexico, and Jamaica, 1954
SCLC Organizer, Voter Registration Campaign, Allendale, S.C. 1965
Special Investigator for Governor during Watts Riots, 1965
Member, California Governor's Task Force on Testing and Employment, 1967
White House Select Task Force, NAB-JOBS, 1968-69

Exhibit 1 (continued)

HONORS, AWARDS, AND AFFILIATIONS (continued)

Deputy Director, Congressional Comm. on Reorganization of D.C. Gov't,
3/71-3/72

Awarded the Mid-Career Executive Development Fellowship to Harvard Univ.,
1972-73

Chairman-Elect, National Conference of Minority Public Administrators
(affiliate of A.S.P.A.), 1974

PUBLICATIONS

Dove Counterbalance Test of General Intelligence (Chitling Test), Jet
Magazine, 4/48 and 4/73.

Soul Culture, New York Times Magazine, 12/8/68.

Heart of Soul (The Ghetto), Readers Digest, 4/69.

Blaktest-Whitest, Psychology Today, 7/73.

Exhibit 2

ADRIAN DOVE (A)

Demands of the California Association of Mexican-American
Contractors: 1972

1. Each City department which awards construction contracts should establish a bidders list. Contractors on this list should be informed of all jobs for which they are qualified to bid.
2. The City's present bonding requirements should be revised. Awarding authorities should have the flexibility of waiving bonding requirements altogether, or of requiring contractors either to submit surety bonds or to enter into such other arrangements as will adequately protect the City's interests.
3. The City's present payment procedure should be overhauled. A joint control disbursement procedure, similar to a commercial Builders Control Service, should be established within City government.
4. City awarding authorities should adopt guidelines for the awarding of personal service contracts. These guidelines should assure that minority architects, etc. will receive a fair share of all contracts which are not subject to the competitive bid procedure.
5. City's awarding authorities should be authorized to serve as prime contractors for certain specified jobs. In these instances, the awarding authority should sub out as much of the work as possible to minority sub and specialty contractors.
6. The City's competitive bid procedure should be modernized. Construction projects under \$25,000 should be awarded by negotiation or by informal bid procedure to small minority contractors participating in a City Set-Aside Program. Moreover, in awarding any construction contract, awarding authorities should look beyond the dollar amount of each contractor's bid. Equal consideration should be given to the effect which awarding the contract is likely to have on such factors as (1) the employment of minority tradesmen on that project; (2) the utilization of minority subs and suppliers on that project; and (3) the building of an adequate tax base in the City's Minority Communities.
7. The City should adopt an Affirmative Bank Deposit Policy. In keeping with this policy, the City should deposit its money only in banks (or savings and loan associations) which are minority-owned or which establish Affirmative-Action Programs to encourage the development of minority business enterprise. Such programs might include, but not be limited to, the establishment of revolving funds for small minority contractors.

Exhibit 3

ADRIAN DOVE (A)

City Attorney Opinion, November 14, 1973

OPINION RE

FEASIBILITY OF EXTENDING A
PREFERENCE TO MINORITY BIDDERS
IN AWARDING CONTRACTS

29 - 36

DEPARTMENT OF SUPPLIES
OFFICE OF THE PURCHASING AGENT
W. L. LINTZ
321 East Second Street - Room 300
Los Angeles, California

Dear Sir:

Your communication of August 20, 1973, requests the opinion of this office on the feasibility of the City granting a preference to minority-owned firms or to firms employing large numbers of minorities, in the award of purchasing contracts.

You state that it has been the City's practice to urge and solicit bids from minority-owned firms, in accordance with the City's policy to assist in the development of minority business enterprises.

You further state that after bids are received, awards of contracts are made to the lowest and best regular responsible bidder, in accordance with Charter Section 391. You ask the following:

QUESTION

Can the City, through its Purchasing Agent, grant any preference to minority-owned firms or to firms employing large numbers of minorities, in the award of contracts?

ANSWER

While the City may take all reasonable steps available to encourage minority-owned firms to participate in the competitive bidding process, the City may not grant any preference, where to do so would have the effect of restricting competition or granting to one prospective bidder rights or privileges not afforded to all prospective bidders.

Exhibit 3 (continued)

COMMENT

Charter Section 391 requires all purchases of materials, supplies, equipment, and equipment rental, or of repair and maintenance services therefor, to be made from the "lowest and best regular responsible bidder." The term "lowest and best regular responsible bidder" has been consistently held by the courts to mean the lowest bidder whose offer best responds in quality, fitness, and capacity to the requirements of the proposed purchase. West v. Oakland, 30 Cal. App. 556.

In order for the Purchasing Agent to award a contract to a bidder other than the lowest bidder, it must be found that the lowest bidder is not qualified because of any of the following:

1. Delinquency or unfaithful performance in any former contracts with the City, West v. Oakland, 30 Cal. App. 556;
2. He is lacking in the necessary experience to perform under the contract, City of Inglewood v. Superior Court, 7 Cal.3d 861;
3. His product is found unfit for the City's requirements, West v. Oakland, supra.

The above list is not all inclusive, but is offered only by way of example.

While it can be argued that the City would benefit from supporting minority-owned firms and firms employing large numbers of minorities by giving them a preference in the awarding of contracts to the end that development of such firms would afford the City a greater number of prospective bidders, the intent of Charter Section 391 is limited to the interests of the City at the time of the awarding of the contract. In other words, any benefit the City may receive by helping minority business must succumb to the primary goal of Section 391, that of obtaining the best possible contract for the purchase under consideration.

When the effect of an ordinance or rule is to prevent or restrict competition, it manifestly violates the requirement of competitive bidding under Charter Section 391 and is, therefore, void. (Neal Publishing Co. v. Ralph, 169 Cal. 190 (1915); City Atty. Ops. Vol. 89, pg. 219, Nov. 12, 1971.)

Exhibit 3 (continued)

Therefore, the City would not be able to give preference to any bidder on the basis of race or ethnic background.

Very truly yours,

BURT PINES, City Attorney

BY:

JAY M. DAVIS
Deputy City Attorney

JMD/cm
11/8/73

51

48

Exhibit 5

ADRIAN DOVE (A)

Grant Application to OMBE, Excerpts

THE PROBLEM

Of the many problems facing minority and economically disadvantaged firms in the City of Los Angeles, perhaps none is more acute than that of establishing a market for their products. Access to the general marketplace is a necessary prerequisite to business growth. This seemingly obvious fact of business life has special significance for the minority and economically disadvantaged corporation, whose markets traditionally have been limited to its immediate community because of social and economic discrimination.

Minority and economically disadvantaged firms have also been isolated from the municipal marketplace. Unlike majority-owned businesses, minority and economically disadvantaged firms have had little experience in dealing with municipal purchasing agents, and almost no opportunity to demonstrate their capabilities on an ongoing basis.

Currently, City purchases from minority vendors is less than one percent of the total.

OBJECTIVES

1. Develop appropriate City procurement policies and implement them.
2. Insure City department and bureau participation in the Minority Enterprise Program.
3. Provide linkage with ongoing Office of Minority Business Enterprise programs.
4. Assist in developing local minority and economically disadvantaged business purchasing strategies.

SCOPE OF WORK

The City of Los Angeles will establish an Office of Small Business Assistance (OSBA) within the Office of the Mayor. The staff of this office will include among its functions the coordination of the City's Minority Enterprise Program, the identification and development of City resources, policies, and practices necessary to assure the projected increase of goods and services purchased from minority and economically disadvantaged business, and the development of an information disbursement system.

51-52

Exhibit 5 (continued)

The OSBA staff will work closely in support of the Office of Minority Business Enterprises' programs, including the Regional Purchasing Council, Business Development Organizations and Contractors Assistance Centers. The staff will provide technical assistance to City departments and bureaus and will also provide required information to vendors seeking to obtain business from the City. In addition, the OSBA staff will provide the technical and clerical support required to keep the IPC functioning effectively.

The City will establish an Interdepartmental Purchasing Council (IPC), composed of representatives from each department and bureau of the City which is responsible for purchases of goods and services in excess of \$100,000. The IPC will conceptualize and recommend to the Mayor policies related to minority and economically disadvantaged purchasing in terms of a specific "set-aside" program. The IPC will determine the allocation of a minimum percentage of minority and economically disadvantaged procurement with each department and bureau. The IPC will review the performance of each department to insure accomplishment of the MEP objectives.

The Minority Enterprise Program, through its OSBA staff and Interdepartmental Purchasing Council, will seek to achieve the following increases in the City's procurement level from minority and economically disadvantaged businesses:

| | |
|--------|-------------|
| Year 1 | 5.0 percent |
| 2 | 7.5 |
| 3 | 10.0 |

Exhibit 5 (continued)

PROPOSED ONE-YEAR BUDGET ESTIMATE

| | Federal Contribution | Non-Federal Contribution | | Total |
|---------------------------------------------|----------------------|--------------------------|---------------|----------------|
| | | Cash | In-Kind | |
| 1. Personnel: | | | | |
| Professional Staff | 62,974 | - 0 - | - 0 - | 62,974 |
| Clerical Staff | 7,099 | - 0 - | - 0 - | 7,099 |
| Total Personnel | 70,073 | - 0 - | - 0 - | 70,073 |
| 2. Fringe Benefits | 21,021 | - 0 - | - 0 - | 21,021 |
| Total Personnel and Benefits | 91,094 | - 0 - | - 0 - | 91,094 |
| 3. Consultants and Contract Services | - 0 - | - 0 - | - 0 - | - 0 - |
| 4. Travel: | | | | |
| Local | - 0 - | - 0 - | 5,000 | 5,000 |
| Out-of-Town | 1,500 | - 0 - | - 0 - | 1,500 |
| Total Travel | 1,500 | - 0 - | 5,000 | 6,500 |
| 5. Facility Costs: | | | | |
| Space | - 0 - | - 0 - | 6,500 | 6,500 |
| Office Equipment | 1,300 | - 0 - | 2,000 | 3,300 |
| Office Furniture | - 0 - | - 0 - | 3,000 | 3,000 |
| Total Facility Costs | 1,300 | - 0 - | 11,500 | 12,800 |
| 6. Other Direct Costs: | | | | |
| Consumable Supplies | - 0 - | - 0 - | 1,500 | 1,500 |
| Postage | - 0 - | - 0 - | 2,400 | 2,400 |
| Printing and Publications | 5,750 | - 0 - | 1,000 | 6,750 |
| Telephone and Telegraph | 356 | - 0 - | 3,600 | 3,956 |
| Utilities | - 0 - | - 0 - | - 0 - | - 0 - |
| Other | - 0 - | - 0 - | - 0 - | - 0 - |
| Total Other Direct Costs | 6,106 | - 0 - | 8,500 | 14,606 |
| Total Direct Costs | 100,000 | - 0 - | 25,000 | 125,000 |
| 7. Indirect Costs | | | | |

Exhibit 6

ADRIAN DOVE (A)

Small and Minority Business Associations

I. Local Business Development Organizations (LBDOs)

LBDOs are government-funded organizations established to provide the following services to minority or disadvantaged businesspersons: 1) general information; 2) counseling; 3) loan packaging assistance; 4) management assistance and technical advice; and 5) procurement opportunities information. The LBDOs staff consists of financial analysts and management consultants experienced in working in small businesses and familiar with the problems facing entrepreneurs today.

- a. Asian American National Business Alliance (AANBA)
- b. Interracial Council for Business Opportunity (ICBO)
- c. South Central Improvement Action Council, Inc. (IMPAC)
- d. National Economic Development Association (NEDA)
- e. Los Angeles Business Development Organization (LA-BDO)
- f. Operation Second Chance (OSC)
- g. Pasadena Urban Coalition (PUC)
- h. SER-OMBE Business Assistance Center
- i. The East Los Angeles Community Union (TELACU)
- j. United Indian Development Association (UIDA)

II. Construction Contractors Assistance Centers (CCACs)

CCACs are government-funded organizations designed to specifically assist minority contractors, 1) in securing performance bonds; 2) in acquiring financing; 3) in obtaining the necessary technical assistance in order to enable them to compete for major contracts.

- a. California Association of Mexican-American Contractors (CAMAC)
- b. Minority Contractors Association of Los Angeles (MCALA)

Exhibit 6 (continued)

III. Special Interest Projects

- a. Minority Enterprise Coalition of Los Angeles (MECLA)
- b. Economic Resources Corporation (ERC)
- c. Los Angeles Economic Development Corporation (LAEDC)

IV. Professional and Trade Associations

The following associations offer information and services in their respective areas:

- a. American Association of Spanish-Speaking Certified Public Accountants (AASSCPA)
- b. Latin American Manufacturers Association (LAMA)
- c. National Association of Black Manufacturers (NABM)/Regional Office
- d. National Association of Minority Certified Public Accountants (NAMCPA)/ Regional Office
- e. Black Businessmen's Association of Los Angeles (BBALA)
- f. Valley Round Table Council

Exhibit 7

ADRIAN DOVE (S)

Regularly Scheduled Meetings Attended by Adrian Dove, May, 1975

| <u>Meetings</u> | <u>Times Per Month</u> |
|----------------------------------------------|------------------------|
| Mayor's Cabinet | 4 |
| Mayor's Staff | 4 |
| Mayor's Affirmative Action Task Force | 4 |
| Affirmative Action Coordinator Meetings | 2 |
| Mayor's Advisory Committee on Small Business | 1 |
| SBA Advisory Committee | 1 |
| FEB Minority Business Opportunity Committee | 1 |
| Black Businessmen's Association | 4 |
| Other Minority Business Associations | 6 |

Exhibit 8

ADRIAN DOVE (A)

Los Angeles City Charter Provisions Dealing With
Procurement Procedure

CONTRACTS

Sec. 385. Every contract involving an expenditure of more than five hundred dollars (\$500.00) shall, except in cases of urgent necessity, as provided in Section 386 of this charter, be made in writing, the draft whereof shall be approved by the board, officer or employee authorized to make the same, and signed on behalf of the city by the Mayor or, in the case of other contracts, by the board, officer or employee, as the case may be, authorized to make the same.

Excepted from this provision are all contracts for purchases made by the Purchasing Agent under the provision of Section 391.

Sec. 386. (a) The restrictions of this section shall not apply to contracts:

(1) For the performance of professional, scientific, expert or technical services of a temporary and occasional character; or

(2) For the furnishing of articles covered by letters patent granted by the government of the United States; or

(3) For leasing as lessee or purchasing real property when approved by majority vote of the Council; or

(4) For repairs, alterations, work or improvements under the charge of any board or officer of the city declared in writing by such board or officer to be of urgent necessity (giving the reasons therefor), when such declaration is approved by the Council and the Mayor. Their approval may be made conditional upon compliance with some, but less than all of the requirements established in this section.

(b) Except as provided in subparagraph (a) above, The City of Los Angeles shall not be, and is not bound by any contract involving the expenditure of more than five thousand dollars (\$5000.00) unless the officer, board, or employee authorized to contract shall first have complied with the procedure for competitive bidding established by this section.

(c) The Council, Board, officer or employee authorized to contract shall first cause notice to be published at least once in a daily newspaper printed and published in the city, inviting proposals for the work; services, information or property required to be furnished or supplied to the city or to be sold by the city. Said notice shall

Exhibit 8 (continued)

specify the amount of the bond to be given for the faithful performance of the contract. Such notice shall specify the time and place such bids will be received.

(d) Except as provided in subdivision (j), every proposal, bid or offer shall be accompanied by a check certified by a responsible bank in the City of Los Angeles payable to the order of the City of Los Angeles for an amount not less than ten percent of the aggregate sum of the bid, or, in lieu thereof, may be accompanied by a satisfactory surety bond in like amount, guaranteeing that the bidder will enter the proposed contract if the same be awarded to him. In lieu of the foregoing an annual bid bond sufficient to cover any one proposal, bid, or offer may be filed.

* * * *

(f) At the time specified for opening said bids, the contract shall be let to the lowest and best regular responsible bidder furnishing satisfactory security for its performance. This determination may be made on the basis of the lowest ultimate cost of the items in place and use; and where the same are to constitute a part of a larger project or undertaking, consideration may be given to the effect on the aggregate ultimate cost of such project or undertaking. The bid of any bidder previously delinquent or unfaithful in the performance of any former contract with the city may be rejected.

(g) Except as provided in subdivision (j), within ten days after the contract is awarded to the successful bidder, said bidder shall execute the contract and post the faithful performance bond.

(h) The bid bond or faithful performance bond, when a certified check, payable to the city, is not furnished in lieu thereof, shall be executed by the contractor and by a responsible corporate surety company; or two or more individual sureties if and when approved by the bidding authority.

In the discretion of the officer, board or the City Council, having jurisdiction over the bidding, deposit of cash by way of bond may be authorized, to be deposited with the City Treasurer under such procedure as may be approved by him and the City Controller.

(i) If the successful bidder fails to enter into the contract awarded him and to supply the necessary faithful performance bond within ten days after the award, then the sum posted in cash or by certified check or guaranteed by the bid bond is forfeited to the city. Such forfeiture shall not preclude recovery of any sum over and above the amount posted or guaranteed to which the city sustains damage by reason of such default or failure to contract.

Exhibit 8 (continued)

(j) The Purchasing Agent may, in his discretion, omit the requirement for the surety bond and the faithful performance bond or annual bid bond prescribed in subdivisions (d) and (g), when letting contracts for purchases of materials, supplies, and equipment, and for equipment rental and repair and maintenance services as described in Section 391 of this charter.

Sec. 387. In all cases where bids are not required by this charter to be advertised for, bids, either advertised for or not advertised for, shall be obtained as far as reasonably practicable and compatible with the city's interests, and a public record of such bids be kept. The right to reject any and all bids shall be reserved in all cases.

PURCHASES

Sec. 391. (1) All purchases of materials, supplies, equipment and equipment rental, or of repair and maintenance services therefor, required for any officer, board or employee of the city, shall be made by the Purchasing Agent of the city, from the lowest and best regular responsible bidder, upon requisition delivered to him and signed by the department, officer or employee for whom the purchase is to be made or upon his own requisition for this purpose. The requisition signed by the department, officer or employee, for whom the purchase is to be made, shall constitute authority for expenditure of funds allocated for said purchase.

Excepted from this provision are purchases requiring payment from the airport revenue fund, the harbor revenue fund, the library fund, the power revenue fund, the water revenue fund, or any bond funds controlled by the Airport, Harbor, Library, or Water and Power Departments.

(2) The Purchasing Agent may prescribe the procedure for preparation and approval of specifications upon which bids are to be asked. Specifications prepared by a department, officer, or employee for whom a purchase is being made, shall be approved by the Purchasing Agent, and his signature shall be sufficient to approve any such specification or acceptance of bid.

(3) Whenever the procedure prescribed by this section cannot be followed without loss to the city, any board, officer or employee of the city may purchase materials or supplies required for immediate use by the city, when such purchase does not exceed twenty-five dollars (\$25.00); provided, that such emergency purchases shall not exceed one hundred dollars (\$100.00) for any such board, officer or employee during any one month.

(4) The Council may provide by ordinance that the Purchasing Agent of the city may, in his discretion, issue blanket purchase orders

Exhibit 8 (continued)

not exceeding five hundred dollars (\$500.00) for any one budgeted item in any one calendar month, which shall be authority to the department, officer, or employee having budget authority to incur such expense to make purchases thereunder. Such blanket purchase orders shall issue only when the failure to issue same would produce loss or injury to the authority having power to incur such expenditure.

(5) A written offer and acceptance shall be obtained for all purchases in excess of five hundred dollars (\$500.00). In contracts for the purchase of materials let by the Purchasing Agent, the draft of such contracts need not be approved in writing by the City Attorney except for written contracts involving an expenditure of more than twenty thousand dollars (\$20,000.00), or such other monetary limitation as may be established by ordinance.

Form 88 9 (Rev. 12-75)
City of Los Angeles
DEPARTMENT OF SUPPLIES

ADRIAN DOVE (A)

Sample Request for Bid

BID No. **3127**

Submit Bid to: PURCHASING AGENT, CITY OF LOS ANGELES, RM. 1430, CITY HALL EAST, 200 N. MAIN ST.,
LOS ANGELES, CALIFORNIA 90012 Bids will be opened 11:00 a.m. **AUG 9 1976**

Questions regarding this BID or specifications must be referred to Mrs. Jarvis Phone (213) 485-3689

| | ITEMS AND DESCRIPTION | UNIT PRICE QUOTED | EXTENSION |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|
| <p>Estimated Annual Requirement</p> | <p>Bidders attention is called to the attached <u>AFFIRMATIVE ACTION</u> forms which must be completed and returned with your Bid.</p> <p><u>REFUSE CANS</u>, steel, new and unused, to be delivered to the City of Los Angeles, as ordered, during the period commencing October 1, 1976 and ending September 30, 1977. Sizes and types in accordance with Los Angeles City Specifications herein.</p> <p>Quote Unit Prices below, without Sales Tax.</p> | | |
| <p><u>ITEM 1</u> 70 Each</p> | <p><u>GARBAGE PAILS</u>, 10 gallon, 30-ga. galv. steel, in accordance with specifications attached. City Stock # 0101-796</p> <p>With Lid, Each \$ _____</p> <p>Approx. weight per dz. _____ Lbs. Extra Lid, Each \$ _____</p> <p>State Brand & Catalog Number quoting on: _____</p> | | |
| <p><u>ITEM 2</u> 30 Each</p> | <p><u>TRASH CANS</u>, 20-gallon, 30-ga. galv. steel, in accordance with specifications attached. City Stock # 0101-826</p> <p>Without Lid, Each \$ _____</p> <p>With Lid, Each \$ _____</p> <p>Approx. weight per dz. _____ Lbs. Extra Lid, Each \$ _____</p> <p>State Brand & Catalog Number quoting on: _____</p> | | |
| <p><u>ITEM 3</u> 600 Each</p> | <p><u>TRASH CANS</u>, 30-gallon, 30-ga. galv. steel, in accordance with specifications attached. City Stock # 0103-004</p> <p>Without Lid, Each \$ _____</p> <p>With Lid, Each \$ _____</p> <p>Approx. weight per dz. _____ Lbs. Extra Lid, Each \$ _____</p> <p>State Brand & Catalog Number quoting on: _____</p> | | |
| <p><u>ITEM 4</u> 1300 Each</p> | <p><u>TRASH CANS</u>, 45-gallon, 30-ga. galv. steel, in accordance with specifications attached. City Stock # 0103-012</p> <p>Without Lid, Each \$ _____</p> <p>With Lid, Each \$ _____</p> <p>State time of delivery _____ days. _____ days. % discount for payment within _____ days.</p> <p>BIDDER MUST SIGN THIS BID ON AFFIRMATIVE SHEET</p> <p>Sheet 1 (continued on following sheet)</p> | | |

Exhibit 9 (continued)

| QUANTITY AND UNIT | ITEMS AND DESCRIPTION | UNIT PRICE QUOTED | EXTENSION |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|
| | <p>Approx. weight per dz. _____ Lbs. Extra Lid, Each \$ _____</p> <p>State Brand & Catalog Number quoting on: _____</p> <p>PRICE ADJUSTMENT. No price changes are permitted during the first 60 days of the contract, after which prices quoted may be made subject to adjustment in accordance with corresponding changes in Manufacturer's published prices. Bidder guarantees that prices quoted herein will not increase more than _____% (Bidder insert maximum percentage increase) during the remainder of the 1st year of the contract.</p> <p>Price increases will not be granted retroactively and request for adjustment to be made in writing to the Purchasing Agent. The City reserves the right to terminate contract without further obligation by either party in event price increases are not acceptable. Requests for price increases shall be accompanied by Manufacturer's price lists or regularly published price lists of the vendor which substantiate the request for price change.</p> <p>DELIVERY POINT. Prices quoted shall include all delivery and unloading charges to the City of Los Angeles, City Stores, 152 No. Central Avenue, Los Angeles, CA 90012, in accordance with quantities ordered by the City throughout the contract period.</p> <p>Samples may be requested prior to award of contract. Do not submit samples unless specifically requested by the department of Supplies, Purchasing Office. Sample to be tagged with firm name and bid number.</p> <p>ILLUSTRATIVE AND TECHNICAL DATA. Bidder is to submit with proposal, complete illustrative and technical data on materials proposed to be furnished. Failure to furnish such data may void bid.</p> <p>QUANTITIES. The quantities stated herein are estimates only of the City's requirements. Contractor agrees to furnish more or less than the estimates in accordance with actual needs as they occur throughout the contract period at the unit price(s) quoted. It is agreed contractor shall have the right to reject orders exceeding 25% over the total estimates upon written notification to the Purchasing Agent.</p> <p>PERFORMANCE BOND. Successful bidder may be required to post a 15% Faithful Performance Bond but not to exceed \$1,500.00. Bond to be posted at bidder's expense upon request by the Purchasing Agent.</p> | | |

65

(Continued on following sheet)
SHEET 2

Exhibit 9 (continued)

City of Los Angeles
Purchasing Agent
Bid No. 3127

RENEWAL OPTION. The City desires the right and option to extend any contract awarded hereunder for a period of one or two years from date of expiration, under the same price, terms and conditions, subject only to manufacturer's published price increases as set forth herein.

Indicate if said Renewal Option is granted for one additional year:

_____ Option Granted _____ Option Not Granted

Price Increase shall not exceed _____% during the first renewal period.

Indicate if said Renewal Option is granted for a second additional year:

_____ Option Granted _____ Option Not Granted

Price Increase shall not exceed _____% during the second renewal period.

It is agreed that if any renewal option granted herein is exercised the City shall so notify the contractor prior to the expiration date.

66

**LOS ANGELES CITY
SPECIFICATIONS
FOR
CANS, TRASH, ZINC COATED**

Index No.
15-C-2
Page 1 of 2

These Specifications were approved for issue by the Purchasing Standards Committee on February 1, 1973.

1. SCOPE AND CLASSIFICATION.

1.1 SCOPE. This specification covers trash cans made from metal sheets, and having tapered corrugated sides, and covers.

1.2 CLASSIFICATION. Cans shall be of the following classes:

| <u>CLASS</u> | <u>DESCRIPTION</u> |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CLASS A | Shall be 32 gallon capacity (24 gauge steel), hot dip galvanized, and conform to Federal Specification RR-C-82 latest edition. |
| CLASS B | Shall be made from zinc coated metal sheets 30 gauge (U. S. Standard) and be one of the following capacities, 10-gallon, 20-gallon, 30-gallon, or 45-gallon. Gauge is combined thickness of steel sheet with zinc coating applied. |

2. SPECIFICATIONS.

2.1 APPLICABLE DOCUMENTS.

2.1.1 Latest edition of Federal Specification No. RR-C-82 for Cans, Ash and Garbage, Corrugated, Taper-Side, Zinc-Coated: and Covers.

2.1.2 Latest edition of ASTM Specifications A-525 and A-527.

2.2 DESCRIPTION.

2.2.1 Class A cans and covers shall conform to RR-C-82 latest edition.

2.2.2 Class B cans shall conform to RR-C-82 except as modified herein.

2.2.2.1 Cans and Covers shall be manufactured from galvanized sheet steel, commercial class zinc coating, per ASTM A-525 and A-527.

2.2.2.2 Cans and Covers shall be in accordance with approved manufacturers drawings and design.

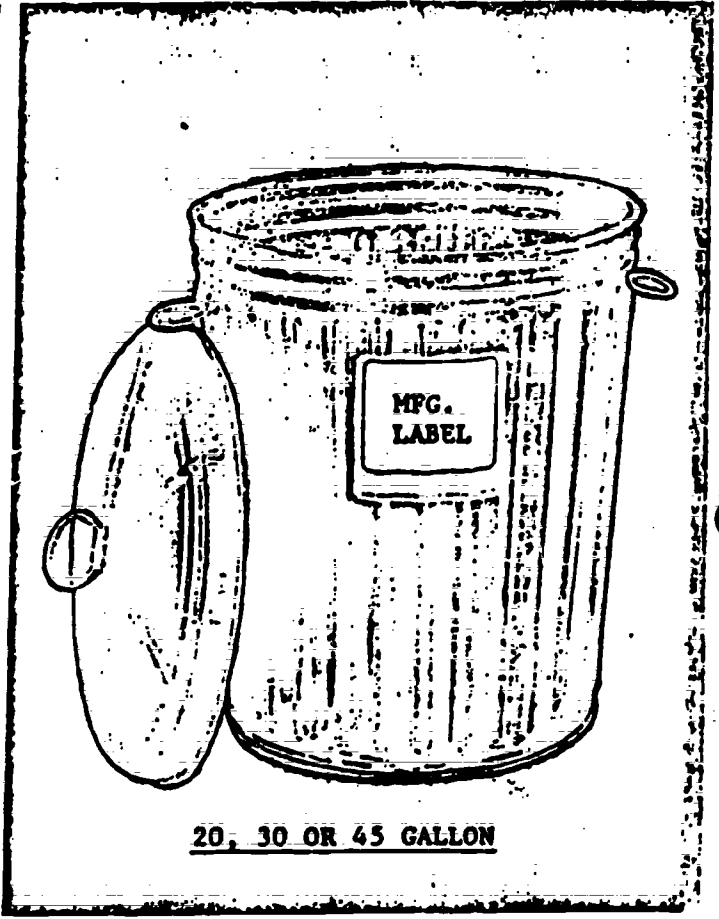
2.2.2.3 For typical configuration of Class B cans see Table I.

Exhibit 9 (continued)

Index No.
15-2
Page 2 of 2

TABLE I

TYPICAL CONFIGURATION OF CANS



Slightly tapered bail made from top quality galvanized sheet steel. Deep vertical corrugations with raised double-seamed bottom and lock side seams. Ears securely riveted or welded to body. Bail handle locks cover in place when in upright position.

Two horizontal stiffening corrugations near the top, and deep vertical corrugations. Double-seamed raised bottom and lock side seams. Tapered sides for maximum nesting, easy dumping. Drop-type side handles, riveted or welded to body. Made from top quality galvanized sheet steel.

| Capacity Gal. | Top Diam. Inches | Height Inches | Approx. Wt. per Doz. Lbs. |
|------------------|------------------------|------------------|---------------------------------|
| 10 | 14-3/4 | 17-1/4 | 70 |
| 20 | 18-3/4 | 23-1/2 | 114 |
| 30 | 20-3/4 | 26 | 144 |
| 45 | 22-1/2 | 32 | 192 |

Manufacturer's label is optional.

Exhibit 10

ADRIAN DOVE (A)

Bidder's Mailing List Application

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------|
| Form DS 141 (9-75) | BIDDER'S MAILING LIST APPLICATION | INITIAL APPLICATION |
| NAME OF APPLICANT | | REVISION |
| ADDRESS TO WHICH BIDDING FORMS ARE TO BE MAILED | | DATE OF THIS APPLICATION |
| Zip Code: | Phone No. | HOW LONG IN PRESENT BUSINESS |
| TYPE OF ORGANIZATION (Check one) <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation | | IF INCORPORATED, INDICATE IN WHICH STATE |
| NAMES OF OFFICERS, MEMBERS OR OWNERS OF CONCERN, PARTNERSHIP, ETC. | | |
| (A) President | (B) Vice President | |
| (C) Secretary | (D) Treasurer | |
| (E) Owners or Partners | | |
| PERSONS AUTHORIZED TO SIGN BIDS AND CONTRACTS IN YOUR NAME (if agent, so specify) | | |
| Name | Official Capacity | |
| LIST HERE THE SUPPLIES, MATERIAL AND/OR SERVICES ON WHICH YOU DESIRE TO BID (Use reverse side if necessary) | | |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 30%; border: 1px solid black; height: 200px;"></div> <div style="width: 40%; border: 1px solid black; height: 200px;"></div> <div style="width: 30%; border: 1px solid black; height: 200px;"></div> </div> | | |
| SIGNATURE OF PERSON AUTHORIZED TO SIGN THIS APPLICATION | | NAME AND TITLE OF PERSON SIGNING (Please type or print) |

RETURN TO: **CITY OF LOS ANGELES PURCHASING AGENT**
 200 No. Main St., Room 1430, City Hall East
 Los Angeles, Calif. 90012

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-
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+
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ANDY KELBICK¹

It was Wednesday, December 10, 1975. Only two days earlier, Andy Kelbick had agreed to Assistant Commissioner for Social Services Kathryn Starshak's proposal that he head a newly formed Program Unit within the Bureau of Social Services. The twenty or so professionals who would be assigned to him (together with their supporting clerical staff) were to move into their new quarters tomorrow. Earlier that morning, as he had pondered who should sit where, Kelbick had realized that the "space" issue raised a cascading set of increasingly perplexing problems. When, and how, for example, should he impose an organizational structure of his people? How fast and in what direction(s) should he try to move his new unit? How could he energize such a disparate group and give it a sense of common purpose? Was the last objective even necessary? Now, he had an even more immediate problem: How should he respond to Mike Kelly, the head of the Purchase of Services Unit, who, at this moment, sat across the table from Kelbick demanding that the office which Kelbick had "stolen" be returned.

The Department of Welfare

Kathryn Starshak's Bureau of Social Services was one of four organizational components within the Delacut state Department of Welfare (DoW) (see Exhibit 1). Delacut was a medium-sized, mid-Atlantic state. It contained two large urban centers and a substantial farming area in its southern half. The state's DoW, which managed the delivery of all cash assistance and social services to eligible Delacut residents, was, in turn, part of the cabinet-level Human Services Administration (HSA). HSA included such other departments as Corrections, Juvenile Services, and Mental Health. DoW was headed by a commissioner and a deputy commissioner. Three of its four components (the Bureau of Medical Assistance, Assistance Payments, and Social Services) were charged primarily with "the development of policy and procedures" in their respective areas, while the fourth (the Bureau of Operations) had line responsibility for the regional and local DoW offices--the organizations that actually delivered the three kinds of welfare services to Delacut recipients.

¹Names and locations have been disguised.

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DoW's entire organizational structure reflected two changes that had taken place in the welfare system over the past ten years. First was the advent of Medicaid. This was a federally subsidized, medical insurance program available to recipients both of Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) and to others who were judged medically indigent. Second was the separation, in 1973, of the assistance payments program from the social services programs. Before separation, both financial assistance and social services had been managed by the same organization and ultimately, in the field, by the same social worker. Indeed, the assignment of a social worker to each recipient family and the family's acceptance of social services had been a precondition to the continued receipt of assistance payments. Now, the need for financial assistance was no longer viewed as prima facie evidence of the need for social services, and the latter were offered only on the basis of an established need and, for the most part, at the recipient's request. DoW's organization from top to bottom, emphasized the separate identity of the agency's three major services--medical assistance, assistance payments, and social services.

The primary task of the Bureau of Medical Assistance was to act as an intermediary between those who were eligible for Medicaid benefits and those who provided medical care to them. This entailed control of vendor or medical provider eligibility to receive Medicaid payments, periodic analyses of the use and effectiveness of the program, and management of the payment system that reimbursed providers for their services.

The Bureau of Assistance Payments developed policy and procedures and oversaw the payments system for the traditional cash payment welfare programs--AFDC, SSI, Food Stamps, and General Relief. All but General Relief were federally subsidized. Assistance payments were made to about 270,000 families throughout the state.

The Bureau of Social Services (BoSS) was concerned with a variety of social services, including day care, protective services for abused and neglected children, foster care, and others. Its functions are discussed in greater detail later in the case. It was headed by Assistant Commissioner Kathryn Starshak.

The Bureau of Operations (BoO) was organized in three tiers--a central office staff of about forty, seven regional offices located throughout the state, and ninety-eight local offices. BoO's central staff, together with the staffs of the other three bureaus, was housed at 68 Bay View Road, a drab, fifty-year-old office building at the boundary between an area of heavy industry and one of decaying multi-family residences in Delacut's capital city. Each tier of the Bureau of Operations incorporated the three-part organizational concept used elsewhere in DoW. The central office was headed by an associate commissioner who reported to the deputy commissioner of welfare. Re-

porting to the associate commissioner were three directors--one each for medical assistance, assistance payments, and social services. These directors acted as liaison between the field organization and one of the other three central office bureaus. Overall, the central office tier of BoO was supposed to ensure that the field staff really did activate new programs, or carry out revisions in procedures, in response to initiatives and directives that had been developed by the cognizant central office bureau, approved as necessary, and promulgated to the field. It was also responsible for monitoring on-going activities in the field, improving the quality of field management, and ensuring that the regional and local offices had adequate resources to carry out their tasks.

Each of the seven regional offices was headed by a regional manager (RM). Reporting the RM were associate regional managers (ARMs) for medical assistance, assistance payments, and social services. Each ARM was assigned one or two administrative assistants drawn from the social worker ranks in the field.

Regional managers oversaw the activities of eighteen local field offices (LFOs). Each LFO was headed by an office manager and three assistant managers--one each for the three areas of responsibility carried by the ARMs. Under the three assistant managers were groups of social workers who maintained direct contact with the recipients of Medicaid, assistance payments, or social services, depending on the groups' assigned responsibility. Those groups assigned to the delivery of social services did client intake, eligibility determinations, needs assessments, referral to various kinds of services both within DoW and external to it, and performed the day-to-day case work of counseling, assisting, and keeping track of the well-being of DoW's clients.

The organization and delivery of social services was based on the concept of the "generalist" caseworker. This meant that every social worker was considered competent to manage all of the social service needs of any family that was assigned to him or her. The worker might make use of specialized resources, both direct and purchased, for the provision of some services, but he or she served as the focal point for the design and delivery of a complete program for the family. Nevertheless, some social workers in the LFOs spent most of their time working in a particular phase of the services cycle--say, intake and referral--or on a particular service, such as foster care.

In theory, line authority over the field ran only from the associate commissioner, to the regional managers, to the local office managers. In practice, this authority was often delegated to the various assistants for medical assistance, assistance payments, and social services. Thus, the routine chain of command for, say, social services, went from the director of social services at the central office to the seven ARMs for social services, to the assistant managers for social services in the local offices, to the social worker groups who

were assigned to work on social services. No one in any of the other three bureaus at 68 Bay View Road had any line authority over their counter-parts in the field organization. In fact, staff members of these three bureaus were supposed to communicate with personnel in the field (either in writing or by telephone) only through or with the permission of the cognizant Bureau of Operations director.

Despite the relatively rigid chain of command that existed in BoO, regional managers had long enjoyed a substantial degree of autonomy, a condition that had persisted in the face of several reorganizations that had been designed to reduce it. RMs exercised considerable discretion over the way they organized and staffed programs in their own and the local offices, and they influenced the relative emphasis that was given to different programs in their regions. For example, all regions were required by law to provide protective services for neglected or abused children. Some regions, however, delivered the services through generalist social workers in the local offices, some through specialist workers in those offices, and still others through groups of specialists working out of the regional offices.

Ron Quinby, the associate commissioner for field operations, had come up through the ranks of DoW. Before coming to the central office, he had served as a local office manager and a regional manager. Although not viewed as a strong administrator, Quinby had turned the BoO from a small, "back room" group of four or five into a central office staff of over forty and was trying to give this expanded group a much greater voice in what went on in the field. His efforts were hampered, however, by the tradition of autonomy for regional managers and the endless march of operating detail with which BoO had to contend. The bulk of Quinby's experience in the field had been with assistance payments work.

Quinby's director for social services was Clare McKenna, a woman in her middle-forties who, like Quinby, had been in the field (first as a social worker and, later, as an associate regional manager for social services) for many years. One DoW employee noted that McKenna and her assistant were "stretched incredibly thin." All communications coming from or to the social services staff in the field crossed McKenna's desk. As a result, she tended to be behind in her work and to be unable to examine any problem in great depth or to devote very much energy to follow-up efforts. Through it all, however, McKenna maintained a measured pace and a spirit of accommodation. She had learned to cope.

Regional managers were almost exclusively middle-aged males, who had worked their way up the civil service ladder over a period of many years. Some observers described them as "survivors of the system." By and large, their careers had been built on the business of assistance payments rather than social services. ARMs, local office managers, and assistant managers tended to be more diverse in age, length of service with

DoW, and viewpoint. All management positions in the field were filled by competitive civil service examination.

Some Comments on Conditions in the Field

A long-time employee of DoW, with both field and central office experience, had this to say about the relationship between various parts of the field organization:

Ever since separation, there has been a fair amount of tension and bad feeling between those working on assistance payments and those working on social services. The assistance payments people believe, with some justification, that the social services people consider their work to be much more professional. The social service people, on the other hand, think the system emphasizes assistance payments and short changes social services.

It's very hard to overcome this tension in the field because the two groups are separated and they don't see or understand what the other group is doing. At the central office, it's more like friendly rivalry and kidding.

Another, much younger social worker, who had recently moved from the field to the Bureau of Social Services, commented as follows:

A social service delivery system has two parts. You have to hook the social worker and the client together; and after the hookup, you have to ensure that the service that's delivered is of high quality.

When I began, I was hooked up with a case load, and the load was too big, and I wasn't adequately trained. So I learned by going to seminars, and listening to the people I worked with, and learning from my learning experiences. But what I learned most was how little I knew and, more importantly, how much people who said they knew, didn't know.

So sometimes the system breaks down because it doesn't hook up all the clients with a social worker. But even if it did, the quality of what went on wouldn't be that good because the state of the art of treating dysfunctional families is primitive; and don't let anyone try to tell you differently. We just don't know how to take two parents who have had terrible family lives themselves--drug addiction, alcoholism, wife beating, child beating--and turn them around so they function even adequately, let alone well. And remember, every approach to treating

psychodynamic disorders assumes that the client wants to be treated; and, for the most part, ours don't.

When assistance payments and social services were separated in 1973, the union insisted--and I was a union representative at the time--that all the new social worker assignments be based on seniority. When all the bumping was over, we had all kinds of people who were trying to do work for which they weren't trained and didn't have any experience; and we had all kinds of people who were no longer doing the work for which they were trained and did have experience. It was something the union had to do to protect its people, but even I couldn't understand why the department didn't fight it harder.

A number of us came into the central office and pounded the table and said, "Dammit, you've got to train us." So they came up with a training package that was good, and they began to train everybody. But then Nancy Gordon¹ came in and got interested in really changing things in the field, and the training program kind of went by the boards.

In the field, we blamed the central office for everything, except for a few things we blamed the regional office for. For example, whenever there were vacant social worker slots in a local office social services unit and a local office assistance payments unit at the same time, the assistance payment slot always got filled first. And we blamed regional for that. But as to training, overall systemic changes, and failure to address special problems (like the absence of treatment facilities for severely disturbed children)--the things that really bog down a social worker--those we blamed on 68 Bay View Road.

The union was the only reasonably effective mechanism for getting any action. If I complained to my supervisor, and my supervisor complained to her supervisor, and then they both complained to the region, it eventually got lost. It's just too much to expect that the social workers, who are busy trying to do their work, can provide feedback to the central office. They'll just have to get out there and get their own feedback.

When you have your own little case load out there, it's your own little world. And although it's emotionally exhausting when I'm doing child welfare work, that's when I'm happiest. There's no question about it. I have my caseload; I do my work.

¹Nancy Gordon preceded Kathryn Starshak as assistant commissioner for social services.

Andy Kelbick's Career at DoW

Andy Kelbick had joined the Department of Welfare in September, 1974, following his graduation from the school of management at a well-known eastern technical institute. Before matriculating, he had worked with young school drop-outs in several of New York City's poverty areas. His first assignment at DoW was to head a special task force of six social workers established to investigate conditions in the state's foster care program and to report its findings directly to the commissioner of welfare. Pressure from the public and several influential members of the Delacut legislature had grown in response to the suicide of a foster care social worker; allegations of corruption and mismanagement; and, in particular, the discovery that several children had been placed in single-parent, homosexual homes. Said Kelbick:

We spent five or six months studying over five hundred foster care cases in depth. It was just a big mess. For example, potential or actual foster homes were not all being examined, approved, or reappraised on a regular basis. Particular homes weren't the responsibility of particular DoW regional offices, so social workers who wanted to assign a child to a foster home didn't have any systematic way of checking up on it. We made a lot of recommendations for changing the system, including an information system that would keep track of the foster home inventory and assign each one to a regional office.

When the project ended, I had to make a decision. There was so much to be done to correct the problems in foster care that I almost wanted to become the state's foster care person if I could. But I was a little leary of that, because it would mean becoming a bureaucrat rather than staying with the sexy projects. But the problem with the sexy projects is that they're always trying to get the people who have the responsibility for action to do something. So I had this ambivalence about becoming a bureaucrat, or being someone's special assistant, working on the latest high priority, sexy project.

Kelbick resolved the issue, temporarily, by joining a small staff in the Bureau of Social Services that had been given responsibility for developing the state's Title XX social services plan. (To receive federal funding under Title XX of the Social Security Act, a state had to have an approved, state-wide plan--based on adequate citizen input--for the organization and delivery of its social services.) Despite the fact that he was working for Scott Gray, a newly hired, highly experienced, and highly regarded planner, Kelbick found his six months of Title XX work disappointing. It was in his words, "the worst kind of planning." By this he meant that much effort was expended by the pro-

viders and recipients of social services explaining their ideas and priorities to DoW when, in fact, decisions had already been made and the state's budget drafted. All the planning document could really do was verify the way things were. In addition, he could see that nothing was being done to implement any of his task force's recommendations for the improvement of foster care and that the program was deteriorating even further. Still, he thought the experience had been beneficial:

First, it allowed me to put my in-depth experience with foster care into a much broader, horizontal perspective. Second, it allowed me to spend some time with Nancy Gordon, the assistant commissioner for social services.

Nancy had a very clear idea of how she wanted to impact on the local welfare offices. In the year she was here, she didn't spend much time supporting her staff; she spent it making field trips and really listening to what social workers out there had to say. She'd come back with some strong feelings about what she wanted to do and wanting someone who could write it all down. Since I was looking for real live stuff to do, I got the job.

For about a month, we met regularly and talked. Then I'd go write up what we'd said. What emerged was her model for the delivery of social services at the local level; and what I began to get was a sense of the reality in the field that I didn't have before.¹

Gordon's model came to the attention of some visiting officials from the federal Office of Child Development (OCD) who agreed to fund a special project to test its concepts in Delacut. In July, 1975, Kelbick was named project director with authority to hire two professionals to assist him.

It was a chance to analyze what's really happening out there in the field, to learn what kind of staff we have, what kind of cases we've got, what the demand for our services is, and where the pressure points are. It could be anything I wanted it to be.

By the third week in August, Kelbick had written two work plans for the OCD project, developed a budget, and recruited his two-person staff.

At the end of August, Nancy Gordon was fired. Kelbick commented:

¹ Gordon's model called for giving up the "generalist" concept of organizing the social services system and restructuring the local offices along specialized activities (see Exhibit 2).

Ever since the separation of income maintenance and social services, the regional directors and the local office directors have almost always been assistance payments people. There was never a social services personnel budget and so it always got the short end of the stick when it came to staffing.

Gordon saw this and wanted the Bureau of Social Services to have direct line authority over the field. She went out into the field and was so brusque and aggressive that she alienated the field people, and was so insistent on wanting the direct line that she also alienated the commissioner, the associate commissioner, and the director of social services.

I had developed pretty good rapport with these people when I was working on foster care, but now I felt compromised. I didn't want to be seen as her "boy," implementing her personal plan, so my first work plan said we should do a lot of analysis of the model, a lot of long-range planning, and a lot of running it through channels.

Gordon's replacement as assistant commissioner was Kathryn Starshak. Starshak was a suburban housewife, who had joined the department as a social worker in one of the larger local offices, after her children were old enough for her to return to work. Bright and aggressive, she had risen through the ranks rapidly to become the local office manager. Once in that position, she reportedly "whipped" the operation into remarkably good shape with a style that she, herself, characterized as "management by nagging." Said one observer:

She's not the kind of person who sits down and thinks things through and pulls everyone together to talk about problems and exchange ideas. She talks to one person for a few minutes and then to another, throwing out her ideas as she goes. In meetings, she'll stand up in a minute and tell the group what she thinks in no uncertain terms. Then a few minutes later, she'll change her mind, but always for a reason. People claim she used to sit in the corridors of her local office so she could keep track of where people were and where they were going.

She took one look at the project Kelbick was working on and said, "That's 'system,' ugh," and told Andy to stop.

Starshak's action on Kelbick's OCD project was not based on a lack of confidence in him. Indeed, Kelbick believed that her decision rested primarily on her reluctance to get involved in fundamental changes in the system so soon after becoming assistant commissioner. It seemed likely, he thought, that she would be willing to reactivate the work later. For the time being, Starshak asked Kelbick to take

over a very high priority project called the "CHINS transfer." This involved the transfer of responsibility for so-called "children in need of services" (CHINS) from the state's Department of Juvenile Services to DoW.¹ Despite the fact that this transfer was to be phased in between April 15 and July, 1976, no one at BOSS had had full responsibility for the project and little had been accomplished for over a year. Kelbick was to work on CHINS for the six to eight weeks that Starshak thought it would take to get her feet on the ground, and then, she said, the two of them could discuss his role in the bureau again. Kelbick commented:

This looked like where the action was. Because of my experience in New York City, I felt I knew something about these kids; and I knew it was an area where something

¹CHINS were juveniles who had been referred to the courts by a parent, school official, policeman, or other person because they had run away, been truant, or been so "stubborn" that they could not be controlled. They were known as "status offenders" because they were in court for acts that would not be considered offenses if they were committed by an adult. If the child was adjudged by the court to be in need of social services--that is, to be a CHINS--he or she was placed under the jurisdiction of DoW where social workers were responsible for devising a suitable corrective program. This might include counseling for either the child or his family, referral for psychiatric care, placement in a foster home, or some other service or combination of services.

Before the proposed transfer, prospective CHINS--when they were brought into the courts--were placed under the jurisdiction of the state's Department of Juvenile Services (DoJS) and were often held in one of that department's detention centers until the court had ruled on their cases. Since this might be a matter of several weeks, or even months, it meant that the child would be in extended contact with juvenile delinquents (who were the Department of Juvenile Services' main concern) and would not be receiving the kind of social services that they, or their families, needed. The CHINS transfer would shift this preadjudication responsibility from DoJS to DoW, thus removing these status offenders from the criminal justice system almost completely.

The process of transfer required that DoW determine staffing need (for such positions as court liaison social workers); develop and promulgate a set of policies and procedures for CHINS; train the new CHINS field workers; identify resources both internal and external to DoW that social workers could use to service CHINS children; evaluate existing service providers to determine their suitability to meet the needs of CHINS; negotiate new contracts with providers; develop good working relationships with juvenile court personnel; and sensitize DoW staff (many of whom viewed CHINS and delinquents as synonymous) to the particular needs of CHINS.

really ought to happen. So I went at it very hard for six weeks, learning what the problems were with the transfer, getting some sense of what had to be done, and developing a work plan for getting it done. At that point, Starshak came in and said she wanted me to be director of a new Program Unit, and that CHINS would be one of the activities in that unit.

I figured I knew something about CHINS, now, and about foster care. I didn't know anything about day care or protective services, which were also going to be in the program unit; but I figured I could learn. So I agreed to do it.

Starshak's Bureau of Social Services

With the creation of Kelbick's Program Unit, the BoSS under Starshak consisted of five parts: Administration, Planning, Direct Services, Purchase of Services, and Programs. This represented the third reorganization since the current governor's election in 1973, and Starshak was the third assistant commissioner. With the exception of Purchase of Services and Direct Services, the units in BoSS were headed by people in their early thirties who had had little or no prior experience at DoW.

Administration was a small group that coordinated the development of the BoSS budget, did financial and budget analyses of various kinds and supervised the BoSS central office clerical staff. Planning was the five-person group (of which Kelbick had once been a part) that developed the state's Title XX plan for social services. This still involved doing a state-wide "needs" assessment, defining social service goals, and developing an inter-agency plan for the coordinated delivery of these services. Scott Gray was still the unit's supervisor.

The third unit, Direct Services, was something of an anachronism. It was concerned with the placement of children for adoption or in group care facilities that offered specialized therapeutic or educational services usually in a peer group setting. Unlike the other BoSS Units, it--rather than the field organization--actually provided the services to children who needed them.

Purchase of Services (PoS) had been the power in BoSS for many years. It was run by a bright, long-term employee named Mike Kelly, who was intensely committed to DoW. Kelly was known to have a temper. He was assisted by an equally bright and verbal woman named Deborah Rand. Both were skilled negotiators, whether dealing with the providers of social services with whom PoS contracted or with others in DoW.

The nominal functions of the PoS unit were to solicit bids and negotiate contracts with the private agencies that supplied day care, homemaker, or other social services to DoW; to ensure that the vendors were qualified to perform the work on which they were bidding; and to see that they performed in accordance with the terms of their contracts. In practice, because the remainder of BoSS had been so loosely organized over the years, Kelly's unit had begun to do much more. It made decisions about how much of the various services would be purchased, from whom they would be purchased, and, more especially, what mix of services would be provided in the different regions. Nearly everyone agreed that this was not being done in response to any agreed upon state-wide plan for the delivery of social services; Kelly simply did the best he could without any planning capability. It was also generally known that Kelly received a great deal of political pressure from the legislature, local groups, and the providers, themselves. The expanded role that PoS had come to play made Kelly and his contact negotiators the only group in DoW with detailed, state-wide knowledge about the availability and proficiency of social services providers. Commented one BoSS employee:

Commissioners come and go, and assistant commissioners come and go, but Mike Kelly still controls that \$30 million in purchased services. And that money is at the margin, and that's important. The direct service staff, those workers in the local offices, is always there. But the illusion of change always comes with what's happening at the margin. That's been political, and that's where the action has been.

The Program Unit

The new BoSS Program Unit would draw together all the professional specialists who were responsible for the program development activities of a variety of social services. Before the unit was formed, they had been scattered about the BoSS organization chart and throughout the physical facilities at 68 Bay View Road. At one time, two of them (those in charge of homemaker and chore services and day care) had been part of Mike Kelly's Purchase of Services Unit.

There was, in BoSS, considerable uncertainty regarding what was meant by "program development" and, in particular, what the relationship should be between a program development person and the field organization. Conventional wisdom held that "program development" involved the formulation of structures and operating procedures for new program elements in the field, or for efforts to correct deficiencies in, or generally improve, the efficacy of existing programs. The implementation of these "plans" was the responsibility of the Bureau of

Operations. To some, especially the old-timers in BoSS, who knew how intransigent the field organization could be, this conventional wisdom meant that their job as program developers was simply to write "policy." Said Kelbick:

I was always interested in the way people talked about policy, as though it were a relatively mechanical process. The important thing seemed to be to have the margins the correct width and the headings standardized, so everything would fit into a manual properly.

Others thought program development should include a much broader spectrum of activities and a much more active engagement with the field organization than was implied by "policy writing."

One thing that everyone agreed on was that program development, whatever it was, had been an extremely ineffectual activity at BoSS. This could be attributed to several causes. First was the organizational and physical separation of those engaged in program development. Second was the aforementioned ambiguity regarding the nature and expected product of their work. Third, and partially as a result of the first two, was the gradual accretion, by other parts of BoSS and DoW, of tasks that might normally be associated with the functions of program development. For example, the Office of Finance, a staff group that reported directly to the commissioner of welfare, had developed a program analysis capability and was beginning to study various aspects of the delivery of social services; and the deputy commissioner had recently assigned to the Bureau of Operations the job of developing indicators that could be used to measure the effectiveness with which social services were being provided. Even Mike Kelly's unit in BoSS seemed to be doing some program development.

There was also general agreement, especially among those directly engaged in program development work, that it was no easy matter to have an impact on the field organization. To obtain a relatively simple change in, say, the kind of information that was gathered about protective services cases at the point of intake, the program developer for protective services might have to go through the following process. First, the cooperation of the field organization had to be requested via Clare McKenna, the BoO director for social services. This might lead to a presentation and discussion of the request at the next bi-weekly meeting of the seven assistant regional administrators for social services. If necessary, and if the field organization concurred, the program developer might also meet with one or more of the regional specialists in protective services to discuss the matter further and get a better understanding of whether or not the information was readily available and in what format it should be put, and to convince

the specialists that the request was reasonable and the need for the information real. When all these steps had been taken, the program developer would draft a memorandum for distribution to the field and present it for approval by the assistant commissioner for social services and then by Clare McKenna. Only then, could it be promulgated.

The same process might be followed for a relatively simple change in procedure. (Samples of memoranda sent to the field are shown in Exhibits 3 and 4.) More complex changes and/or program initiatives might require the approval and cooperation of other parts of DoW, or of organizations external to DoW, such as the Department of Juvenile Services or the Department of Public Health. There was, within the Bureau of Operations, no staff specifically charged with implementing the changes that had been agreed upon with the program development specialists. One social worker who had spent five years as a caseworker before moving into program development at the central office said:

In general, it's impossible. You try to create or modify a program for servicing people, and it has to be reviewed by God knows who. Seven or eight times! And everyone has their own biases. It goes back and forth, back and forth, back and forth. And it never seems to get done. It never seems to get implemented.

Kelbick's familiarity with the people, programs, and issues that were being joined together in the Program Unit was uneven. Some he knew well because of previous work or associations during his year's tenure with DoW. Others he knew hardly at all. As he reviewed the line up, it occurred to him that there were several different ways in which the constituent parts of his organization could be categorized. Some of his people, for example, were concerned with the management of a single service such as day care, while others, such as protective services, were concerned with the provision of a spectrum of services to a particular client group. Indeed, all of the services could be defined in terms of the relatively small number of specific client groups to which they were directed. Another way to categorize the activities was to divide them between those that DoW purchased from outside vendors and those provided directly by social workers in the local offices. Finally, it was possible to view the services in terms of whether or not they seemed to be in an immediate or imminent state of crisis, or were relatively quiescent. The following paragraphs identify the services subsumed in the Program Unit and outline Kelbick's early thoughts on each one.

Foster Care: Foster care services placed children in appropriate

foster homes when they could no longer remain with their natural parents. The need for foster care might arise because the parents abused or neglected their child(ren), were ill or otherwise incapacitated, could not manage a "stubborn" child, or for some other reason could not provide a supportive environment. DoW's foster care activities included assessing children's needs, placement in foster homes, training prospective foster parents, and providing continuing counseling to the children and their foster parents. Each regional office maintained a home-finding unit which was responsible for recruiting new foster parents and maintaining an inventory of available homes. In an average year, DoW provided foster care services to nearly 7,000 children.

In more than any other area, Kelbick's previous work at DoW had brought him into close contact with the people and problems associated with foster care. He knew the two program developers well, and he knew that they devoted their efforts almost exclusively to one of two activities. Tom Dowling, who was young, verbal, and quick, concentrated on recruiting new foster parents; but despite some state-wide publicity drives, Kelbick was never able to discern any particular plan underlying Dowling's activities.

Dowling's compatriot in foster care, Aileen Lomish, had devoted her efforts primarily to developing the criteria that the home-finding units in the regional offices would use to approve or disapprove prospective foster homes. She had also worked for several years to develop the outlines of grievance procedures that would allow foster parents, who disagreed with the advice or direction of a social worker, to appeal to higher levels within DoW (see Exhibit 4). Kelbick thought Lomish was not very adept at thinking "systemically" about foster care, but that she worked hard and stuck to her projects.

Dowling's and Lomish's work notwithstanding, Kelbick knew that there were some very pressing issues facing foster care. Social workers in local offices, had long ago discovered that regional home-finding units had never been sufficiently effective and organized to develop a pool of readily available foster homes. Consequently, when they needed to place a child, they did so with almost anyone who was convenient--a relative or friend of the child, if possible, or someone else known to the social worker. Then they requested a state vendor number from the regional home-finding unit, so the "foster parent" could be paid. Home-finding, of course, was not supposed to give out a number until it had inspected the home and found it to be in compliance with state regulations. If the home-finding unit made an inspection, it took time, and that led to a great deal of conflict with the social workers, whose newly found foster homes might go unreimbursed for months. If an inspection were not made before the vendor number was issued, it frequently resulted in the de facto certification

of homes that did not meet regulations. As a consequence of these and other conditions (such as failure to keep proper records on children in foster care, and failure to have each case reviewed periodically by a social worker), the state's Office for Young People (OYP)¹ had declared, in July, 1975, that DoW was "90 percent out of compliance" and given the department one year to correct the deficiencies or lose its license to contract for foster care. One social worker, who had specialized in foster care for several years, had this to say about the status of the program:

I was given child after child who was in the process of actually being, or having been, thrown out of their family homes or foster homes. And for many of them, this was their eighth or ninth foster home. For others, it was the foster home they had been in for ten years. They were uncovered cases; cases that had not been covered by a social worker for years and years. The kids had been in those homes, and there had been problems, and they had never been addressed. Some of them hadn't seen their real parents in years, but they hadn't been adopted. They were just in limbo.

Volunteers: The volunteers program was intended to increase the number of volunteer workers that were available to help out at various levels of DoW--particularly in the local offices--and to see that these volunteers were used productively. The BoSS program developer was Leslie Solon, a middle-aged, suburban woman with an enormous number of "contacts." Energetic and entrepreneurial, she had established small projects around the state that were staffed by volunteers. She could point to several instances in which her projects had led to gubernatorial citations for one or more of her projects. Kelbick suspected that Solon's was largely a one-woman show--that when someone called and said he or she wanted to work, Solon scouted around and found something, somewhere in the state. Certainly, her operation did not give the impression of an organized state-wide effort to support the regions in any systematic way. By and large, BoSS management had left Solon to her own devices, and neither supported nor interfered with what she was doing.

Work Incentive Program (WIN): WIN was an employment and training program run jointly by DoW and the state's Department of Employment

¹OYP was a state agency, separate from DoW, that reported to the administrator of the Human Services Administration. Its function was to act as an advocate for children and to control the issue of licenses to providers of children's services.

Services. Available to AFDC recipients, it had two basic purposes; to upgrade their work skills so they could better compete for jobs, and to increase the number of employment opportunities available to them. DoW's primary responsibility was to provide supportive services (such as day care and counseling) that the AFDC recipients needed in order to undertake job training and employment. The Department of Employment Services provided access to an array of training programs and employment opportunities as part of the state's overall manpower program.

Unlike most of the programs assigned to Kelbick's unit, WIN's regional specialists reported directly to the BoSS program developer, George Mullen, and had their desks at 68 Bay View Road. Perhaps because neither the BoSS staff nor the social workers in the field understood the complex manpower programs that were associated with WIN, it had never received a great deal of support from the central office nor much attention from the field. It was viewed, not only in Delacut, but nation-wide as well, as a relatively unsuccessful program. Over the past several years, Mullen's staff had shrunk through attrition until the current group of four was too small to cover all of DoW's regions. It was generally known that Mullen wanted badly to have himself and his group transferred to the Bureau of Operations, in which he believed he could operate more effectively. Kelbick, on the other hand, had studied manpower programs during his two years at graduate school and knew that WIN was the only program, linked to the Department of Welfare, that could serve the employment needs of welfare recipients. Somehow, these needs seemed to him to be as important as those being addressed by many of the other services attached to his program unit.

Day Care: Day care was provided to approximately ten thousand Delacut children, whose parents met certain maximum income standards, and could establish, in addition, that they had a bona fide need for the service. DoW purchased day care either from day care centers, family day care homes, or individual baby-sitters. Day care was made available, for the most part, to DoW clients who were receiving some other social service from the department. For example, day care would be offered to an AFDC mother taking part in the WIN program, or to a family receiving homemaker or chore services because of illness or disability.

Program development for day care was being handled by Jack Halpern, with the assistance of a young woman named Bebe Schrieber. Halpern had run a large day care center and--when the state's use of day care had begun to expand rapidly ten years ago--had joined DoW to manage the expansion. He had created a purchase of services group that had grown to as many as five, and had been part of Mike Kelly's larger PoS unit. As the use of day care had stabilized, and then dwindled, Halpern's staff gradually had been cut back. And, when

Assistant Commissioner Gordon decided that the contracting process for day care had become so routinized that it no longer needed the oversight of a day care expert, she instructed Halpern and Schreiber to confine their activities to "policy." As far as Kelbick knew, they had done just that.

Beyond this, Kelbick knew little about either day care, Halpern, or Schreiber. He and Halpern had exchanged "good mornings" for several months, but he had no sense of how Halpern might view his (Halpern's) new assignment to the Program Unit. Kelbick did not think there were any crisis issues facing day care, although he remembered that there had been an "enormous brouhaha" the previous summer over the issue of closed versus open referrals. Under the current system of open referral, day care providers could recruit and certify the eligibility of their clients. Assistant Commissioner Nancy Gordon had wanted to change this so that referral and certification would have to be through and by DoW. Private day care providers had objected strenuously to her proposal, and Gordon's failure to resolve the issue satisfactorily had been one of the factors that had led to her dismissal.

Homemaker and Chore Services: DoW provided short-term housekeeping and maintenance help to over seven hundred Delacut families each month. Homemaker services were purchased by DoW from private agencies who sent their employees into recipients' homes; chore services were purchased by the recipients, who were then reimbursed by DoW (see Exhibit 3). The clients were families who were too elderly, or in which parent(s) were hospitalized, incapacitated, or emotionally unable to care for the home and/or other family members. One of the major objectives of the program was to avoid the institutionalization of people who could not maintain their own homes without help.

The program developer for homemaker and chore services was Marc Wexler, a long-term DoW employee with whom Kelbick had a nodding acquaintance. There were two issues of current importance in the area: The pending transfer of all the elderly cases from DoW to the state's Elderly Affairs Administration (EAA); and the requirement that homemaker services be covered by contractual agreements rather than authorizations issued by social workers in the field. The EAA transfer was scheduled to take place by July 1, 1976; and, for some reason, Wexler had been unable to keep the process moving. As a result, a special project manager, Valerie Fox, had been hired and was working on the task independently.

The problem of covering homemaker services with a contracting process was more complex than the EAA transfer, and was an issue that had been around for several years. By February, 1976, DoW had to create a contracting process in the PoS Unit, a bill paying procedure in the de-

partment's Finance Office, negotiate contracts with the providers, and have these contracts approved up through the state's Office of Finance and Management. Failure to meet the deadline could result in a cutoff of federal funds. Because the state was already expending funds for homemaker services at a rate that would exceed the year's budget if it continued, the contracts had to be negotiated so that providers would reduce their spending, in the remainder of the fiscal year, enough to keep DoW within that budget. Despite his being relieved of responsibility for the EAA transfer, Wexler had not made much progress on the homemaker contracting project.

EAA Transfer: Valerie Fox's EAA transfer project required that she develop and write the policy and procedures that would authorize the transfer and specify how it was to take place; determine the amount of DoW funds that would have to be shifted to EAA's budget; and work through the field staff to collect data on the caseloads to be transferred, to bring together the significant DoW social workers with their counterparts in EAA, and to notify the clients that were being transferred. All this, of course, had to happen without any interruption in service.

Fox, an intelligent, analytically capable woman, was attached to the Title XX Planning Unit in BoSS. When she learned that a Program Unit had been formed under Kelbick, Fox sought him out and asked that her activity, which she felt was "more program than planning," be moved into the new unit. Knowing that Fox possessed substantial managerial skills--that she could draw up and defend budgets and organize and layout a project plan--Kelbick considered this a stroke of unusually good fortune. The EAA transfer would be completed within a few months and, even now, was occupying Fox less than full time.

OCD Project: In theory, Kelbick continued to head the still dormant OCD project himself. Just before Starshak had assigned him to other tasks, he had completed the final steps to hire two people to help him. Janis Kerman was a young woman who had been employed by several public sector consulting firms and, for eight or nine months, had worked on a special project with DoW to develop sliding fee scales for the day care program. David Johnson, also young, was an energetic and articulate social worker currently working in one of the poorer areas of the capital city. He had had extensive experience dealing with both foster care and protective services cases. Kelbick had hired Kerman and Johnson because he thought both were relatively analytic in the way they thought about the problems of delivering social services and could, therefore, become adept at long-range planning. He remained convinced, moreover, that the kind of detached overview that the OCD project took of the social service system was a perspective that BoSS needed very much. Both Kerman and Johnson were still available if Starshak could be convinced to reactivate the project.

Protective Services: This was a highly specialized service that intervened on behalf of children believed to be suffering from neglect or abuse, regardless of the child's family income level. Anyone could report incidents of suspected abuse or neglect to DoW and certain people and institutions--such as physicians, nurses, hospitals, schools, social workers, and day care centers--were required to make these reports. "Intervention" could include investigation of alleged cases of abuse or neglect, evaluation of the family situation, and management of those cases where abuse or neglect was found to exist. In theory, the primary emphasis of the program was on prevention of abuse and neglect by identifying potentially explosive situations and using family counseling and therapy to prevent damage to the child. In extreme cases, children could be removed from their homes and temporarily placed elsewhere. Protective services made use of several other social services--for example, day care, foster care, adoption services, and some of the special group care clinics.

Said a social worker who had worked extensively in protective services:

You try to work with the families before you take the kids away. The idea is to improve the family's functioning, but these are really dysfunctional families; so it's hard to do anything. When you've worked with a family for eight or nine months, and then you take their kids away, it's quite a thing. You have to experience it to understand.

In recent years, the demand for protective services had outstripped DoW's capability to provide them; and several incidents had been publicized in which reports of neglect or abuse had not been properly followed up. During 1974, DoW had accepted over 2,000 new abuse and neglect cases.

Protective services was an area that Kelbick knew little about. He was aware, however, that it was one of the most volatile and visible with which he would have to deal, and one that was commanding increasing attention from the HSA administrator and the commissioner of welfare. He knew that several special task forces had studied the problems in protective services, and he had read a report issued by one of them in November, 1975. (Excerpts from the report are reproduced in Exhibit 5.) It looked, he thought, like DoW ought to "start at the bottom" with protective services.

The program development person for protective services was Joan Giannetta, a young social worker with a great deal of field experience. Giannetta was an impassioned advocate of protective services. She knew the clinical details of the program as well as anyone in the state; but in the one or two conversations that Kelbick had had with her, he found it difficult to understand what Giannetta's views were with

regard to how the program should function or what her role should be. Several others in the department had observed that Giannetta--though vocal--had been relatively poor at "negotiating the bureaucracy" since moving from the field to the central office.

Housing: DoW's housing program had been established several years earlier so the department could assist welfare recipients more effectively with their housing problems. The staff kept abreast of federal and state housing programs and benefits so they could provide technical assistance to social workers on these matters. At one time, they had issued a booklet on housing, especially written to help social workers. At BoSS, the program was organized like WIN--that is, the regional housing specialists worked out of the central office rather than the regional offices and reported directly to the housing program development person, Sherry Goldberg. Goldberg, who was an experienced community organizer, was viewed as a go-getter. Nevertheless, because the ex-assistant commissioner, Nancy Gordon, had considered the housing program to be relatively unimportant, Goldberg's housing office (like the WIN group) had not been allowed to hire replacements for people who had left. Only one of her staff remained, and Kelbick suspected there was no way, despite Goldberg's energy, that the group could be fulfilling its tasks adequately.

Individuals: In addition to the people who were identified specifically with some program or service, Kelbick's Program Unit had also been assigned several other BoSS employees whose program affiliations were less clear.

Emily Sommerkamp had been in the social service system for many years. She had come up through the ranks, ending her career in the field as assistant regional manager for social services in the capital city region. She had then moved to the central office, where she had served as deputy assistant commissioner under Nancy Gordon--acting, essentially, as the in-house assistant commissioner while Gordon was away on her many field trips. Most people talked very positively about Sommerkamp, who was viewed as a "survivor" who remained deeply committed to DoW. In his contacts with her during his work on foster care, Kelbick had found her very reluctant to criticize any aspect of the department's operations.

She seemed, nevertheless, to be an almost unique resource. She knew virtually everyone of any consequence in DoW, had had a great deal of experience dealing with such people as PoS Unit head Mike Kelly, and was intimately acquainted with issues and problems in the field.

When Gordon had left DoW, Sommerkamp had decided that she no longer wanted to deal with the day-to-day managerial concerns of a deputy assistant commissioner. She wished, instead, to carve out a "nine to five, policy-related job," and had hit upon the task of re-

revising DoW's entire child welfare manual, the master policy and procedures book for children receiving assistance from the department. The book had not been updated since 1958, and had fallen into disuse.

Lila Barr, like Sommerkamp, had been with DoW for many years. She was currently assisting Sommerkamp with the revisions to the manual, and the two women seemed to form a closely bonded team. Kelbick had come in contact with Barr several times when he was working on the OCD project and had been much impressed; Barr seemed to him to be "straightforward" and a "tight thinker." Indeed, he had been so impressed with her ability to deal with issues and to write clearly and succinctly that he had asked her to join him on the OCD project. But because she was also managing a home and a young family, Barr preferred to work only part-time at DoW and had declined. Although Kelbick recognized that there was a close and "symbiotic" relationship between Barr and Sommerkamp, he also believed that having both work on the manual was a clear case of "overkill."

Diane Fultz had been hired to work in BoSS only a day or two before Nancy Gordon had been dismissed. She was supposed to head a new "clinical unit," (part of the Gordon model for delivering social services) consisting of specially qualified social workers, stationed in the central office to provide assistance to the regions on particularly difficult cases.

Since Gordon's replacement, Kathryn Starshak, had held up the implementation of Gordon's model, Starshak had been using Fultz to do odd tasks around BoSS, including some work associated with protective services and, recently, helping Kelbick develop a work plan for the CHINS transfer.

Kelbick had found Fultz extremely competent. Not only did she seem conversant with the language of social services, she appeared equally as facile with the world of systems development. She was, thought Kelbick, bouncy, enthusiastic, energetic and, perhaps, a bit too aggressive. She was paid the highest salary in BoSS, next to the unit heads, a fact that Kelbick knew was resented by some of the other employees.

The Issue of Organization

It seemed clear to Kelbick that one of the most difficult undertakings would have to be organizing this diverse group in a way that would give it direction and, at the same time, keep the management a reasonable task:

I felt like it was an eight- or ten-ring circus: a whole bunch of separate areas, each existing in its own little

world. Each one had one person appended to it who'd been going along for one, two, or maybe five years. Some were good; some not so good. But all of them probably shared one thing in common--they had never been supported by the rest of the organization, and they had never really been required to produce things in some systematic way. Certainly, they had never been part of a unit that tried to deal, as a unit, with other parts of BoSS, like Purchase of Services and Planning.

I felt like I was getting the troops after a series of long wars. Over the past three or four years, they'd been traumatized by one reorganization after another, by the separation of social services and assistance payments, by changes in their physical location, and by a series of different assistant commissioners. They were shell-shocked.

Still, I knew Starshak was a good enough politician so she wouldn't have offered me the position unless she'd checked with everyone and found out I had a reasonably adequate store of goodwill. So people were probably saying, "Yeah, okay, we'll start all over again. What do you want us to do, Andy?"

Two considerations had brought the issue of organizational structure to a head within a day or two of Kelbick's designation as head of the new Program Unit. First was his own conviction that he would have to provide the unit with some structure, even if it were only temporary, in order to get it working together. Second was the problem of office space. Those assigned to the Program Unit, who were not already on the fifth floor of 68 Bay View Road, were to be moved there immediately, and Kelbick thought that two criteria should govern the allocations of office space when they arrived: Those who had had offices with windows should continue to have windows if that were possible, and office location and preference should reflect working and organizational relationships.

Starshak had assigned Kelbick's unit to an area on the fifth floor known as "Room 518" (see Exhibit 6). Mike Kelly's PoS Unit occupied the adjoining area, Room 520. (At one time, when it had been considerably larger, Kelly's unit had filled both Rooms 518 and 520). Room 518 had five window offices, one fewer than would be necessary to house the six who already had window offices (Kelbick, Halpern, Wexler, Barr, Sommerkamp, and Fultz). Kelbick sought Starshak's advice on the problem and the latter, quickly seeing the issue, ordered Kelly to give up one additional window office--the one currently occupied by Deborah Rand, Kelly's administrative assistant.

The next day, Kelly, who had never talked to Kelbick at any

length before, called to ask if the two could meet. Said Kelbick:

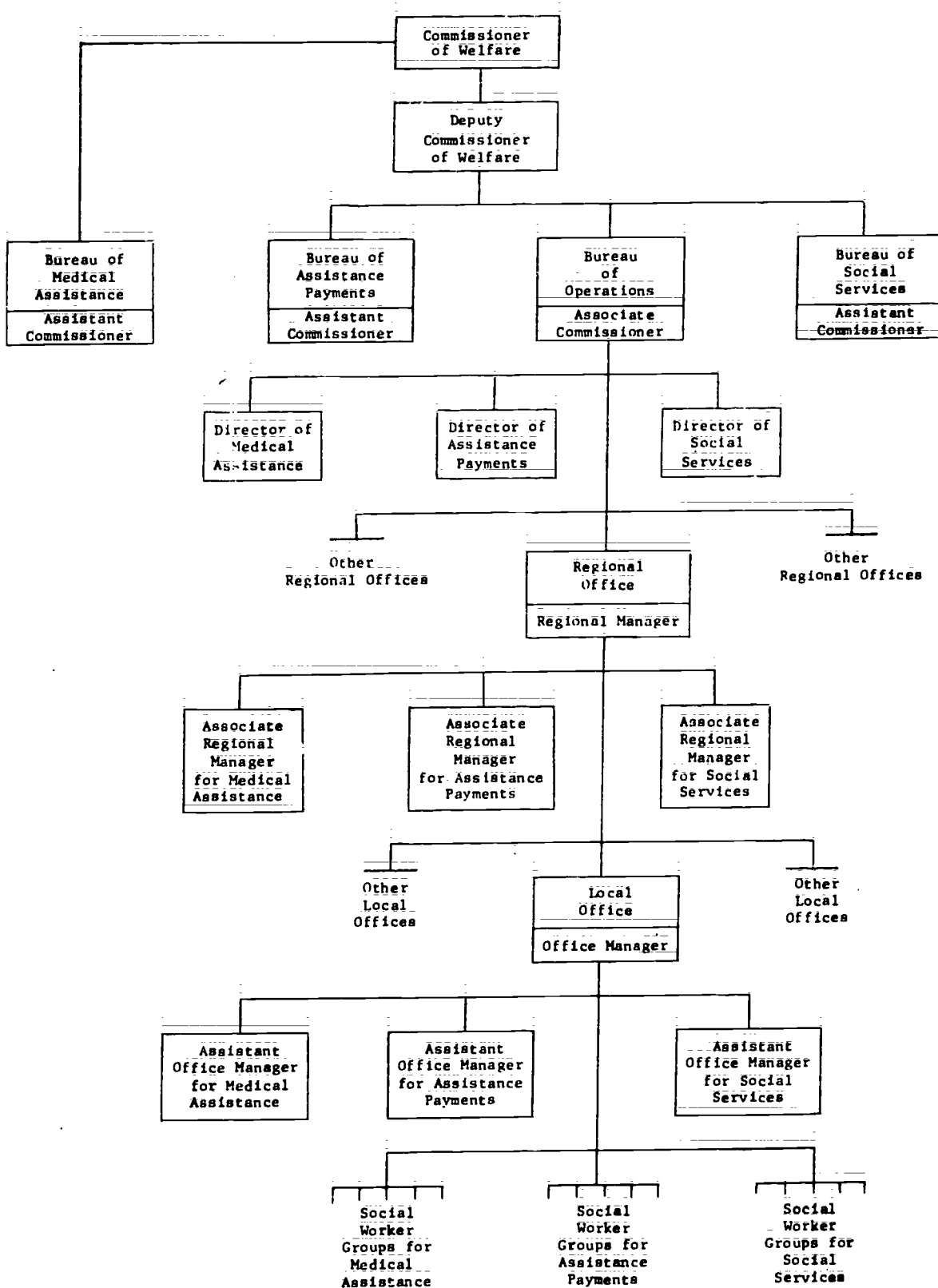
I agreed, and went over to his side knowing that he and Rand were supposed to be very tough negotiators. They were. They convinced me to show them exactly how I planned to assign my people, person by person, and then they proceeded to explain why I didn't need that extra office--how I had extra space here or could cram a few more people there, and so forth.

Then, I said, "Okay, I've shown you, now you show me." They didn't want to, but finally they explained just how their people were placed and how really crowded it was with four in some offices. I began to feel maybe I shouldn't take that office away. But then I asked them to take me around their space so I could really see, and I discovered that some of the offices looked pretty empty and those that had four in them were occupied by regional reps who were only in the office once or twice a week.

Exhibit 1

ANDY KELBICK

Organization of the Delacut Department of Welfare



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Exhibit 2

ANDY KELBICK

Excerpts from Nancy Gordon's Model for a Revised
Social Services Delivery System¹

This report will suggest the outlines of one major effort--that of reorganizing the social services system--as the basis for a more effective delivery of social services to individuals in need.

The core of any such effort must reside in an effort to support and upgrade the activities of the local office. Each local office has the unique task of meeting the social service needs in its particular area, while at the same time integrating its services into a state-wide system of service delivery.

Some Current Problem Areas

A. Entry to the Social Service System

1. The intake function is frequently limited by the fact that personnel lack the necessary time and, in some cases, the requisite clinical skills to make sophisticated and often complex assessments and treatment decisions. Too often superficial diagnoses are made, so that subsequent referrals and service plans treat only the symptomatic problems.

2. In some cases, local offices have not allocated staffing resources in such a way that the information and referral function can be carried out in optimal fashion.

B. Ongoing Service Delivery

1. The generalist social worker in local offices is required to deal with such a broad range of intake and service needs that it is difficult for him/her to develop a necessary level of proficiency in service delivery without a long period of on-the-job training. This problem is further aggravated by inadequate training for new workers as they move into generalist positions. The result is that workers at the local level may be required to deal with intake and service needs which may range from complex issues of child and family welfare (including protective cases) to problems associated with economic self-support (job training and ancillary services such as day care to support such training).

2. The diversity of client needs, and the complexity of casework decisions associated with providing appropriate services, has

¹The entire report on the model was fifty-one, double-spaced, typewritten pages.

Exhibit 2 (continued)

led some local offices to organize themselves informally into certain speciality areas. Most frequently, it appears, child welfare problems are handled by particular caseworkers who have experience with such cases. Although such an arrangement is understandable, it proceeds without authorization in policy and procedures.

D. Management and Supervision

As a general rule it appears that at each of the different levels of the social service system--from central office to regional and local offices--the various management or supervisory positions do not see themselves primarily in the role of support and assistance to personnel below them in the hierarchy. Thus, at the local office level, supervisors may not view themselves as teachers and highly skilled resources in support of line caseworkers.

A Framework for Organizing Social Services

A. The Local Welfare Office

The local welfare office is clearly the core of the social services system. Through a variety of public and private purchase agreements it is linked to a network of service providers which, together with the direct service activities of the DoW workers in the local office, constitutes a potentially complete inventory of social services to be utilized in meeting the unique needs of individual clients. The tasks needing to be carried out by this local office are, essentially, twofold: (1) a "client processing" function, consisting of screening for entitlement (eligibility determination) and a screening for problems and needs (service planning and programming), and (2) an ongoing service delivery function. In this fashion, the local office is viewed as consisting of two basic components: an intake unit, and an ongoing service delivery component.

1. Intake Component

This component must be designed to handle the complex issues and problems associated with the central task of assisting individuals to gain entry to the social service system. Further, however, it must have the capability to serve, when needed, as a regulator of the provision of services by the local office so that the resources of the system are allocated in a maximizing fashion.

The various tasks to be accomplished in the intake component may be organized around a set of basic functions. The screening and assessment function assists the client in gaining access to the system, and further, in identifying those needs which can be met

Exhibit 2 (continued)

through the provision of social services.¹ Based on this identification of need, the individual or family would be referred to the appropriate resource, within and/or outside the local office. The short-term treatment function would allow the system to work with the client in a very time-limited fashion (e.g., four or five meetings) around a specific problem or need. Finally, the crisis treatment function would enable the system to respond immediately to the initial, crises needs of an individual or family as a basis for more comprehensive service in the ongoing service component if needed.

In two instances, it is possible that clients might be referred to service delivering units within the intake component itself. Emergency cases involving child abuse, sudden incapacitation of a caretaker, or burn-outs would be referred directly to the crisis intervention unit. The second type of service need to be met within the intake component itself involves short-term problems or difficulties which can be met through a brief series of sessions (e.g., counseling) with a social worker located in the short-term treatment unit.

The organization of the intake component would reflect its three basic functions—intake and assessment, short-term treatment, and crisis intervention--each of which would form the basis for an identifiable unit. Each of these units would be staffed with some of the most experienced and capable individuals in the local office.

2. Ongoing Service Delivery Component

This section sets forth the structure for an ongoing service delivery component. The model does not propose to move away from a commitment to the integrated treatment of families and children.

Accordingly, this model of the ongoing service delivery component provides a framework for the treatment and servicing of family needs as they are diagnosed in the intake component. The framework proposed includes four units, each of which focuses on individual or family service needs as they are identified in the intake process. The children's unit would thus work with families where the dominant service needs reside with the children (age 0 - 12); the adolescent unit would work with families where the major problems seem to revolve around the adolescent member(s); the adult unit would focus on individuals or families where children's needs are not the paramount concerns; and, finally, the elderly unit would work with individuals or families where elderly needs are dominant. In each of these units, it should be emphasized, the worker's responsibility would be to work with the family as an integrated whole. What is anticipated, however, as a departure from the current generalist model, is the structuring of clinical experience and expertise in certain broad areas (e.g., children's needs, adolescent needs, etc.) so that workers may begin to

¹See Figure 1 for a schematic of the Gordon model.

Exhibit 2 (continued)

focus their efforts and resources, rather than being forced to respond to such a broad and complex range of service demands that, inevitably, their effectiveness is eroded and their morale undermined.

B. The Regional Office

The critical role of the regional office must be acknowledged in any examination of the social services delivery system.

Central to this role is an effective management capability. Such a management capability must involve the interrelated functions of technical assistance to local office staff and the monitoring or evaluation of administrative and programmatic activities in the local offices.

In addition to this management capability, however, the regional office must function as the locus of particular resources which are essential to the delivery of services in the various ongoing service delivery units in the local office. Currently a variety of resources—adoption, group care, foster care, and protective services—are organized at both the central office and regional office level. This model for a reorganized social services system would provide for the re-location of these functions as close to the field as feasible, while still maintaining an optimal use of resources. For this reason, it is suggested that the protective function be located in the various intake and ongoing service delivery units of the local offices. Family placement resources, however, should be located at the regional level.

Initial Concerns for the Implementation of the Model

A. Current Organization Structure

A major tenet of this proposed reorganization of Social Services is the desirability of a direct linkage of the central office structure with the regional and local offices. Under the current structure, the social services program has eroded as these services in the field have often been the stepchild of other important services in Assistance Payments and Medical. As outlined in previous sections, the current social services program needs focused attention which can best be facilitated through a direct linking of all levels of the structure. Such a straight-line relationship between central, regional, and local offices will enable the development of meaningful accountability for services personnel as the social services system undergoes a major overhaul. Accountability, initiative, and responsiveness are essential—and appear to be possible only through a straight-line responsibility structure—as the Bureau of Social Services moves to accomplish overdue changes.

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Exhibit 3

ANDY KFLBICK

Excerpts from Social Services Letter 12

Social Services Letter 12
July 12, 1975

TO: DEPARTMENT STAFF
FROM: HERBERT J. KYLE, COMMISSIONER
BY: NANCY GORDON, ASSISTANT COMMISSIONER OF SOCIAL SERVICES
RE: HOMEMAKER AND CHORE SERVICES

This letter transmits revised material on homemaker and chore services. It incorporates wide ranging changes with specific emphasis in the following areas:

- limits financial eligibility for homemaker and chore services
- requires utilization of client categories for homemaker and chore services
- requires need for services to be determined by social diagnosis based on home or office visits prior to authorizing and re-authorizing services
- establishes time limitations on amounts of homemaker and chore services which may be authorized in each client category
- allows for the issuance of an administrative order to discontinue programs in the event of insufficient funds

The Homemaker and Chore Services for the Elderly and Disabled Policies require social service workers to refer certain requests for such services to local Home Care Corporations in areas where services are "provided solely by Home Care Corporations..." (II. A. 3 of the Homemaker Policy and II. A. 4 of the Chore Policy). These sections will become effective when the transfer of services provision from the Department of Welfare to the Elderly Affairs Administration, Home Care Corporation system is implemented. They are not effective now. Social service workers will be notified when the transfer will begin.

The attached material is effective July 15, 1975.

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CHORE SERVICES

Chapter II

TO FAMILIES AND CHILDREN

I. Authority

The Department of Welfare provides chore services under the provisions of Section 2, Chapter 13 of the General Laws.

II. IntroductionA. Service Delivery

1. Chore services are provided:
 - a. by an individual secured
 - 1) by the client or
 - 2) by the social worker, or
 - b. by a staff member of an agency from which the Department
 - 1) purchases services on a contracted basis or
 - 2) purchases services on a non-contracted basis approved by the Bureau of Social Services at Central Office.
2. The applicant shall contact the local social service worker to apply for chore services. After determining eligibility and determining and documenting the need for service in the Social Service Plan and the case record, the social service worker shall arrange for service with the chore person selected or contact the agency providing the service.
3. The client may select a person from the community to perform chore services. This may include a friend, neighbor, or a relative who does not live in the client's home. If necessary the social service worker should make efforts through the client's family or community contacts to assist the client in finding the proper person to perform approved chores. Consideration of the chore involved will determine the appropriate person to be employed.

B. Purpose of Service

The Department shall provide chore services to enable eligible families to remain in their own homes when parents or other household members are unable to perform various household activities themselves, and the activities do not require the services of a trained and supervised homemaker or other specialist.

CHORE SERVICES

Chapter II

TO FAMILIES AND CHILDREN

IV. Eligible Groups

Families with children who are current recipients of AFDC are eligible for chore services subject to the conditions and limitations contained in this policy.

V. Service Need Criteria

The worker may authorize provision of service to eligible families and children for the purposes stated in II. B., depending on the determination of need (see VI. below) and according to service limitations (see VIII. below), who meet the criteria of need included in the following categories:

A. Acute Episode

1. The worker may authorize provision of service to eligible families and children during temporary absence of the primary caretaker, due to medical or mental hospitalization for in-patient care.
2. Upon discharge from the hospital and during recovery at home of the primary caretaker, the worker may authorize provision of service to eligible families and children.

B. Supportive

The worker may authorize provision of service to eligible families and children when the mother or other primary caretaker is caring for an acutely but temporarily ill child or a child in the terminal stage of a terminal illness who requires constant care, and one or more pre-school aged children live in the home and are not provided day care services, and a chore person is needed to prevent institutionalization of the ill child.

C. Maintenance

The worker may authorize provision of service to eligible families and children when warranted by a temporary or an ongoing serious, emotional, mental, or physical incapacity of the primary caretaker.

VI. Determination and Documentation of NeedA. Determination of Need

The worker shall determine the extent of need for chore services prior to authorizing the service. This is a professional judgment which must be substantiated in each case by a social diagnosis and, when appropriate, a medical opinion.

CHORE SERVICES

Chapter II

TO FAMILIES AND CHILDREN

A. Determination of Need (cont'd)

The extent of need shall be determined by considering the factors included in the social diagnosis which are discussed below and the service limitations described in VIII. B. For instance, if a family member is periodically available after work or after school to perform tasks which the client cannot perform but a chore person might perform, such as doing the client's laundry, a need does not exist during those periods or for the performance of those tasks.

In determining the extent of needs, particularly those which meet the Acute Episode Category of need criteria, the worker shall establish that there are no other resources available and determine that the provision of chore services is a better solution than foster placement of children.

1. Social Diagnosis

To determine the need for chore services, the worker shall make a social diagnosis based on a personal interview with the client by office visit or home visit. In the social diagnosis the worker shall consider the client's social, emotional, physical, and medical needs in the context of the client's functional abilities; the home environment, including the layout of the home and the availability of other people in the home for support; the availability of other formal and informal services; and the purposes of, and criteria of need for, chore services.

2. Medical Opinion

When services are to be provided because of a medical condition, such as hospitalization or an ongoing medical condition, the social service worker shall request a medical opinion to supplement the social diagnosis. The medical source should provide current medical supervision of the client and provide sufficient current and useful information, including diagnosis, prognosis, and the medical needs of the client, specifying the functions with which the client needs help, on which to base a service recommendation. A medical source need not recommend the number of hours of service to be provided, as this decision is best made by the worker after completing a social diagnosis. A medical opinion is one source of information for a social diagnosis, but it alone is not sufficient to justify service authorization.

Trans. by Social Services Letter 12

Exhibit 4

ANDY KELBICK

Excerpts from Social Services Letter 17

Social Services Letter 17
September 9, 1975

TO: DEPARTMENT STAFF
FROM: HERBERT J. KYLE, COMMISSIONER
BY: NANCY GORDON, ASSISTANT COMMISSIONER FOR SOCIAL SERVICES
RE: FOSTER PARENT REVIEW SYSTEM

This letter transmits new regulations providing foster parents with the opportunity to request a review of certain Departmental decisions pertaining to the children cared for by such foster parents.

Decisions subject to review will be:

1. transfer of a foster child to another foster home or group care facility but not when a child has been returned to a relative, parent, or guardian.
2. closure of a foster home.
3. removal of a foster child for adoption when the foster parents have expressed an interest in adoption, but have not been considered by the Department (in accordance with G.L. 119, Section 23(f)).

This material is effective immediately.

PEN AND INK REVISIONS

Social Services Policy Manual, Chapter II

In the Table of Contents, Chapter II, following "Foster Care Services" insert "Family Foster Homes - Part 249".

In the Table of Contents, Chapter II, following "Protective Services" insert "Protective Services to Children Alleged to be Suffering From Serious Physical or Emotional Injuries - Part 258".

NEW AND REVISED MATERIAL

Social Services Policy Manual, Chapter II

Part 249, Subpart C, Pages 1 thru 7.

OBsolete MATERIAL

Social Services Letter 17

Exhibit 4 (continued)

Delaware Social Services Policy Manual

(6 CHSR II)

PLACEMENT SERVICES TO FAMILIES AND CHILDREN

Part 249

Subpart C

Page 1

PART 249 - FAMILY FOSTER HOMES

SUBPART C FOSTER PARENT REVIEW SYSTEM

249.001 Authority

These regulations are adopted pursuant to Chapter 18 Sections 2 and 10 of the General Laws of the state.

249.002 Introduction

The Foster Parent Review System provides an opportunity for foster parents to express their opinions at an impartial review when informal efforts at resolution have been unsuccessful.

249.004 Initiation of Review

Requests for a review may be initiated only by the foster parents of the child affected by the decision.

249.005 Decisions Subject to Review

The following Department decisions are subject to review:

- a. Transfer of a foster child to another foster home or group care facility but not when a child has been returned to a relative, parent or guardian.
- b. Closure of a foster home.
- c. Removal of a foster child for adoption when the foster parents have expressed an interest in adoption but have not been considered by the Department (in accordance with GL 119, Section 23 (f)).

249.006 Removal of Child from Foster Home

- a. A child may be removed from a foster home without prior written notification only when the Associate Regional Manager for Social Services determines that an emergency exists. The Department shall notify foster parents as to the reasons for removal within five days after the removal.
- b. Except as provided in sub-section a. above the Department shall give to the involved foster parents ten days prior notice in writing of the decision and the reason for the decision to transfer a child to another foster home, or group care facility or to close a foster home.

Exhibit 4 (continued)

Delaware Social Services Policy Manual

(6 CHSR II)

PLACEMENT SERVICES TO FAMILIES AND CHILDREN

Part 249

Subpart C

Page 2

- c. Except as provided in sub-section a. of this section no child shall be transferred to another foster home or group care facility and no foster home shall be closed pending an appeal to the Committee.

249.007 Regional Review Committee

There shall be a Regional Review Committee in each Regional Office.

The Committee shall review decisions and make recommendations affecting foster homes located within its Region when such decisions are within the scope of the review system.

249.015 Initiation of Review Process

Whenever a disagreement arising from a decision of the social worker within the scope of the Review System cannot be informally settled between the foster parents and the social worker assigned to the child, the foster parent shall as a precondition to all subsequent reviews request a conference with the Supervisor of Social Services of said social worker within five (5) days of the receipt of written notice of the decision.

249.016 Supervisor's Conference

Upon receipt of a request for a conference from the foster parents concerning a decision within the scope of the review system, the Supervisor shall schedule a conference to occur within five (5) days. In the case of a decision to remove a child from a foster home or close a foster home, implementation of the decision must be suspended pending the review unless an emergency exists (as defined under Section 249.003-b).

249.017 Request for Regional Review Committee Hearing

If the foster parent remains dissatisfied with the decision of the Department the foster parent must within five (5) days after receipt of the memorandum from the Local Office Manager or his designee, submit a signed written request for a hearing by the Committee to the Associate Regional Manager for Social Services of the Region in which the foster home is located. The Associate Regional Manager for Social Services shall immediately notify the Chairperson of the Committee of the request for a hearing.

Trans. by Social Services Letter 17

Exhibit 5

ANDY KELBICK

Excerpts from the Task Force Report on Protective Services, November, 1975

Overview of Problem

1. The present protective service delivery system within DoW/BoSS varies from region to region.

The Department of Welfare provides protective services to those children and families in need through identified Protective Service Units in all regions. Regional and local offices are the primary determinants for the services they deliver, resulting in uneven quality and inadequate uniform data reflecting the work performed. This is further complicated on the local level by unclear horizontal linkages due to the varying structure, organization, and manner in which services are rendered in each local office. Often protective cases enter the system at the local level through the intake and referral workers and since no formalized mechanism for transfer to protective service units exists, immediate services may not be available.

The functions of various workers within the Department who are providing protective services are unclear. In different offices, functions for intake and referral, generalist, and protective service workers have not been delineated appropriately. It is also unclear who makes basic decisions on cases and the criteria for such decisions; who is responsible for determining the risk to a child; whether oral reports are acted upon; whether or not the Department accepts anonymous reports.

4. Within each region there are multiple entry points to which abuse and neglect reports can be made.

5. Twenty-four hour access to the protective service system is also lacking.

6. Still another problem is the lack of appropriate training in diagnostic and treatment skills which lessen DoW staff's capability to assess cases and provide appropriate services.

8. The Department is mandated to establish a central registry and, therefore, the registry should be viewed as a management information system with sufficient staff to insure its implementation. The only compilation of statistical data currently available indicates minimal information. Only 41 percent of the reported cases in 1975 were registered.

12. There has been a tremendous increased volume of referrals. The average is now 275 per month as opposed to 25 per month in 1973.

Exhibit 5 (continued)

However, DoW/BoSS, the major provider of protective services, has insufficient staff to service this volume of referrals.

14. When a report is referred to the Department there is a problem of what constitutes an investigation or an assessment.

First, it is the practice in a number of areas not to assess or investigate oral reports.

Second, although section 258.32 states that an evaluation must include a determination of the nature, extent, and causes of injuries, in practice, all children who are the subject of reports are not seen by workers.

Third, the regulations require investigation and evaluation of all reports. Because of staff shortages, there is a backlog of investigations.

Existing Resources

Presently there are 68 social workers designated as protective service workers within DoW/BoSS staff. In addition, there are 338 generalists, who provide protective services to approximately 34.4 percent of the reported neglect cases.

Plan for Resolution

As a prerequisite to the model for protective services which is being proposed, there are some basic principles which must be delineated.

1. There must be a proper administrative structure for protective services which has a direct link to the field. There also needs to be direct lines of responsibility between central office and those performing protective service functions.

2. There needs to be one specific management information system which can accurately reflect the needs of protective services.

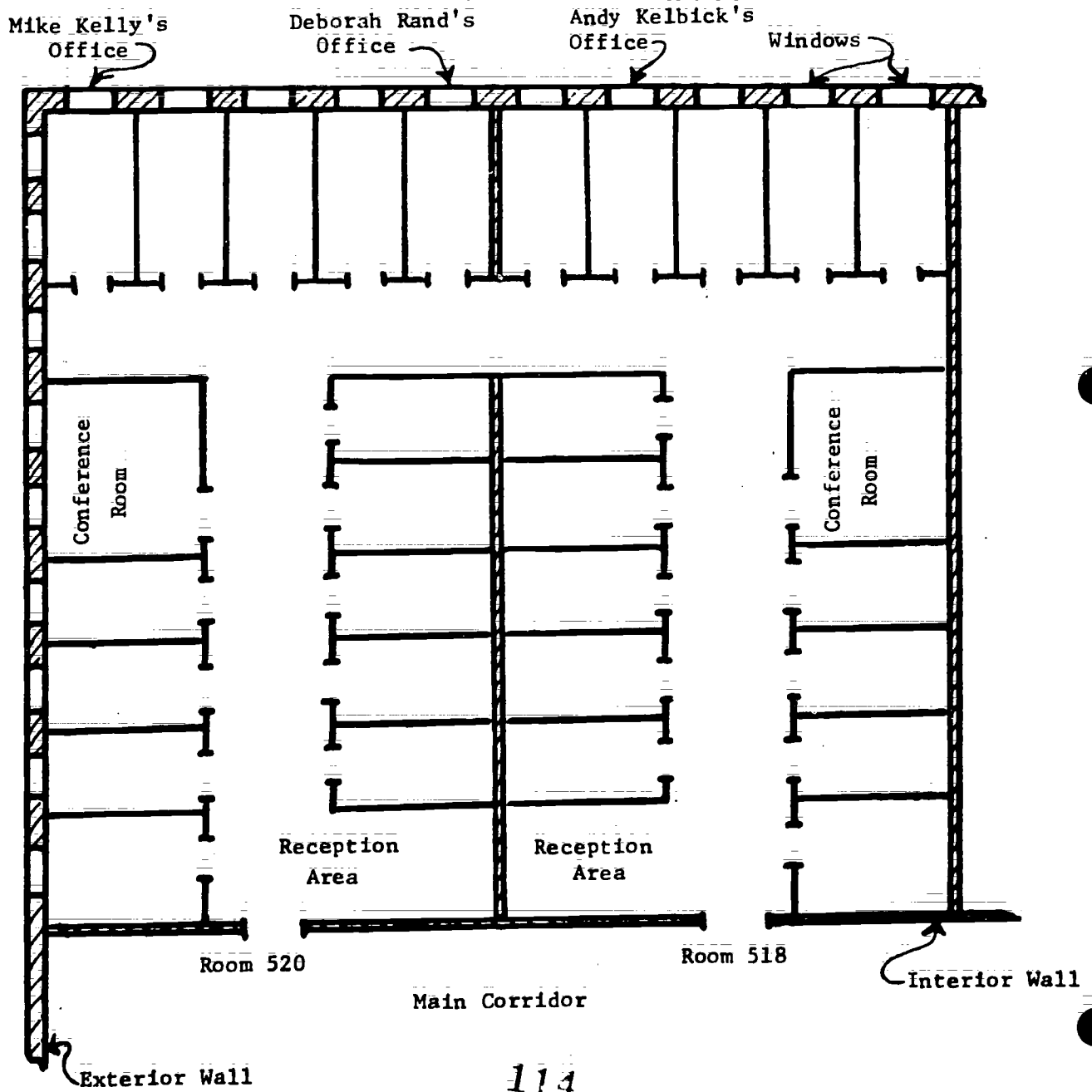
3. Protective services must have a regional focus. All reports must come to the regional protective service units. Multiple entry points as they now exist are highly inappropriate.

5. Supportive services both from within and outside the Department must be closely linked. When a child is at risk, supportive services may sometimes, if available, prevent unnecessary placement of such a child. These services include home-finding, emergency placements, legal services, day care, homemakers, and other diagnostic assessment services which could be brought to bear to resolve a risk situation and prevent further injury.

Exhibit 6

ANDY KELBICK

Office Layout



DEPARTMENT OF YOUTH SERVICES

On April 1, 1973, Herb Willman was appointed acting director of administration for the Massachusetts Department of Youth Services (DYS). A long-time employee of the Department, Willman had just witnessed one of the most colossal bureaucratic upheavals of Massachusetts state history -- the dismantling of the state's institutionalized youth corrections system and its replacement by a struggling and fragile system of community-based service programs. All of this dramatic, sweeping change had been accomplished in three frantic years by Jerome Miller, the crusading, inexhaustible Commissioner who, having made a national reputation in Massachusetts, had just moved on to greener pastures in Illinois.

Willman had played an important role in the Miller years and had tasted the intoxication of radical change. Now, appointed chief fiscal officer of the Department by Joseph Leavey, Miller's successor, Willman began to realize just what an administrative pile of rubble Miller had left in his impressive wake. Funds had been misspent and overspent. Commitments had been made that couldn't be met. Personnel had been hired into unauthorized jobs; staff had been left without supervision or work. Bills had been deferred and lost. The "system" had been systematically ignored and violated for three years. Now it was up to Willman, a creature of that system, to find a way to put the pieces back together.

History of the Department

The Department of Youth Services traced its origins to a group of independent institutions, called "training schools," established by the Massachusetts legislature beginning in 1854. These schools were first established as part of a reform movement designed to remove delinquent children from adult prisons. For many years, each school existed as a separate institution with its own board of trustees. Depending on a child's sex and age, the courts committed juvenile offenders directly to a particular school for an established period of time. The judge retained jurisdiction over the youth after commitment. Despite their humanitarian objectives, the schools deteriorated into overcrowded, unsanitary, and punitive environments. Periodic exposes of inhumane

This case was prepared by Associate Professor Colin S. Diver of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

treatment of inmates led to successive "reform" movements in 1948 and 1952, and finally culminated in a massive reorganization in 1969. The 1969 reorganization was triggered by the scathing findings of a series of critical investigations of the DYS institutions.

Led by recently elected liberal Republican Governor Francis W. Sargent and recently elected liberal Democratic Speaker of the House David Bartley, the legislature enacted sweeping reform legislation in 1969. The principal objective of the legislation was to reorient the Department from its prior preoccupation with custodial care toward a richer mix of service and research activities. The legislation attempted to accomplish this objective by elevating the agency from its previous status as a division of the state Department of Education to the status of an independent department and to create within it separate bureaus for "clinical services," "aftercare," and "educational services" to complement the institutional component which had traditionally dominated the department.

A blue ribbon committee was appointed to conduct a nationwide search for the first commissioner of the new department. Its nominee, Dr. Jerome Miller, was appointed by the governor in October, 1969. In a Christian Science Monitor article published within a month of his appointment, Miller stated:

I'm basically a doer and always have been. I've been impressed by the ability of Scandinavians and the British to engage in the treatment process people whom we have not used well in the U.S. Our prisons have no clinical staff or have clinicians who can't work well with less educated people. Correctional institutions should be treatment centers rather than custodial centers. Few inmates really need maximum security; and those who do, don't need it all the time. Wardens seldom talk about recidivism. They'll discuss their budgets, staff morale, frequency of incidents among inmates. But all these things are irrelevant to the basic task of cutting down on delinquency, of making people less prone to get in trouble. If institutions do not fulfill this task, they have no reason for being, unless one plans to keep people there forever.

The Institutional System

Despite the promise of the 1969 reform legislation and the innovative ideas he brought to the job, Miller inherited a system still overwhelmingly dominated by the custodial, institutional attitudes of the previous century. In 1970, DYS operated four detention centers (designed for short-term custody and clinical evaluation of youths awaiting court action or DYS assignment), five traditional training schools (operated for longer term custody and treatment of committed youths), and a forestry camp (the location of a DYS "Outward Bound" program) (see Exhibit 1). The ten institutions constituted the heart of a system of juvenile justice that emphasized custodial care and punishment.

A young person's encounter with the juvenile justice system began when a complaint was brought against him, usually by the police or his parents. The youth could be arrested and held overnight or for up to 48 hours if court was not in session on a weekend. At his arraignment, the charges would be heard and the case continued for investigation for up to 15 days. After arraignment, the youth could be sent home on personal recognizance, released upon the posting of bail or remanded to a DYS detention center. When the investigation was completed, a court hearing would be held at which several outcomes were possible. The youth could be found innocent and the charges dismissed. The case could be "continued without a finding;" if the youth avoided further difficulty for a specified period of time, the case would be dropped. If the charge was serious enough and the youth was 16 or older, he could be bound over to Superior Court and tried as an adult. If this were done, he would be returned to a DYS detention center and held until trial. Finally, he might be adjudicated delinquent and committed to DYS.

After commitment, a youth was held in "reception" status in a detention center while a six-week home investigation and clinical workup was conducted. In theory, this evaluation gave rise to a treatment program tailored to the needs of the youth. In practice, however, the options which DYS had open to it were quite limited. Although a variety of vocational and remedial education programs could be selected, most youth were sent to the institution designed for their sex and age group. In Herb Willman's words:

The decision was supposed to be made on the basis of a kid's six-week evaluation, but those who knew what was going on knew they could draw a line on the wall, and if a kid walked under it, he went to one place, and if he didn't, he went to another place. If he ran so many times, he went to Bridgewater. The decision could have been made in an afternoon and you would have come up with exactly the same results without the need for a clinical team or any of that stuff we had at the time. Everyone usually played it very straight and read all the clinical histories, but that seldom changed what happened with a bid.

When DYS decided to release the youth from the training school, he would be placed in the charge of a DYS parole officer near his home.

The DYS training schools operated on a tightly custodial, highly regimented model, with formal educational programs and very limited opportunities for organized recreation or amusement. Each was run by a superintendent who was generally assisted by a business manager (often called a "steward") and a small clerical and accounting staff. Each of the three largest schools contained a number of "cottages" (dormitories)

which housed from 12 to 24 residents. The cottages were staffed around the clock, each shift having a supervisor and an assistant supervisor, who maintained discipline, maintained the cottage, and helped prepare the food (in cottages with kitchens). Each training school had a formal school, staffed by a principal and several teachers, and an infirmary, staffed by nurses. A full-time maintenance staff reported directly to the superintendent.

Although the Commissioner of Youth Services had the legal authority to make all appointments and expenditures for the department, most important hiring and spending decisions were made at the institutional level and merely rubberstamped at headquarters. Each institution had its own appropriation account in the annual state appropriation act (see Exhibit 2). Annual budget requests for the institutions were prepared by the superintendents and passed along by the central office to the Executive Office for Administration and Finance (A&F) with little substantive change. Each superintendent tended to have good legislative relations, usually working through the state senator and representative in whose districts the institution was located, and lobbied individually for his own budget. Likewise, all spending and hiring decisions were initiated at the institutional level, given perfunctory review and approval by DYS central offices and forwarded to the proper official in A&F. Each appropriation was allocated, according to "schedules" prepared by the House and Senate Ways and Means Committees, into "subsidiary accounts," showing how much was budgeted for personnel, contractual services, equipment, etc. (see Exhibit 3). Clerks at the institution kept track of expenditures by these categories. Likewise, the Ways and Means Committees issued schedules showing the authorized staffing pattern for each institution, listing the job titles and showing the number of such positions authorized (see Exhibit 4). Most employees of DYS institutions were exempt from civil service hiring restrictions.¹ Consequently, superintendents could, and did, exercise a great deal of discretion in making hiring decisions. Many of those hired to work in the institutions were "cottage couples," middle-aged couples from a neighboring community who had raised a family and wanted to begin to work toward the relatively generous pension available to state employees. Payrolls were made out weekly by the steward's accounting staff. Each week the state Comptroller (in A&F) advanced a sum of money to each institution for payroll. The advance was deposited in the account of the institution at a local bank, which could then be drawn by the steward to pay the weekly payroll.

¹ Although these employees were not required to take a civil service examination in order to be appointed, a special provision of state law gave them tenure rights after six months of service. All employees at an institution, up to and including the superintendent, were eligible for tenure.

DYS did have a small central accounting and administrative staff under the direction of the department's Business Agent. The principal function of this staff was to process fiscal and personnel transactions coming in from the institutions and forward them to the appropriate official in A&F. An important role of the Business Agent was to expedite the often lengthy process of obtaining approvals from A&F or the legislative Ways and Means Committees for routine transactions initiated by the institutions. His importance typically stemmed more from the strength of his contacts throughout the state bureaucracy than from his official responsibilities. As one observer remarked:

That role in an agency like this is critical. He is a guy who can give you a royal shafting without ever getting caught doing it. Without his cooperation, you can prepare forms and get them over to point A in the State House, but it goes under a pile which doesn't move for months. In a couple of days nobody can find it. You need the guy not only to not hurt you, you need him to take you by the hand and use his experience and connections to walk papers in a day through a series of steps that normally take six to eight weeks.

The Miller Legacy: Programmatic Reform

Within three years, the entire institution-based system had been almost completely dismantled. Driven by a moral certainty about the inhumanity of traditional punitive approaches to youth corrections, Miller set about to transform the mission of DYS from punishment to therapy. He began by actively trying to reform the institutions, by issuing directives ordering the elimination of various repressive practices and by establishing controversial educational and therapeutic experiments. Although Miller had not initially intended to close down the training schools, two years of ascending frustration, marked by employee sabotage, increased brutality, and inmate violence, convinced him that the institutions could not be reformed. Within a few frantic months at the end of 1971 and the beginning of 1972, he systematically emptied every one of the training schools. In order to close the schools, he furloughed large numbers of youths home and transferred others to foster homes and to a handful of new "group homes." All of this was accomplished with such speed that most of the schools' employees were literally left sitting at desks in empty buildings.

Miller displayed a remarkable skill for generating resources to initiate and sustain substantial programmatic innovation. Beginning in 1971, DYS began to receive a steady flow of federal funds, primarily from the Law Enforcement Assistant Administration (LEAA) of the United States Department of Justice (see Exhibit 5). With these funds, Miller set up a "Planning Capabilities Unit" and an "Office of Administrative and Fiscal Management" in his office, created seven regional offices, and created a number of experimental group homes and parole service programs.

(See Exhibit 6 for an organization chart of DYS in 1972.) In early 1972, he managed to persuade the legislature, primarily through the intervention of Speaker David Bartley, to appropriate \$1,000,000 in a "supplementary budget" for purchasing services from community based group homes. These new programs are described in greater detail below.

Central Office Staff

With the aid of LEAA funds, Miller created two new central office components in 1971 -- the Planning Capabilities Unit and the Office of Administrative and Fiscal Management. The former consisted of a director and five professional staff who were responsible for preparing proposals for grant funding and for general research and planning. To head the unit, Miller appointed Arnold Schucter, a consultant at the Arthur D. Little Company. The Fiscal Management office consisted of a director and 12 staff whose responsibility was to assume a much expanded central-office involvement in the department's budget-planning and expenditure-control functions. To fill the director's position, Miller recruited Gardner Jackson from the Governor's Committee on Law Enforcement, the state agency responsible for allocating LEAA funds within the state. All of the employees of these staff offices were hired as "consultants" in order to avoid the state personnel classification and civil service systems. The rapid expansion of the central staff caused considerable crowding in the DYS headquarters. Miller, therefore, decided to rent additional office space in a building one block away and moved all of the new staff with him to the new offices. Most of the long-term DYS employees, including the Business Agent and the accounting staff, were left behind in the former central office. The separation helped relieve tensions between Miller's new team and those whom they perceived to be conservative and resistant to the new program ideas.

Regional Offices

In 1971, seven regions had been established; and, the next year, regional offices were set up in each region. Each office was staffed with one regional director, one assistant regional director, several parole officers, a community organizer, a court liaison officer, and several "placement" officers. Having failed once to secure state funding for these offices, Miller relied exclusively on LEAA funds to staff them.

Miller appointed regional directors from among the institutional and parole staff whom he considered the most promising. Most were young and had joined DYS as part of its counseling staff. Regional directors were supposed to identify potential providers of service in their regions, negotiate initial agreements with them for the provision of services, approve all placements of youths in programs within the region, approve all paroles, sign off on invoices submitted by providers, and monitor the quality of service.

The creation of court liaison officer (CLO) positions in each regional office was intended to provide DYS with the ability to work closely with the juvenile courts to determine the most appropriate placement for each youth. CLO's were expected to help reduce the time spent before "final" placement, explain the broad array of options open to the court, and encourage judges to refer youths to DYS instead of committing them. Referral allowed DYS to provide services without stigmatizing a youth with a commitment. About 25 percent of all youth in DYS programs were in referral status toward the end of 1972. Once a youth was committed or referred to DYS, he or she became the responsibility of the regional office serving the region which included his or her home. After reviewing the youth's case and evaluating his or her needs, the regional staff was expected to design a treatment approach best suited to the diagnosis. The staff would then scan available programs providing these services in the region, and the regional director would choose the program best suited to provide the service at least cost. The regional staff would be constantly looking to identify or help to promote new sources of service and would evaluate existing sources in order to decide whether to continue to use them.

Array of Services

By late 1972, DYS had begun to assemble a wider array of service options for youths assigned to its care (see Exhibits 7 and 8). During the detention stage, when youths were awaiting trial, three types of facilities were available. The relatively few requiring tight security were assigned to the Connelly Detention Center. "Shelter-care" facilities were group homes with programs designed to aid pretrial investigations and to allow rapid turnover of participating youth. By late 1972, there were 15 shelter-care programs. The third option was "foster-care," made possible by setting up 21 foster homes for detention purposes. DYS also influenced the courts to send an increased percentage of youths home during the detention period.

An even wider selection of services was available for youths committed or referred to DYS. "Intensive treatment" was provided to emotionally disturbed youth through contracts with private providers and some psychiatric hospitals. Group homes provided the largest number of placements -- some were designed to provide short-term services (three to four months); some long-term services (one to two years). Most provided group and individual therapy; all offered some form of educational program. Many operated their own schools with private tutoring; others made use of community schools. Some emphasized vocational training and employment. By the end of 1972, twenty-seven group homes specialized in treating emotionally disturbed youths; seven homes specialized in treating mentally retarded youngsters; fourteen specialized in drug rehabilitation using a range of treatment modalities; and three provided services for girls. Placements were also available for youths with high academic ability, deafness, or physical handicaps. Foster home placements were also available. The number of placements, including those used for detention, rose between May and October, 1972, from 85 to 189. Eighteen people were hired with Federal Equal Employment Act funds to make their homes available for foster care.

DYS's increased demand for placements, however, could not be met with residential programs. The central and regional staff struggled to develop non-residential alternatives. These programs varied widely from community college educational programs to intensive counseling. They could occupy a few hours to a whole day, one or more days a week. The use of traditional parole was also expanded.

Network of Private Agencies

When the decision to close the institutions was made, DYS staff realized that subcontracting provided the only way to provide the level of community-based programs required. The network of service providers was formed from three categories of private agencies. The first group -- and the one on which DYS relied most heavily at first -- included well established organizations, such as YMCA's, Outward Bound, and the New England Home for Little Wanderers, which had independent sources of income and extensive prior experience. A second group of agencies had been organized during the 1960's to provide group home and other services to the Division of Child Guardianship in the Department of Public Welfare. Although many of these organizations were small, they had gained much experience in operating under the state's purchase of services process. DCG had also developed an extensive network of foster care placements, some of which were available to DYS.

The third group was made up of agencies organized specifically to meet the new needs of DYS. Miller and his top aides worked hard during 1972 encouraging groups which supported reform to organize themselves so they could provide services to DYS youth. Agencies which had been providing services on an experimental basis were encouraged to expand their capacity. One organization using college students as counselors expanded the number of DYS youths it served from 20 to 175 in one year. Miller also encouraged groups of ex-offenders and ex-addicts to form experimental youth service programs.

Miller's Legacy: Administrative Disorder

Miller's positive reforms were accomplished only at a very heavy organizational cost. His reformist policies badly polarized the DYS staff into two camps: one, consisting mostly of newer appointees, zealously defending them, and the other, consisting mostly of longer term employees, bitterly attacking them. Disgruntled employees passively and actively sabotaged his reforms. They leaked unfavorable stories to the press and to friendly legislators which helped to precipitate several legislative investigations into charges of mismanagement. The desperate juggling act necessary to initiate and sustain major new programmatic changes without explicit legislative authority began to take its toll. Newly hired employees often waited months to be paid. Creditors demanded payment of overdue bills with

increasing insistence. Many provider groups experienced debilitating cash-flow problems. Central staff had to expend enormous amounts of their time securing necessary administrative authorizations to juggle funds and personnel. Finally, after repeated warnings, the Governor's Committee on Law Enforcement suspended all LEAA funds until such time as DYS properly accounted for their expenditure.

In November, 1972, Daniel Walker, Governor-elect of Illinois, offered Miller the Directorship of the Illinois Department of Family and Children's Services. Miller -- his national reputation at its zenith -- decided to accept the post. Before he left, he promoted Joseph Leavey from Assistant Commissioner for Aftercare to Deputy Commissioner and arranged with the Governor for Leavey to be appointed as Acting Commissioner after he left. Leavey took over in January, 1973. It took him only a few weeks to come to a full appreciation of just what an administrative shambles his predecessor had left behind.

Institutional Employees

When Miller closed the five training schools, some of their employees found alternative work within the department. For example, some employees agreed to serve as full-time foster parents, by taking transferred youths into their homes. Most of the accounting staff of the five schools were transferred to a "field accounting office" housed in the Oakdale School. Since all of the institutions continued to be used at least partially -- some housing youth service programs operated by DYS providers, some housing other state agencies -- there was a continuing need for at least a residual custodial force. Shortly after the Bridgewater Institute for Juvenile Guidance was closed, DYS opened a new facility, the Northeast Training Center and Residential Unit at Topsfield which absorbed some employees from Bridgewater and elsewhere.

Nevertheless, for most institutional employees, no provision was made for alternative work. Recognizing the problem, but unwilling to authorize or force massive layoffs, the legislature in the fiscal year 1973 budget, transferred most of the institutional positions, and the funding for them, into a catch-all appropriation item called the "community-based treatment unit." The appropriation act left enough funding for a custodial force of 25 employees each, to remain in Shirley, Lancaster, and Lyman schools, and transferred the other 346 positions formerly assigned to the three schools to the new account (see budget summaries for fiscal years 1969-1973 in Exhibit 8). It was understood that the legislature expected DYS to find alternative work for these employees.

The Secretary of Administration and Finance, however, was adamant that unproductive employees had to be laid off in order to save money. His office estimated that DYS could lay off most of the 346 reassigned workers and was putting increasing pressure on DYS to initiate the process. Leavey quickly found out, however, that this was easier said than done:

When I first went to Civil Service, when this question about layoffs came on, I said, "Give me the procedure." And they said, "There isn't any procedure." And I said, "Why not?" They said, "Because nobody's ever been laid off." And I said, "We're coming into our Bicentennial; somebody's got to have been laid off in the whole history of the state!"

Nobody's been laid off!

The state civil service law said that a tenured employee could be laid off "for lack of funds or lack of work," but that he or she had a right to a thirty-day written notice and a hearing before a senior official of the agency. In addition, any employee whose job was eliminated in a layoff had a right to "bump" an employee with lesser seniority in a similar job at the same or lower salary grades, provided that the employee was qualified to do the work of that similar job. Each tenured employee displaced as a result of the initial "bumping" process could in turn, "bump" another employee in the same fashion. The state Civil Service Commission¹ had to determine, in each instance, what job classifications were sufficiently "similar" to the abolished job to permit bumping, and whether the holder of the abolished job actually possessed the qualifications for the alternative job.

A second personnel problem faced by the new administration in DYS was the wholesale misclassification of employees. Miller's disdain for administrative "red tape" included the state's personnel classification system. Since any change in the agency's authorized staffing pattern required approval of the Ways and Means Committees of the legislature, Miller ignored the formal processes. Whenever he wanted to hire someone, he instructed Gardner Jackson to find a vacant position at the proper salary level. The title and formal description of job duties were of no consequence to him. As one long-term employee put it: "Titles were a way of getting people hired and paid, but titles meant nothing to Miller. He'd ask anyone to do anything." In addition to hiring new employees into expedient job slots, Miller had reassigned existing employees without changing their job titles. As a consequence of all this juggling, a large percentage of DYS employees -- some estimated 50 to 70 percent -- were working in job titles which did not accurately describe their duties, for which, in some cases, they were not qualified, and whose salary levels were in many cases inappropriate.

¹An independent board, consisting of five members appointed to staggered terms by the Governor, located within A&F.

Overspending

It was virtually impossible for an agency head to "overspend" one of his appropriation accounts in a literal sense, since the Comptroller would not authorize the payment of any bill or payroll if there were insufficient unexpended and unencumbered funds in the account to pay it. It was also difficult to spend out funds "too fast" during the year, because the Budget Bureau would parcel out, or "allot," appropriated funds on a quarterly basis during the year; and the comptroller would not pay a bill during a quarter if there were insufficient funds available in the quarterly allotment. But, it was easy for an agency to overobligate an account -- that is, to incur obligations which could not be honored when they became due. Indeed, it was customary for some state agencies to defer certain bills -- e.g., telephone and utility bills -- whenever funds were running short in their accounts. In some cases involving a temporary fiscal squeeze, they could be paid out of the next quarterly allotment. In other cases, it would be necessary to obtain a "deficiency" appropriation late in the fiscal year (usually April or May) to cover them. Since the legislature often appropriated unrealistically low amounts at the beginning of a fiscal year and then passed modest deficiency appropriations later in the year, many agency heads came to expect that they would be "bailed out."

Jerry Miller, however, stretched this practice to extremes never before experienced at DYS. After the institutions were closed in 1972, Miller authorized his staff to incur any obligations they felt necessary to provide alternative placements for released youths. Dozens of group homes, foster homes, and day programs started or expanded service programs on the strength of oral commitments from any one of several dozen employees in the regional and central offices. Gardner Jackson, Miller's fiscal aide, was kept frantically busy juggling bills and accounts in order to keep up with these commitments.

When Leavey discovered the full extent of the overcommitment of funds, he removed Jackson from his office and replaced him with Herb Willman, a long-time DYS employee. As Willman recalled the situation he encountered:

It was a mess! Cripes, we'd open a desk drawer and there would be a bunch of bills no one had seen before! The regional director of New England Tel and Tel came down and said he was shutting off our phones and the phones of all the agencies working with us. We owed them \$250,000 -- the money to pay them had been transferred out to another account to pay for a shortage somewhere else. Texaco sent a registered letter saying all gasoline credit cards were to be surrendered immediately. Can you imagine what would happen if we had no way to transport kids? We were having personnel problems. Jerry would tell someone, "Yeah, you're hired." Nine months later the guy walks in looking for his checks, but there never was a job; there never was any money.

The proportions of the problem were so staggering that it was difficult to get a clear fix on them. Purchase-of-service activities had increased so rapidly that by April 1, 1973, all of the funds appropriated by the state legislature for fiscal year 1973 for purchase of service had been spent or obligated. At that point, the department was incurring new purchase-of-service obligations at the rate of \$1.5 million per month. In addition, Willman found that the department had already overspent its other accounts (chiefly for supplies, utilities, medical care, travel and repairs) by \$700,000.

Providers' Cash Flow Problems

Of all of DYS's creditors, it was the nonprofit providers of service -- the very group on whose existence and vitality the reform of youth corrections most depended -- who suffered most. Most of these providers were very small and very new. Few had substantial additional sources of income or credit. Failure to be paid on time literally meant payless paydays -- something that, for all its problems, DYS never experienced. Their frustrations began to mount, and found expression in many ways, as Willman recalled:

Some of them (providers) came in with signs saying they had no money for food for the weekend. They marched out in front of the building or tied themselves to chairs in here. One guy was an ex-offender -- he came in my office and laid a gun down and said, "Now, I want that check; and if I don't get it, you're dead." Another group came in and picked up the jug from the water cooler and smashed the thing against the wall. It got pretty hairy.

Although the providers were especially hard hit by the recent escalation of the DYS deficit, they had been experiencing severe cash flow difficulties right from the start. Most of these problems were attributable to aspects of the state's contracting and payment system which discouraged prompt payment.

The Contracting Process: The first problem was the contracting system itself. Most payments to providers for services rendered had to be made out of the so-called "03" subsidiary account for "services -- nonemployees." Under authority of a state statute restricting the expenditure of state funds (and state-administered federal funds) for personal services, the Secretary of A&F had instituted a lengthy procedure for the approval of purchase-of-service requests. The spending agency would be required to fill out a "request for authorization of services" form, attach the completely executed contract, and submit five copies of each to the Secretary's office (for completeness), the Budget Bureau (for sufficiency of funds), the Personnel Bureau (in A&F) (for reasonableness of the rate), the Secretary's office again (for programmatic soundness, necessity, and economy), and the Attorney General's office (for legal form).

After securing all necessary approvals, the request would be filed with the Comptroller's office. This same procedure was required for all DYS purchase of service contracts, with one exception: by authority of a special provision in the fiscal 1972 appropriation act, the rate per unit of service payable by DYS for purchased services had to be approved by the Rate Setting Commission (also in A&F), instead of the Personnel Bureau. The Rate Setting Commission was primarily concerned with approving rates for medical services purchased by the state, and it had neither the expertise nor the extra staff to undertake this new function.

When all went well, the process took about four to six weeks. But the process rarely went smoothly, especially the process for clearing DYS contracts. In order to certify that funds were available, the Budget Bureau required that there be enough unexpended and unencumbered funds in the 03 subsidiary of the proper appropriation account to cover the total contract price for the full period of its duration. Sometimes, although there were enough funds to cover the contract, the Bureau disallowed the request on the ground that the contract would leave the account so short as to create the likelihood of a future deficit. The Budget Bureau might also refuse to certify funds if it felt that the purpose of the contract was inconsistent with the purposes of the legislative appropriation. This was particularly a problem in 1971 and 1972, before the legislature specifically appropriated funds for purchase of service. A refusal by the Budget Bureau to certify availability of funds often touched off a round of negotiations with DYS. Sometimes the problem could be solved by an internal transfer of funds. For example, if DYS had excess funds in a subsidiary account such as "01" (permanent positions), it could transfer them into the 03 subsidiary. The state public finance law permitted intersubsidary transfers within the same appropriation account, so long as the agency certified, and the Budget Bureau agreed, that the transfer was necessary for an "unforeseen emergency." Fortunately for DYS, the Budget Bureau had a pretty loose interpretation of "unforeseen emergency," but the process of transferring funds usually took a week. More substantive disputes with the Budget Bureau had to be submitted to the Secretary of A&F for resolution. Resolution could take a week to a month.

Approval of rates by the Rate Setting Commission presented another serious obstacle. The requirement that the Commission approve rates for service purchased by DYS had first been imposed in the 1972 supplementary appropriation act. Theretofore, the Commission's function had been to set rates for medical services purchased by the state. By April of 1973, the Commission had acquired little expertise in dealing with the novel area of services for delinquent youth. The reasonableness of a provider's rate (per hour, day, or week of service per youth) depended on the reasonableness of its underlying budget projections.

Each provider had a unique budget and a unique rate. Thus, the task of reviewing provider rates required a thorough review of each provider's budget, a time-consuming process. To aggravate the situation, the Rate Setting Commission had not been given additional staff to perform this new function.

Review of contracts by the Secretary of A&F presented still a different problem. Reacting to a recent exposé of abuses of the "consultant" system, the Secretary had begun to subject all O3 contracts to very detailed and rigorous review. If he felt that a contract was not adequately justified, the services not specifically described, or the vendor unqualified, it might take weeks of negotiation to secure his approval. The current Secretary, William Cowin, had privately expressed doubts about the qualifications, competence, and honesty of many DYS providers, and that attitude translated into some very difficult negotiations.

Because of the notorious delays in the contract approval process, it was customary for most state agencies to ask contractors to begin work on a contract before the process was completed. Since the Comptroller would not authorize payment for services until a fully approved contract was received by him, any contractor who started to render services prior to completion of the approval process took a substantial risk. There was, of course, the risk that the contract would never be approved, in which case the contractor would never be paid. More realistic, however, was the risk of not being paid for months until the process was completed. For that reason, many knowledgeable contractors refused to do business with the state at all or at least not until their contracts had been fully approved. Most of DYS's providers, however, had no knowledge of the intricacies of the state's fiscal routines. And by the time they learned their lesson, they were so dependent on DYS funding and so tied to the needs of a continuing caseload, that they could not terminate the relationship even if they wanted to.

The Payment Process: An 1874 state statute provided that:

"no greater sum from an appropriation shall be drawn from the treasury at any one time than is necessary to meet expenses then incurred" (Massachusetts General Laws, c. 29, s. 22).

The Comptroller had consistently interpreted that language to prohibit the state from advancing funds to a vendor. According to his interpretation, state funds could be paid to the provider of a service only after the service had been rendered. It was customary for persons providing continuing services to the state to bill the state at the end of each month. The bill would be submitted on a standard invoice form prescribed by the state Comptroller. Spending agencies were responsible for auditing invoices to be sure that they were in proper order and to confirm that the goods or services had, in fact, been

delivered. The invoices would then be "batched" and sent to the state Comptroller's division. Once the invoices were received in the Comptroller's division, they would be pre-audited for sufficiency of funds and completeness, placed on the weekly "warrant" of authorized state expenditures for routine approval by the Governor, and paid. Thus, a provider usually had to wait three or four weeks after submitting an invoice before receiving payment. For DYS providers that delay was often longer because of the large number of errors made by providers in submitting invoices. Few providers had much experience with the state's billing system and fewer still had strong accounting or administrative staff. Consequently, invoices often had to be returned by DYS to the provider for correction. In an attempt to catch these errors, DYS had instituted a system of requiring all invoices to be approved by the regional offices, reviewed by the "field" accounting office at Oakdale, and approved by the central (Boston) accounting office. Errors discovered by the field or central offices were returned to the region for return to the provider. The entire process took at least two weeks.

The consequences of payment delay were especially severe for most of DYS' infant provider groups, lacking alternative sources of credit or income. This was especially true for a new group just starting up, or an established group seeking to expand its operations significantly.

In the early years, Miller managed to advance funds to some providers by making "subgrants" of federal LEAA funds. (The Comptroller did not interpret the previously quoted statute to apply to state-administered federal funds.) It was partly because of the sloppy way in which these advances were accounted for that the Governor's Committee later suspended LEAA funds to DYS. Because federal funds were at best limited (and nonexistent during the suspension), Miller struck upon a second expedient: the "board and allowances" account. In the past, DYS had developed the practice of obtaining modest advances of funds from time to time to be used to provide temporary clothing, food, or shelter for DYS youths paroled or placed in a foster home. DYS would request from the Comptroller an advance of funds from the "07" subsidiary account ("laboratory and medical supplies and general care," including "payments on account of boarded-out inmates and state wards") which would be placed in a DYS bank account. DYS would then draw on this money as needed to tide over a youth during transition from an institutional setting to a community setting. In fiscal year 1971, the total sum expended under this category of expenditure amounted to only \$5,000. In 1972, however, Miller's staff hit upon a method of using "board and allowance" advances as a means of providing start-up funds for group homes. Under this system, DYS would write a check to a youth to be assigned to the new home and require the youth to sign over the check immediately to the home. Later, DYS would presumably deduct the amount of the advance from the monthly charge for services rendered. In fiscal 1972, expenditures from the "board and allowance" advance account increased to \$25,000; and in fiscal 1973, over \$150,000 had been expended

from the account before the Comptroller's office finally woke up to what was going on and began to clamp down on the practice as an evasion of his prohibition against advancing funds to providers.

Provider Quality

In its haste to create alternatives to institutional care, DYS entered into a bewildering variety of contractual relationships with private groups. Much of this variation stemmed from the highly decentralized contracting process. Each regional office would negotiate directly with groups in its region on an entirely ad hoc basis and draw up a contract to reflect the agreement. Some contracts -- so-called "fixed price contracts" -- obligated DYS to pay for a specified number of beds regardless of the number of youths actually served. For example, in its contract with the Boston Mental Health Foundation (operator of the "Andros" secure-detention program), DYS agreed to pay for 36 beds at a fixed rate of \$290.44 per bed per week. In fact, the actual number of youths assigned to the Andros program at any one time averaged about 30. Other contracts -- "purchase of service" contracts -- obligated DYS to pay, at a specified rate per youth per week, only for youths actually served by the program.

The rate paid by DYS also varied widely from contract to contract (see Exhibit 9). Often, the differences could be explained by differences in the level of services provided (e.g., differences in the ratio of residents to staff or the level of professional support services provided to residents). Other variations reflected differences in the level of alternative resources available to providers. Some providers operated programs in donated space (including several groups such as Andros which were rent-free tenants in DYS institutional buildings), while most had to include an allowance for rent or mortgage payments in their rate bases. Contracts also varied with respect to other terms, such as duration, ranging from three months to a year.

Another consequence of the hasty development of the community-based care program was the emergence of a large number of inexperienced groups with highly questionable credentials. Herb Willman described the process in these terms:

A number of people in a town would get together and lobby with the town fathers to open a small residence. Jerry would always give them the green light. Jerry's word encouraged many of them to mortgage their own property and get loans from the bank.

Oh, there were rip-offs, too. Whenever you get into the purchase of services approach, you can be sure there are some big butter and egg men around who can smell \$5 million. And they came in with some pretty nifty proposals. There were a lot of groups around -- it wouldn't do any good to

mention their names because they changed their names like we'd change our socks. But they'd appear, a brochure would appear, the kinds of things they were doing for kids would appear, and a request for money would appear right along with them.

Occasionally, the management deficiencies of a program were so extreme as to require DYS to take remedial action. Such was the case, for example, with a Cambridge group home named "Libra" whose LEAA-funded contract was terminated in November, 1972, after an audit by the Governor's Committee on Law Enforcement, which found, among other things:¹

Equipment purchased with grant funds has apparently been stolen, some of which was stolen in the beginning of the program but never reported by the project personnel.

Records concerning the receipts from purchases were destroyed sometime during the program.

Taxes deducted from Libra employees' pay were not held in escrow nor paid to the Federal and State Governments. Notification of delinquency was received from IRS.

Checks were missing from the youth home's checkbook.

A number of checks were made out to cash and cashed by the individual signing the check. No accountability for these expenditures can be found.

Two telephones were set up in the Youth Homes, one for general business and one for the personal use of the Project Director. The total of the payments for a six-month period was approximately \$1,600, but no bills can be found. The auditor made a request of the phone company for documentation.

Monies were used from this grant for the following expenditures:

- a) Payment of traffic tickets;
- b) Payment for bail for an individual; and
- c) Payment for gas, using a credit card, after termination of the grant.

Money was borrowed from the Board and Allowance Fund of DYS throughout the grant period in order to meet expenses. The money was paid back in one lump sum with grant funds.

¹The quoted passage is taken from: Joint Legislative Commission on Post-Audit and Oversight, Management Audit of the Department of Youth Services, pp. 173-174 (April, 1974).

LEAA funds were used as the initial downpayment of the home in the amount of \$7,900. Since termination of the grant on 11/11/72, no monthly mortgage payments have been made. The mortgage due on the home is approximately \$25,000. There is some question as to the allowability of such a purchase under LEAA's financial guidelines and under the standard conditions of the grants themselves.

The Program Director, after being relieved from his duties, wrote checks out to cash without any approvals.

Willman's Mandate

As Commissioner Leavey's new chief of administrative affairs, Herb Willman was given the awesome responsibility to impose some order on the administrative rubble left in Jerome Miller's wake. Willman was given charge of all of the central fiscal and administrative management staffs, including both the newer analysts and the Business Agent and his accounting staff. The newer staff consisted of 19 people (one "purchase-of-service supervisor," two "contracting officers," one "grants compliance manager," one administrative assistant, one chief accountant, two auditors, five data processing personnel, and six clerks). The old fiscal staff consisted of about 50 accountants and clerks in three locations (Oakdale, Westfield (Hampden), and Boston). "Most of them," Willman observed, "hated Jerry and his reforms with a passion." Somehow, Willman knew, he had to mould this diverse group into a unit capable of getting the department's short-run fiscal and personnel crises under control. At the same time, he had to begin to develop procedures for maintaining more effective long-run control over budgeting, spending, and contracting decisions.

Exhibit 1

DEPARTMENT OF YOUTH SERVICES

DYS Institutions: 1970

| Institution | Inmate Group | | Population | | Authorized Staff |
|-----------------------------|--------------|-------|-----------------------|----------------------|------------------|
| | Sex | Ages | Capacity ¹ | Maximum ² | |
| A. Training Schools | | | | | |
| 1. Oakdale | M | 7-11 | 70 | 100 | 29 |
| 2. Shirley | M | 15+ | 225 | 250 | 141 |
| 3. Lancaster | F | 7-17 | 125 | 300 | 102 |
| 4. Lyman | M | 12-15 | 200 | 400 | 160 |
| 5. Bridgewater | M | 12+ | 80 | 100 | 54 |
| B. Forestry Camp | | | | | |
| 1. French | M/F | 15+ | 20 | 20 | 13 |
| C. Detention Centers | | | | | |
| 1. Connelly | M | 7-17 | 125 | 200 | 63 |
| 2. Hampden | M/F | 7-17 | 25 | 30 | 22 |
| 3. Worcester | M/F | 7-17 | 25 | 40 | 22 |
| 4. Boston (Girls) | F | 7-17 | 30 | 60 | 40 |

¹Number of residents which buildings were designed to accommodate.

²Maximum number of residents at any one time.

Exhibit 2

DEPARTMENT OF YOUTH SERVICES

Excerpts from the Fiscal Year 1971 Appropriation Act
(Acts of 1970, chapter 480)

SECTION 1. To provide for the maintenance of the several departments, boards, commissions, and institutions, of sundry other services, and for certain permanent improvements, and to meet certain requirements of law, the sums set forth in section two, for the several purposes and subject to the conditions specified in said section two, are hereby appropriated from the General Fund unless specifically designated otherwise in the item, subject to the provisions of law regulating the disbursement of public funds and the approval thereof, for the fiscal year ending June the thirtieth, nineteen hundred and seventy-one, in this act referred to as the year nineteen hundred and seventy-one, or for such period as may be specified.

SECTION 2.

* * *

DEPARTMENT OF YOUTH SERVICES.

1700-0010 For the administration of the department, including not more than one hundred and twenty-three permanent positions \$2,135,710

Bureau of Educational Services.

1710-1000 For reimbursement of cities and towns for tuition, including transportation to and from school, of children attending public schools \$25,000

Bureau of Clinical Services.

For the administration, maintenance of and for certain improvements at the institutions within the bureau:

1720-1010 Judge John J. Connelly Youth Center in the city of Boston, including not more than seventy permanent positions \$718,040

1720-2010 Reception and detention facilities for girls in the city of Boston, including not more than thirty-nine permanent positions 359,489

1720-3010 Detention center in Hampden county, including not more than twenty-three permanent positions 219,185

Exhibit 2 (continued)

| | | |
|-----------|---------------------------------------------------------------------------------------------------------|--------------------|
| 1720-4010 | Detention center in Worcester county, including not more than twenty-five permanent positions | 245,575 |
| | Total | <u>\$1,542,289</u> |

Bureau of Institutional Services.

For the administration, maintenance of and for certain improvements at the institutions within the bureau:

| | | |
|-----------|-------------------------------------------------------------------------------------------------------------|--------------------|
| 1730-1010 | Stephen L. French Youth Forestry Camp, including not more than thirteen permanent positions | \$154,450 |
| 1730-2010 | Residential treatment unit in Oakdale, including not more than thirty-three permanent positions | 345,580 |
| 1730-3010 | Industrial school for boys, including not more than one hundred and forty-six permanent positions | 1,360,600 |
| 1730-4010 | Industrial school for girls, including not more than one hundred and four permanent positions | 924,855 |
| 1730-5010 | Lyman school for boys, including not more than one hundred and seventy-one permanent positions | 1,530,000 |
| 1730-6010 | Institute of juvenile guidance, including not more than fifty-four permanent positions | 561,605 |
| | Total | <u>\$4,927,090</u> |

Bureau of After-care, Delinquency Prevention and Community Services.

| | | |
|-----------|-------------------------------------------------------------------------------------------------------|--------------------|
| 1740-1000 | For the commonwealth's share of delinquency prevention programs in certain cities and towns | <u>\$545,032</u> |
| | Total, Department of Youth Services | <u>\$9,175,121</u> |

Exhibit 3

DEPARTMENT OF YOUTH SERVICES

Appropriation for Lyman School, Fiscal Year 1971,
Schedule of Subsidiary Accounts¹

| <u>Subsidiary Account Number</u> | <u>Object</u> | <u>Account</u> |
|------------------------------------------|-------------------------------|--------------------|
| -01 | Salaries, Permanent Positions | \$1,155,880. |
| -02 | Salaries, Temporary Personnel | 52,174. |
| -03 | Services, Non-Employees | 39,918. |
| -04 | Food | 107,878. |
| -05 | Clothing | 22,238 |
| -06 | Housekeeping | 11,998. |
| -07 | Medical and General Care | 19,997 |
| -08 | Heat and Light | 80,610 |
| -09 | Farm and Grounds | 1,401 |
| -10 | Travel | 5,091 |
| -11 | Printing, advertisements | 499 |
| -12 | Repairs | 51,451 |
| -13 | Special supplies | 7,933 |
| -14 | Office supplies | 11,490 |
| -15 | Equipment | 23,168 |
| -16 | Rentals | 1,100 |
| TOTAL | | <u>\$1,592,826</u> |

¹State law permitted funds to be transferred between subsidiary accounts within the same appropriation account, with the approval of the Budget Bureau, in the event of an "unforeseen emergency."
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Exhibit 4

DEPARTMENT OF YOUTH SERVICES

Schedule of Authorized Positions:
Lyman School for Boys, FY 1970

| No. of Pos. | Titles | No. of Pos. | Titles |
|-------------|------------------------------|-------------|-----------------------------|
| | <u>-01 Account</u> | | <u>-02 Account</u> |
| 1 | Superintendent | 1 | Head Farmer |
| 1 | Ass't Superintendent | 1 | Graduate Nurse |
| 1 | Institution Steward | 1 | Maintenance Foreman Working |
| 4 | Juvenile Training Counselors | 1 | Psychiatric Social Worker |
| 1 | Head Bookkeeper | 1 | Licensed Practical Nurse |
| 1 | Principal Clerk | 6 | Juvenile Supervisor |
| 3 | Jr. Clerk & Stenographer | 3 | Ass't. Juvenile Supervisor |
| 3 | Senior Clerk | | |
| 1 | Junior Clerk | 14 | Total -02 |
| 1 | Junior Clerk and Typist | | |
| 1 | Senior Clerk & Typist | | |
| 1 | Staff Psychologist | | |
| 1 | Principal Juvenile Suprv. | | |
| 15 | Senior Juvenile Supervisor | | |
| 46 | Juvenile Supervisor | | |
| 1 | Suprv. Inst. Housekeeper | | |
| 1 | Seamstress | | |
| 1 | School Resident Nurse | | |
| 1 | Staff Nurse | | |
| 1 | Inst. Domestic Worker | | |
| 42 | Ass't. Juvenile Supervisors | | |
| 1 | Principal of Inst. School | | |
| 2 | Rec. & Phys. Ed. Instr. | | |
| 1 | Licensed Practical Nurse | | |
| 14 | Inst. School Teacher | | |
| 1 | Construction Handyman | | |
| 1 | Motor Truck Driver | | |
| 1 | Tractor Driver | | |
| 1 | Inst. Chief Power Plant Eng. | | |
| 1 | Sec. Class Power Plant Eng. | | |
| 4 | Third Class Power Plant Eng. | | |
| 2 | Mechanical Handyman | | |
| 1 | Suprv. of Training & Ed. | | |
| 1 | Dietitian | | |
| 1 | Storekeeper | | |
| 1 | Administrative Assistant | | |
| 161 | Total -01 | | |

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Exhibit 5

DEPARTMENT OF YOUTH SERVICES

LEAA Grants Received by DYS: 1970-1973

- 70-DF-438 \$183,120
For the development of a personnel training center and an experimental treatment facility; in addition, drug rehabilitation and outreach programs were to be started with these funds
- 70-034 \$25,000
For the development of delinquency prevention programs
- 70-032 \$62,550
For the establishment of a planning capability within the Department
- 70-036 \$25,000
For the establishment of a parole volunteer program to utilize volunteers for one-to-one counseling and child advocacy
- 70-060 \$60,000
For payment of tutors in an educational program for DYS youngsters who require special educational attention
- 71-11 \$25,000
For the funding of group homes in community settings
- 71-17 \$25,000
A continuation of the parole volunteer program which utilizes volunteers to supplement the casework of DYS staff
- 71-18 \$60,000
A continuation of funding for the tutorial program for educationally disadvantaged youngsters who have been committed to DYS
- 71-32 \$50,000
Continuation of the development of a planning capability
- 71-39 \$50,000
For the upgrading of administration and management within the Department
- 71-71 \$250,000
For the implementation of departmental reorganization, the regionalization of service delivery, group home funding, and the maintenance of a departmental planning capability
- 72-11 \$10,000
For the establishment of a group home in Worcester County (Ankar House)

Exhibit 5 (continued)

72-ED-01-0002 \$91,760

For certain equipment and personnel for the Brewster Forestry Camp "Homeward Bound" program

72-130 \$1,000,000

For the upgrading of administration and management, continued financial support of the planning unit, the establishment of an information systems unit, the regionalization of service delivery, and the maintenance of the parole volunteer program

72-ED-01-0003 \$235,000

For the establishment of privately operated, community-based residential treatment units

73-130 \$1,060,000

For the improvement of management and administration, continued support for a planning unit, the development of an information systems unit, regionalizing departmental operations, and continuation of the Parole Volunteer Program

73-0014 \$235,000

For the maintenance of eight community-based residential units

73-0017 \$650,000

For the diversion of approximately 855 youths annually from the juvenile justice system to be supported by a variety of residential and non-residential programs. These programs include foster care, education, private and group counseling, and job development. Under this program, youths are referred to DYS rather than committed, thus avoiding the stigma of a "commitment" label.

Program Time

Exhibit 8

DEPARTMENT OF YOUTH SERVICES

Distribution of Youths, by Program Type, 1970-1973
(Average Daily Count)

| | FY 1970 | FY 1971 | FY 1972 ¹ | | FY 1973 | |
|------------------------------------------------|------------|------------|----------------------|-------------|--------------|--------------|
| | | | First Half | Second Half | Oct. | March |
| Institutions | 507 | 465 | 338 | 109 | 41 | 17 |
| Detention | 238 | 236 | 251 | 266 | 251 | 240 |
| Forestry | 25 | 32 | 36 | 36 | 36 | 36 |
| Group Care | 125 | 77 | 79 | 176 | 448 | 826 |
| Foster | 30 | 29 | 33 | 85 | 220 | 246 |
| Total Youth In Residential Placement | 925 | 839 | 737 | 672 | 996 | 1,365 |
| Non-Res. Only | 7 | 10 | 22 | 144 | 530 | 907 |
| Non-Res. While in One of above Res. | 0 | 0 | 0 | 23 | 86 | 148 |
| Total Non-Res. | 7 | 10 | 22 | 167 | 616 | 1,055 |
| Total Youth (Receiving Direct Services) | 932 | 849 | 759 | 816 | 1,526 | 2,272 |

¹The institutions (training schools) were phased down during the second half of fiscal year 1972.

Exhibit 9

DEPARTMENT OF YOUTH SERVICES

DYS Expenditures, by Appropriation Account
1969-1973 (\$000s)

| | 1969 | 1970 | 1971 | 1972 | 1973 |
|---------------------------------------------|--------------|--------------|---------------|---------------|---------------|
| Administration | 1,838 | 2,124 | 2,728 | 2,696 | 1,748 |
| Tuition | 20 | 22 | 25 | 28 | 100 |
| Detention Centers | | | | | |
| Connelly | 547 | 646 | 765 | 779 | 815 |
| Hampden | 167 | 198 | 227 | 259 | 259 |
| Worcester | 183 | 228 | 257 | 287 | 289 |
| Boston - Girls ¹ | 299 | 327 | 376 | - | - |
| Metropolitan ¹ | - | - | - | 474 | 507 |
| Institutions | | | | | |
| Oakdale | 277 | 316 | 361 | 357 | 364 |
| Shirley | 1,083 | 1,244 | 1,381 | 1,315 | 129 |
| Lancaster | 714 | 833 | 960 | 994 | 120 |
| Lyman | 1,238 | 1,421 | 1,593 | 1,594 | 131 |
| Bridgewater ² | 489 | 570 | 583 | - | - |
| Topsfield ³ | - | - | - | 604 | 534 |
| French Forestry Camp | 125 | 138 | 172 | 184 | 200 |
| Delinquency Prevention | 245 | 545 | 761 | 1,130 | 1,130 |
| Purchase of Service | - | - | - | 1,000 | 4,293 |
| Community Based Treatment Unit ⁴ | - | - | - | - | 3,838 |
| TOTAL | 7,227 | 8,613 | 10,188 | 11,703 | 14,460 |

¹Boston Reception-Detention Center for Girls replaced by larger facility in 1972, renamed Metropolitan Area Detention Center.

²Bridgewater Institute for Juvenile Guidance closed in 1971.

³Northeast Training Center and Residential Unit in Topsfield opened in 1972, partially replacing Bridgewater and housing DYS-operated and privately operated residential programs.

⁴A catch-all appropriation item set up in the 1973 appropriation act to fund positions of most employees formerly assigned to the institutions.

Exhibit 10

DEPARTMENT OF YOUTH SERVICES

Cost of Program Types per Youth per Week, 1973

| Type of Program | Costs Per Youth Per Week |
|------------------------|--------------------------|
| Residential: | |
| Intensive Care | \$145 - \$290 |
| Group Homes | 145 - 150 |
| Foster Care | 30 - 40 |
| Non-Residential | 25 - 90 |

THE AGENCY FOR CHILD DEVELOPMENT¹

"Maybe," thought Lew Frankfort, "it's a typo." But it wasn't. The memo of April 3, 1976 was correct: New York City's Bureau of the Budget really did want the Agency for Child Development (ACD) to reduce its spending during fiscal year 1977 by twenty-three percent--from its current annualized rate of \$150 million (see Exhibit 1). And because the bulk of the funds were used to pay for day care centers, that's what would have to give. What was more, since centers had to have thirty days written notice before they could be closed--and the new fiscal year started on July 1--Frankfort had just two months to decide what to do and to whom. In March, when he had accepted the position of interim executive director of ACD, Frankfort had known the job held challenges. But this was almost breathtaking.

Background on Day Care

The history of day care in New York City was long and rich, with the first group day care centers being established in the 1850s.² During the depression and World War II, federal funding for day care became available through the Works Project Administration, to provide jobs for teachers and under the Lanham Act to free women to enter the wartime labor force. Following the war, New York continued to support and expand these programs, emerging as the only city in the nation that used its tax resources to do so.

The nature and scope of publicly supported day care in New York changed significantly in the 1960s. With the passage of social service and training amendments to the Social Security Act in 1962, a new pattern of federal funding was created. Federal money, to be matched

¹Names of some persons have been disguised.

²The term "group day care" refers to programs providing full-day care to six or more young children in a facility specifically designed for day care use. While the Agency for Child Development administered Head Start and "family" day care (where no more than six children were cared for in a licensed home), only the group programs, which consumed most of ACD's budget, will be considered in the case.

This case was prepared by Elizabeth Smith, Research Assistant, under the supervision of Professor John R. Russell of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

by the states, became available for a variety of services to low income individuals including day care. Then, in 1965, the New York State Social Services Act was amended to require the state to share the costs of day care with the cities and towns. While the State Department of Social Services assumed greater responsibility for day care funding, it left to the localities responsibility for administration, including eligibility determination and the setting of fees. These changes in both federal and state funding provisions resulted in modest expansions of the city's day care programs.

It was not until the Social Security Act was again amended in 1967 that day care in the city expanded rapidly. Under Title IVA, 75% federal reimbursement for day care became available on an open-ended basis. The required state matching share was divided equally between the state and city, with each assuming 12.5% of total costs. (For example, if a city expended \$4.00 on day care for an eligible child, it received \$3.50 in reimbursement from the state which in turn received \$3.00 from the federal government.) The open-ended nature of the funding encouraged states to expand social service programs and utilize liberal eligibility requirements. The effect of Title IVA on New York was dramatic. In fiscal year 1971, the city provided care for some 8,000 children in 120 centers at a cost of \$30 million. By early 1974, 410 centers, with a capacity for serving 30,000 children were supported by the city at a cost of \$124 million.

Prior to 1971, group day care programs were administered by the Department of Social Services (DOSS), part of the city's Human Resources Administration (HRA). (HRA, established by Mayor John V. Lindsay in 1966, served as an umbrella agency for income maintenance, social service, medical, and employment programs for people with low incomes. In fiscal year 1976, it served over 1.5 million New York City residents with a total budget exceeding \$4 billion.)

Title IVA guidelines, concerning matters such as eligibility and reimbursement for day care, were interpreted and elaborated by the state's Department of Social Services and implemented at the local level by the city DOSS. Individual group day care programs, in turn, were run by community, church, and charitable organizations, under contract to the city and subject to city rules and regulations. For example, while the Federal Department of Health, Education and Welfare required that funding be used only for certain categories of families (in particular, former, current, or potential welfare recipients), the state DOSS defined eligibility solely in terms of family income. HRA, in turn, emulated the state by basing eligibility on income, but frequently adopted more liberal standards. To illustrate, in 1970 the state issued income eligibility guidelines stipulating that day care expenditures for a family of four whose gross income exceeded \$10,000 would not be reimburseable. The city, however, continued to subsidize the costs of care for such families on a sliding fee scale basis (see Exhibit 2). As a result, about 12% of the families receiving care had gross incomes exceeding \$10,000. Unable to reconcile these differences,

the state suspended enforcement of its criteria and agreed to adhere temporarily to the city's standards.

By 1970, although most funding for day care was provided through HRA, several city agencies, including the Department of Health, Board of Education, Department of Recreation, and Community Development Agency were regulating and/or funding early childhood programs. In an attempt to rationalize this administrative structure and to gauge the city's effectiveness in meeting the needs of its children, Mayor Lindsay organized a 21-member task force, in March of 1970, and asked that it assess the feasibility of establishing a city office for early childhood services. The idea of a separate agency for child development was a popular one, particularly among feminist and welfare rights organizations, who strongly supported an expanded city role in day care. And, four months later, the task force recommended that such an agency be created within HRA, and that it be headed by a chief administrative officer of commissioner or equivalent status. All day care functions, with the exception of those controlled by the Board of Education, would be transferred to the new agency. In addition, the task force recommended that city support of day care not be diminished, regardless of the availability of federal reimbursement, that eligibility be based on residence within target areas (in order to eliminate the individual income eligibility test), and that employment not be a precondition to obtaining services, even if this were required by the federal government for reimbursement purposes.

In July 1971, in response to the report, the mayor established the Agency for Child Development (ACD) within the Human Resources Administration. ACD was given responsibility for planning, establishing and regulating group day care, family day care, and Head Start programs under agreements with individual program sponsors. In its early days, the agency, whose staff were nearly all vocal advocates of expanded day care services, took steps to implement those task force recommendations that were designed to make day care as readily and universally available as possible.

The optimism and enthusiasm that surrounded both ACD's inception and the expansion of group day care were short-lived, however. By 1975, three factors--the imposition of a ceiling on Title IVA expenditures, the creation of a new Title XX of the Social Security Act, to replace Title IVA, and New York City's incipient financial crisis--were seriously threatening the viability of the city's day care programs. The impact of these factors is outlined below.

In 1972, the federal government placed a \$2.5 billion ceiling on Title IVA funding and froze allowable expenditures at 1972 spending levels. New York state's share of this fixed amount would be determined by the ratio of its population to total U.S. population. As a result, the city's share (to cover all its Title IVA programs for the elderly, for home attendants, for day care, and for the administrative

costs of foster care)¹ was set at \$195 million. And while--in the absence of a ceiling--the city might have received \$120 million for day care in fiscal 1973, it ended up with only \$50.1 million. A special appropriation of \$10 million by the state legislature made up some of the difference. But the remainder had to come directly from city tax levies, and the state sent strong signals (subsequently proved accurate) that no special funding would be forthcoming in the future.

Then, in 1974, Title IVA was abolished altogether, and day care funding was transferred to a new Title XX of the Social Security Act. Title XX continued the old Title IVA ceiling on total expenditures, and roughly the same limits on financial eligibility for day care. It added a requirement, however, that recipients of day care services be able to demonstrate "social" as well as "financial" need.

To be socially eligible, parents had to show that day care was needed for one of four reasons: To help the family maintain its economic self-sufficiency; to prevent child abuse or neglect; to prevent or reduce the need for institutional care; or because the parent(s) were ill, incapacitated, or unavoidably absent from the home. To be financially eligible, the family had to be receiving Aid to Families with Dependent Children (AFDC), Medicaid, or Supplemental Security Income (SSI), or its gross income had to be less than 80% of the statewide median for a family of the same size. This amount was \$11,411 for a family of four. Based on these revised eligibility criteria, it was estimated that the expenditures for between 5,000 and 10,000 New York City children currently in day care would no longer be reimbursable.

Finally, by late 1974, the city was in the midst of a general fiscal crisis. If spending were not sharply curtailed, New York would be forced to default on its short-term financial obligations. During the initial months of the crisis, HRA's programs--including day care--escaped the city's efforts to cut back. But by early fall, 1975, Title XX, too, had become a target for budget reductions; and in October, ACD was ordered to reduce its budget for the fiscal year that had begun July 1, 1975, by \$12 million--from \$165 million to \$153 million.

ACD in the Fall of 1975

ACD's organizational structure in the fall of 1975 is shown in Exhibit 3. The agency was headed by a commissioner and five other managers--a deputy commissioner for operations, three assistant commissioners (one each for professional and supportive services, facilities,

¹Title IVA (and later, Title XX) supported not only the direct cost of providing services, but also the administrative costs of the local agency that managed their delivery. In New York, for example, more than \$50 million of these funds paid for the staff of the Bureau of Child Welfare (most of whom were tenured civil servants) that administered the city's foster care program.

and management) and a director of field operations. The agency had 220 people on its staff, a substantial increase from the 150 that had been employed in 1971. Most who occupied line positions were career social service workers recruited from HRA's Department of Social Services. In general, the agency was considered an exciting, creative place in which to work and attracted dedicated staff. Some of the youngest employees, those with the least seniority, were among the most qualified and effective.

The agency was headed by Marjory Hall, appointed to the position by Mayor Abraham Beame in August, 1974. Hall replaced another woman, a former HRA employee and avid advocate of day care, who had been staff director for the task force that recommended ACD's creation. The new commissioner was a professional social worker.

Hall inherited several firmly ensconced, politically appointed ACD administrators. Deputy Commissioner for Operations Francisca Valdez was an example. Described by an associate as extremely sincere, and dedicated to day care, Valdez had never been allowed (some said "able") to assume the broad managerial responsibility that had been envisioned by her job title and description. Her influence at ACD--never very great--had waned until now she supervised a small staff of five that performed an ill-defined set of program review and evaluation tasks.

ACD's four other divisions actually carried out the day-to-day management of the agency's programs. The Professional and Supportive Services Division developed program standards and assisted other ACD staff and center personnel in designing and monitoring educational activities, enforcing health and nutrition requirements, interpreting eligibility and other program standards, and training people for various positions. The division consisted of four units, with a staff of approximately thirty. It was headed by Paula Goodwin, another political appointee, who had little background in early childhood education or direct work experience with children. Judged by Hall to have neither the ability nor the credentials to carry out her position's responsibilities, Goodwin had been isolated from the decision-making process, and made to understand that her resignation would be welcomed. Goodwin, however, maintained adamantly that she would outlast Hall. The people in her division were civil servants, most of whom had masters degrees either in social work or early childhood education. Although all civil servants in ACD were represented by unions, union influence among its professional staff had never been strong.

The Management Division was headed by a young administrator, Jeff Hartner, brought to ACD by Hall to improve the agency's fiscal capabilities. Hartner had had management experience in both federal and New York City government. The Management Division included a fiscal operations unit, composed primarily of accountants and budget analysts who prepared and monitored day care center budgets, reviewed monthly re-

requests for funds from centers, and provided technical assistance to center administrators and boards. Budget analysts were required to have two years of college training. The unit was headed by Barry Ward who was on loan from HRA's Division of Management and Control.

Budgeting was largely a "bookkeeping" process, and fiscal controls were minimal. According to Hartner, major budgetary decisions were made by the commissioner who, after a series of disagreements with Hartner, depended almost exclusively on Ward to supply information and implement her decisions. Hartner described the situation: "He (Ward) wasn't put in charge over me, he was put in charge under me." The city's Bureau of the Budget went directly to Hartner for information and advice, much to Hall's displeasure. (In December, 1975, Ward officially displaced Hartner, who became assistant commissioner for facilities.)

The Facilities Division had responsibility for the design and maintenance of the day care centers' physical plants. Its Facilities Development Unit employed architects and engineers who designed new facilities (a task they were still performing in late 1975). It also included a two-person Licensing Unit. The unit coordinated the licensing activities of ACD's field offices, the Facilities Development Unit, and the unit in ACD's central office that managed the so-called "interim" day care centers. (These special centers will be more fully described later.) It also served as central liaison with the city's health, fire, and building departments.¹ The number of unlicensed centers had been decreasing steadily, from 348 in September, 1973, to 171 in December, 1974, to 128 in June, 1975.

ACD's fourth division was Field Operations which encompassed the ten field, or "area resource" offices that were located throughout the city. (Exhibit 4 lists these offices, by borough, with corresponding staffing levels, job descriptions, and data on the number of centers supervised. Exhibit 5 contains additional information for each borough.) Field offices had been established in 1974 as part of an effort to decentralize the delivery of ACD's services. The offices, using both professionals and paraprofessionals, provided assistance to individual centers in program development, financial management, parent involvement, and eligibility determination. ACD's technical consultants, for example, had helped several of the centers apply for food subsidies from the U.S. Department of Agriculture. Even though \$1.5 million of this support had been forthcoming during fiscal year 1975-1976, ACD had not reduced the recipient centers' budgets by a like amount. Field office staff were also responsible for reviewing individual day care eligibility forms pre-

¹Initial licensing and relicensing (which was required every two years) both took about four months. Requests for inspection were initiated by the Licensing Unit (sometimes in response to field office action) and processed through the Facilities Development Unit. They were then transmitted to the health, fire, or building departments, who took from 25 to 35 days to complete their inspections and report their findings to ACD.

pared by parents and day care center staff.

Most field office directors were trained social workers who had been senior caseworkers in HRA's Department of Social Services. Each one developed his or her own approach to organizing the office and dealing with the problems that arose. Direction from ACD's central office was limited. Because Hall did not wish to entrust the job to her deputy commissioner, she had given one of her several "special assistants" the task of directing and coordinating field operations. Then, in the summer of 1975, she created a new position, Director of Field Operations, and filled it with the former director of the Bronx field office, Ben Caldwell. Caldwell was in his 30s, had grown up in the Bronx, had a masters degree in social work, and had been working for HRA when ACD was organized.

Hall's designation of a special assistant to supervise or coordinate a particular activity was not unusual. Conversely, her special assistants were often people who already held some other position in the agency which carried direct line authority. For example, the director of social services in the Division of Professional and Supportive Services was also Hall's special assistant for eligibility. Responsibilities were often assigned, not on the basis of one's job description or formal duties, but on the particular job at hand. This was especially true during times of crisis, and meant that formal lines of authority and communication often broke down. Said one former assistant, "Commissioner Hall was task oriented."

The Day Care Centers

In the fall of 1975, ACD was providing funds to 410 group day care centers located throughout the city. Approximately 100 of these centers had been organized and funded prior to 1971. For the most part, these older programs were operated by established social welfare agencies or church organizations. Many of the centers that opened after 1971 were sponsored by community groups and small churches, most of whom had had no prior experience in day care administration. Of the newer centers, 171 were housed in facilities constructed or renovated by private owners, and then leased by the city, usually for a period of twenty years. These "direct lease" centers had been encouraged in the early 1970's to facilitate the creation of day care programs in low-income neighborhoods where suitable structures did not exist. The direct lease approach was begun during the Lindsay administration with considerable publicity. At one point, an advertisement had been run in the New York Times requesting landlords with property appropriate for day care use to contact the city. Leases were negotiated by the Department of Real Estate and did not contain any provisions for renegotiation or termination. Thus, if the day care center went out of business, the city would still have to pay for the building. Un-

Under the lease agreement, ACD paid for the facility directly. The cost of the lease included an amount for real estate taxes, so some of the money paid by ACD (aid by the federal and state governments under Title VIIA and Title XX) eventually found its way back into the city's general revenue fund. In the remaining 239 "indirect lease" centers, sponsoring organizations located their own space and signed leases with the landlords. A negotiated amount for rent was then included in the center's budget.

In order to open, all day care centers were supposed to comply with licensing requirements stipulated in the health, fire, and building codes. The health code contained twenty-four pages covering a range of issues: Centers had to provide a minimum amount of classroom and play space per child, maintain specified levels of lighting and room temperature, have a certain number of toilets and "cubbies," provide meals, and comply with health reporting procedures. The code also set forth maximum children-to-staff ratios (see Exhibits 6, 7, and 8) and required that center directors, teachers, and assistant teachers meet educational and/or work experience qualifications. Both directors and head teachers had to be certified by the city Board of Education and the State Education Department as teachers in early childhood education. This meant completion of at least thirty semester hours of study in specified areas and 300 hours of practice teaching. An assistant teacher had to have at least two years of college or be a high school graduate at least nineteen years old. The fire and building codes set forth many structural requirements, including alarm systems, fire drill procedures, the minimum number of exits, specifications for electrical wiring, plumbing, and building materials and so forth.

The health code assigned responsibility for licensing centers to the Department of Health. In accordance with an agreement between the department and HRA, however, licenses were issued based on ACD's certification (to the Department of Health) that all inspections had been completed and the center met the necessary standards. Personnel in ACD's ten resource area offices worked with the centers to help them meet licensing requirements and--through ACD's Licensing Unit--arranged for inspections to be made.

In order to meet the rapidly expanding demand for day care services, ACD had adopted a policy of opening and funding some centers before they met the standards for licensing. In general, these centers were located in the city's worst poverty areas and enrolled thirty, or fewer, children. They were often sponsored by grassroots organizations and operated out of storefronts, church basements, and similar facilities. Frequently, they were staffed by community residents with limited education and training. These "interim" centers, as they were designated, were not allowed to open if they contained conditions "hazardous to children," and they were expected to meet all licensing requirements within two years of their initial funding. ACD was pledged to assist

them in any way it could during this process. By the fall of 1975, approximately ninety centers had been opened under the "interim" program. Approximately half were now in compliance with the standards regarding physical facilities, but virtually all remained out of compliance with requirements for the size and qualifications of their teaching staffs. A report, written by ACD's advisory committee to the interim program, commented:

It has been suggested in some quarters that the city health code, educational requirements for teachers and the necessary ratio of certified group leaders to children be changed.

The advisory committee took the position that changing of the code's requirements in these respects would not be desirable. However, it believed that means should be found to make it possible for a larger number of experienced well-trained day care workers to obtain the necessary accreditation on the basis of certifiable experience in combination with some academic credits. The committee strongly recommended that efforts toward this end be instituted as soon as possible. Centers with acceptable plans to bring staffing into code conformity and which have acceptable facilities should be licensed.

In addition to meeting licensing requirements, centers had to meet certain other criteria in order to receive city funding. As mentioned previously, they were supposed to serve only those children whose families met income eligibility guidelines and/or paid fees where required. They were also required to comply with state and federal program guidelines. For example, both the state and the federal Department of Health, Education, and Welfare stipulated maximum child/staff ratios. The centers also agreed to follow any rules and regulations promulgated by ACD, and they had either to incorporate or be recognized as a charitable trust. (Either organizational form provided tax exempt status and, with it, eligibility for such benefits as U.S. Department of Agriculture food subsidies.)

The actual budget agreed to by ACD and an individual day care program was based primarily on the center's capacity--that is, the number of children it was licensed to serve--the size of its staff (based on licensing requirements), salary levels mandated in union contracts, and a negotiated amount for rent. Remaining items, such as educational materials, food, and office supplies, were budgeted according to standard formulae based on the size of the program. When the total budget was divided by the number of weeks per year that the center was open and then by the center's capacity, the result was an authorized "weekly cost per child." After negotiating their yearly budget with ACD, each center signed the short document shown in Exhibit 9. The center was then permitted to spend one-twelfth of its annual budget each month and was reimbursed on the basis of a

monthly statement of actual expenses called a Contract Agency Monthly Financial Report (CAMFR). In practice, the centers frequently spent more than the allotted one-twelfth or were given permission, by ACD's budget analysts, to purchase special items not included in their budgets. Several of the agency's staff said they thought the negotiation and reimbursement process gave most of the centers all the money they needed "and then some."

Eligibility determination, both for city funding and state and federal reimbursement, was carried out by 525 family counselors, stationed in the centers, and paid by the program sponsors. Counselors were required to have two years of college training as well as community work experience. They were a diverse group, ranging from high school graduates to people with masters degrees in social work. Many of them lived in the communities served by their centers and were strongly committed to their clientele. Counselors performed a variety of tasks, including parent education, family counseling, and community liason work. Only about half of their time was devoted to eligibility work.

An eligibility form was completed for each child by a family counselor at the center and then forwarded to the field office where its completeness and accuracy were verified. Children were not to be admitted by the centers until this field office review was complete; but because of field office delays and the centers' wish that children be served as quickly as possible, applicants frequently began attending daily sessions before the field office had acted. The actual data sources used to verify eligibility were seen only by the family counselors.

Based on the information contained on the eligibility form, ACD determined not only if a child was eligible to receive day care services at all but also whether these services would be supplied entirely at public expense or covered partially by fees collected from the child's family. Since, for several years, the state had waived application of its standards to these decisions, the city's eligibility limits and fee scales had always been the ones used. Thus, if a child was registered in a day care center and was eligible for full reimbursement by city standards, the city (after reviewing records of actual attendance submitted by the center) billed the state an amount equal to the number of weeks the child attended the center times 87.5 percent of the authorized weekly cost per child for that center. [The 87.5 percent was the sum of the federal (75%) and state (12.5%) shares of the Title XX reimbursement formula.] The state, in turn, was reimbursed by the federal government for 75 percent of authorized weekly cost provided the child was eligible under Title XX standards. If the city's standards indicated that the parents should pay, say, five dollars per week, that amount was deducted from the weekly cost per child before the state was billed. The center would then be responsible for collecting the five dollars from the family.

Although the 410 centers funded by ACD in 1975 were as diverse as New York itself, most ranged in capacity from 30 to 100 children, cared

for three to six year olds, were open ten hours a day (from 8:00 a.m. to 6:00 p.m.), and provided educational and recreational activities, meals, and rest. Of the families receiving care in these centers, 43 percent also received public assistance, 75 percent had annual gross income under \$8,000, 55 percent had only one parent, and 55 percent had a working family head. In late 1975, weekly costs per child varied from \$45 to \$122. The average was \$74, and only 56 centers expended less than \$65 per child per week. Many of the smallest centers reported the highest costs per child. Costs in direct lease and older centers were also greater than the average, because of higher rents in the former, and personnel and pension expenditures in the latter. Appendix A describes the characteristics of several centers that were in operation in the spring of 1976. Exhibits 10 and 11 provide additional aggregate data on the centers.

The Cut-backs Begin

Warnings that ACD would no longer be immune from the city's efforts to pare its budget came in March, 1975, when Mayor Beame announced that some day care centers might have to be closed. In an effort to forestall any closings, ACD's \$165 million budget for fiscal year 1975-1976 (which was not set until early October, 1975) incorporated some initial efforts to cut costs in other ways. Centers were ordered not to hire in excess of staffing level guidelines, although previously, ACD had allowed some to employ more directors, teachers, and assistant teachers than were necessary to meet licensing standards. For example, a large center serving 130 pre-school children might have had as many as four directors. ACD anticipated savings of about \$3 million as a result of this action. In addition, Commissioner Hall gave each center a budget ceiling which it could not exceed in planning for the fiscal year. According to ACD staff, however, many centers complained that the ceilings were unreasonable and succeeded in having them raised.

By the middle of October, the city's Bureau of the Budget had determined that more extensive cut-backs in Title XX spending would be required. And day care was singled out because (i) it was the largest expenditure under Title XX, (ii) it was not a service that was mandated under Title XX, and (iii) a major portion of the remaining Title XX expenditures were for tenured civil servants administering other, non-day care services, such as foster care, that were mandated. ACD was given two days to cut its budget by the \$12 million mentioned earlier in the case. With that short a deadline, Hall and her staff decided there was little they could do but shut down some centers. Then, as they debated the question of how many and which ones, orders came down to provide city hall, within four hours, with a tentative list of the centers to be closed. Hall dispatched a list of twenty-eight that were being considered. Next morning, she was nonplused to read in the newspapers that the mayor had announced the closing of twenty-eight centers. In at least one article, the locations were named. Although four of the original centers were later taken off the list and four new ones added, most ACD participants in the defunding process agreed that once the city had gone public, the decision to close exactly

twenty-eight was irrevocable. Said one, "Once that list was made public, it was as if it had been carved in bronze."

The news stories were the first indication that most ACD staff had received of an official list of center closings. Budget personnel, besieged with calls from the centers on the list, had to admit that they knew nothing. As their supervisor recalled, "Everyone was in a state of panic." Two other participants in the process commented as follows:

There was an attempt to make it rational. It was very hard to get a perspective on exactly how much we would have to cut back. In the program area it was very, very difficult to come up with the types of cuts that were needed to equal the amount of money that had to come out. Remember, at that time, the philosophy of the day care program was as much quantity and quality as possible.

It's hard to know what to do when you are given forty-eight hours to make a decision on how to cut a budget. I think that it was finally a one- or two-day process in which we sat down in a room and shouted out names and, without any real solid criteria, determined that there should be twenty-eight centers closed.

In November, ACD sent the twenty-eight centers an official notice of their defunding that gave them thirty days to close their doors and set up a detailed process for transferring fiscal control to ACD's Management Division. Program sponsors were given the opportunity to meet with Hall to appeal the decision. In addition, ACD offered to provide space in other centers for all of the children who would be displaced. Before a child could be transferred, however, the family's eligibility under Title XX would have to be redetermined.

Because many of the centers availed themselves of their right to appeal ACD's action, final closing of the twenty-eight centers was not completed until early 1976. Opposition from sponsors and parents was strong, vocal, and very time consuming for ACD's staff. One of the city's largest private social welfare agencies, which examined the effects of the closings, commented:

The city sent letters to families indicating that their center would be closing and that an opening in another center was available to them. Many of our experts thought this was a cold and impersonal way to proceed. Families needed to be given some careful explanation about why they had to apply to another center, and staff from many defunded centers provided this needed assistance in the transfers. The city, on the other hand, argued that some center directors in defunded centers obstructed the transfer process by telling families that the center would remain open under private funding. In addition, the receiving center to which a family was transferred may have resented Agency for Child Development staff "telling them" that they had to accept a

particular family over other families on their waiting lists. All these factors contributed to making the transfer process an uneven one.

The 1976 Task Force Report

Early in 1976, ACD came under increasing pressure to reduce its expenditures even further and to reassess its administrative capabilities. On February 6, the state commissioner of social services announced new regulations covering publicly funded day care centers. First, after April 1, 1976, the state would refuse to reimburse any per-child-per-week costs exceeding \$65.¹ (Earlier, in the fall of 1975, the state had also announced its intention to enforce an absolute upper limit on family income of \$11,000 for the establishment of eligibility for reimbursement.) Second, no reimbursement would be provided to unlicensed centers after July 1, 1976. In fact, the state had already withheld \$13 million in reimbursement claims during fiscal year 1975 because they came from centers that were not licensed. In December, 1975, approximately 100 centers were unlicensed, including 50 interim centers, 25 centers requiring substantial renovation before they could meet standards, and 25 more whose "paperwork" was backlogged in ACD or in the city's regulatory agencies.

In addition to issuing new regulations, the state recommended that ACD alter its existing policy of asking centers to enroll children up to 110 percent of capacity. An enrollment equal to 125 percent or 130 percent of capacity would be more suitable, the state maintained. As in the past, of course, there would be no reimbursement for actual attendance in excess of capacity. The state also declared that it would demand strict adherence to the Title XX requirement that the eligibility of all recipients be redetermined before April 1, 1976.²

On February 17, soon after the state's announcements, Mayor Beame formed a four-person task force to review the ACD's activities. The group included Marjory Hall; Martin Furman, acting administrator of HRA; John Stoddard, deputy director of the Bureau of the Budget; and Joseph Messina, commissioner of the city's Department of Investigation. Its report, signed and endorsed by all four members of the task force, and submitted to the mayor on March 8, stated, in part:

¹Previously, the state regulations had included an even lower limit (\$50), but this had never been enforced. The higher limit had been "negotiated" with the city in return for an unequivocal understanding that it would be strictly enforced except for programs for infants and the handicapped.

²At the beginning of 1976, ACD's family counselors, acting on instructions from Commissioner Hall, had done redetermination investigations of a sample of day care recipients and concluded that there was an ineligibility rate of 15 percent. This contrasted with a state audit, conducted in October, 1975, that found the rate to be 51 percent. Seventy percent of this ineligibility was attributed to client error or fraud and the remainder to ACD mistakes in applying eligibility criteria.

ACD is not faced simply with a shortage of staff, or an absence of systems, or an inability to respond to newly defined priorities; but with disorganization, absence of planning, lack of information, and an atmosphere of mistrust at the highest levels of management. There is incompetence at almost every level of ACD which is not offset by the small cadre of staff who perform beyond expectation, often in roles far exceeding their levels of experience.

It must be noted that the top management of the Agency for Child Development cannot be held solely and totally responsible for this failure. In some respects it has been trapped between a major reorientation in social climate and direction, an unclear definition of City attitudes towards day care, and a rapidly worsening economic environment which exceeded the Agency's—and the City's—ability to adjust its operation commensurately. Since its inception, it has continually struggled to surmount a crisis mode of operation, with rare and infrequent success.

Early policy decisions to furnish day care services to the maximum number of participants in the shortest possible time effectively led to the compromise of prudent management controls. The result has now blossomed into a fiscal and managerial crisis of staggering proportion. The effects of this crisis may be seen directly in the high degree of difficulty the Task Force experienced in obtaining the most basic information about the Agency's operating characteristics. Consequently, the findings and estimates which the Task Force presents herein, while dismal, may prove to be more discouraging in fact.

Neither ACD nor HRA have satisfactorily reconciled their advocacy, regulatory, and technical resource roles. Above and below the level of the Commissioner there are diversities of goals, policies, and strategies. The internal conflicts between and among constituencies, clientele, and administration have protracted or prevented the resolution of the most basic questions of ends and means, and virtually deadlocked the achievement of fiscal and managerial responsibilities.

There will be a serious shortfall of eligibility based on the current state regulations. On the basis of the current file of 36,200 applications for Group Day Care, we project that 20,000 to 23,000 children will be fundable. . . . A minimum of 20 percent of these children will be in the after-school program and receive only 47.5 percent of the maximum reimbursement.

Annualized Title XX payments for 20,000 to 23,000 children will provide from \$40 to \$50 million in reimbursement, while the city has budgeted for Title XX available \$128 million

in the day care centers [tentatively for fiscal year 1976-1977]. Unless [something is done], the city can expect an annualized additional tax levy burden between \$52 and \$60 million beginning in fiscal year 1976-1977.

From the available data, weekly expenditures (unit costs) appear to range between \$45.23 and \$122.56 per child. Of 30 centers which expend \$65 or less per child, no single variable or set of variables appeared to account for the variation in per capita spending. Annual rent costs under both direct and indirect leases ranged from \$0 to \$66,627, capacity from 30 to 200 children. The same pattern existed for centers expending \$90 and more per child, except that annual rent costs ranged from \$0 to \$141,056.

Progress has been made in reducing the number of unlicensed centers, but there is still a possibility that from 12 to 57 centers will be unlicensed on July 1, 1976. There are significant discrepancies between Department of Health and ACD licensing records.

Administrative and management functions of the Agency for Child Development must be put under the direct supervision of a capable Deputy Commissioner with recognized management skills and experience.

Shortly after the task force issued its report, Mayor Beame appointed a retired businessman, J. Henry Smith, to be Administrator of HRA. The post had been held by John Lampton, a man with an extensive background in social work and the provision of direct services to low-income families. Administrator Smith had spent forty-five years working in the life insurance industry, retiring in 1975 after being chairman and chief executive officer of the country's third largest insurance company. While Smith's appointment was applauded by persons concerned with controlling city expenditures and improving management efficiency, welfare groups and private social welfare agencies expressed concern that the needs of the poor might be neglected by someone with a limited exposure to public assistance programs.

Lew Frankfort Arrives

Smith considered the resolution of ACD's budgetary and managerial problems one of his first and most pressing priorities. On March 23, to provide the agency with more management capability, he created the position of interim executive director; and to fill the job, he chose Lewis Frankfort, a thirty-year-old graduate of Columbia University's School of Business and currently personnel director of HRA. Frankfort had taken a job in the Lindsay administration in 1970, after working on Wall Street, for a brief period, as a securities analyst. At ACD, he was to be responsible for developing a fiscal plan for the agency and implementing management and information systems. His status would be equal to Marjory Hall's, although she would still be the commissioner. Other top management personnel at the agency were the same as they had been in late 1975.

Now, only a few weeks after his arrival at ACD, Frankfort found himself confronted with the Bureau of the Budget's incredible demand that he cut the agency's spending by twenty-three percent, to \$116 million. Of this amount, \$82.5 million was to be ACD's allotment of the federal share of Title XX funds, and \$13.75 million the allowable city tax levy. Phone calls to the budget bureau convinced Frankfort that there was no possibility of increasing ACD's share of New York City's Title XX funds, but led him to believe that the bureau might tolerate an eventual tax levy "deficit" of up to \$8 million. Meetings with his staff suggested that as much as \$3 million might be saved by reducing expenditures for family day care and other ACD components, and that \$6 million in non-Title XX revenue might be available through the federal WIN program and other cash grant sources. Beyond these sources and savings, ACD's budget cutting effort would have to focus on its group day care programs, and under no circumstances could total expenditures exceed \$116 million.

Exhibit 1

THE AGENCY FOR CHILD DEVELOPMENT
ACD's Budget for Fiscal Year 1976¹

| <u>Budget Category</u> | <u>Budget (000)</u> |
|-----------------------------|-------------------------|
| Group Day Care | \$110,948 |
| Family Day Care | 11,967 |
| Limited Purchase of Service | 1,567 |
| Central Costs ² | 28,496 |
| Audits | 2,300 |
| Head Start | 1,000 |
| Renovations | - 0 - |
| Contingency Fund | - 0 - |
| <u>Sub-total</u> | <u>\$156,278</u> |
| Less: Fees due | <u>1,000</u> |
| <u>Total</u> | <u>\$155,278</u> |

¹Reflects the closing of 28 centers in December, 1975. By the first months of 1976, ACD was spending at a rate of about \$150 million per year. Its total expenditures for fiscal year 1975-1976, however, would equal about \$155 million as indicated above.

²Central Costs include pensions, direct lease rents, real estate taxes, and certain insurance costs.

Exhibit 2

THE AGENCY FOR CHILD DEVELOPMENT

Comparison of New York City and New York State Weekly Day Care Fee Schedules for a 4-Person Family, By Gross and Net Income

| Annual Income | | New York City Schedule | | | New York State Schedule Family Fee |
|---------------|-------------------|--------------------------------|-----------------|-----------------|---------------------------------------|
| | | Number of Children in Day Care | | | |
| Gross | Net | 1 | 2 | 3 | |
| \$ 4,160 | \$3,803 <u>1/</u> | \$ 2.00 | \$ 3.00 | \$ 3.50 | <u>2/</u> |
| 5,500 | 4,895 | 2.00 | 3.00 | 3.50 | <u>2/</u> |
| 6,000 | 5,282 | 2.00 | 3.00 | 3.50 | \$ 1.00 |
| 7,000 | 6,069 | 2.00 | 3.00 | 3.50 | 3.50 |
| 7,500 | 6,453 | 2.00 | 3.00 | 3.50 | 3.75 |
| 8,000 | 6,847 | 2.00 | 3.00 | 3.50 | 6.00 |
| 8,500 | 7,229 | 2.25 | 3.50 | 4.00 | 8.00 |
| 9,000 | 7,628 | 4.25 | 6.25 | 7.50 | 11.00 |
| 9,500 | 8,010 | 8.50 | 12.25 | 14.50 | 13.75 |
| 10,000 | 8,287 | 12.25 | 16.00 | 18.75 | 14.25 |
| 10,500 | 8,647 | 17.50 | 21.25 | 25.00 | <u>3/</u> |
| 11,000 | 9,076 | 23.50 | 27.25 | 32.00 | <u>3/</u> |
| 12,000 | 9,915 | 25.25 <u>4/</u> | 39.00 <u>4/</u> | 45.50 <u>4/</u> | <u>3/</u> |

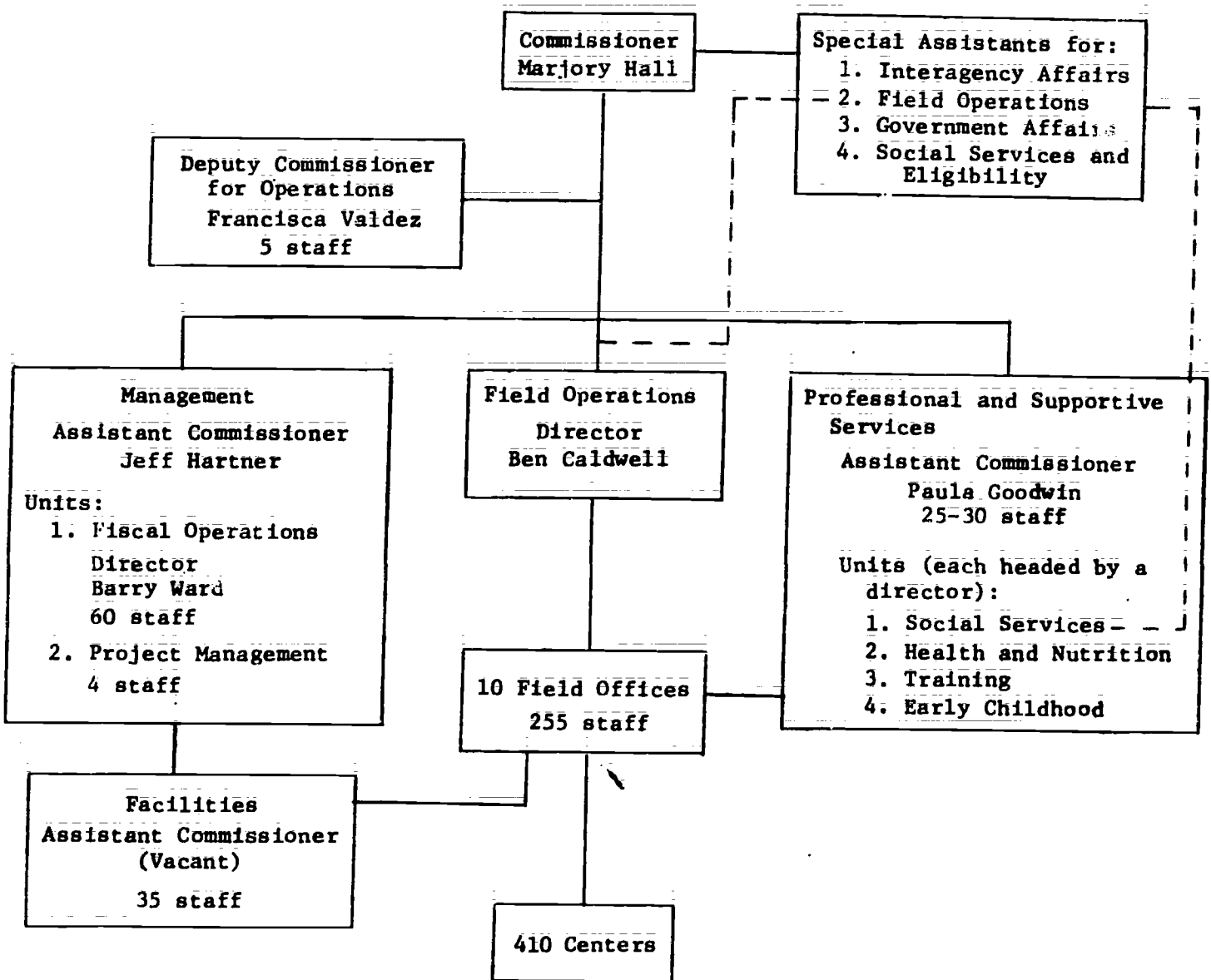
- 1/ Actual taxes and \$285 for health insurance are deducted from gross income to reach net income figures shown above.
- 2/ No charge.
- 3/ Full Cost.
- 4/ At higher income levels the fee remains \$25.25 for one child; for two or three children the fee increases gradually until the full cost of care, \$50 for two children or \$75 for three, is reached.

Source: Studies in Public Welfare, Paper No. 8, "Income-Tested Social Benefits in New York." Sub-committee on Fiscal Policy of the Joint Economic Committee, Congress of the U.S. July 8, 1973. p. 110.

Exhibit 3

THE AGENCY FOR CHILD DEVELOPMENT

ACD Organization Chart: October, 1975



_____ formal lines of authority
- - - - - informal lines of authority

Exhibit 4

THE AGENCY FOR CHILD DEVELOPMENT

Resource Center Staff Positions As Indicated In 1974-75 Budget Submission

| | Resource Centers Borough | | | | | | | | | | Total |
|---------------------------------------------------------------|--------------------------|----|----|----------|----|-----------|----|--------|----|-----------------------|-------|
| | Bronx | | | Brooklyn | | Manhattan | | Queens | | Richmond ¹ | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Number of Group Day Care in Centers in Operation ² | 39 | 35 | 61 | 91 | 20 | 55 | 72 | 14 | 32 | 8 | 427 |
| Director | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | 9 |
| Deputy Director | 1 | 1 | 1 | 1 | - | 1 | 1 | - | 1 | | 7 |
| Administrative Officer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | 9 |
| Personnel Specialist | - | - | 3 | - | - | - | - | - | - | | 1 |
| Data Collection Specialist | 1 | - | - | 1 | - | - | - | - | - | | 2 |
| Office Specialist | 1 | - | - | - | - | 1 | 1 | - | - | | 3 |
| Educational Consultant ³ | 2 | 2 | 2 | 4 | 1 | 3 | 4 | 1 | 1 | | 20 |
| Technical Consultant ⁴ | 4 | 3 | 4 | 10 | 2 | 8 | 7 | 2 | 4 | | 44 |
| Social Service Consultant ⁵ | 3 | 3 | 3 | 6 | - | 3 | 5 | - | 1 | | 24 |
| Family Day Care Consultant | 4 | 3 | 3 | 4 | 1 | 4 | 6 | 3 | 1 | | 29 |
| Health & Nutrition Specialist ⁶ | 3 | - | 2 | 2 | 1 | 1 | 3 | 2 | 1 | | 15 |
| Parent Involvement Specialist | 1 | - | 1 | 1 | - | - | - | - | - | | 3 |
| Information Specialists | 2 | - | 1 | 2 | - | 2 | - | - | 1 | | 8 |
| Total Professional | 24 | 14 | 20 | 33 | 7 | 25 | 29 | 10 | 12 | | 174 |
| Total Clerical | 15 | 5 | 10 | 14 | 3 | 12 | 13 | 4 | 5 | | 81 |
| Total Positions | 39 | 19 | 30 | 47 | 10 | 37 | 42 | 14 | 17 | | 255 |

¹Combined with 6. The two areas were served from a single office as of date of submission.

²As of January 31, 1974.

(Footnotes continued on the next page.)

Exhibit 4 (continued)

³Educational Consultants: Personnel with Masters or PhD degrees in early childhood education responsible for determining whether center staff met educational requirements as spelled out in the health code; consulting with center staff on educational program content and curriculum improvement; providing in-service training for center staff; and guiding center boards with respect to educational goals, program evaluation, and training.

⁴Technical Consultants: Personnel with BA degrees responsible for interpreting ACD policies outside the educational area; helping with renovations and other facility problems; resolving staff and/or board conflicts; and serving as center advocates with central ACD staff.

⁵Social Service Consultants: Personnel with BA degrees and some masters in social work degrees who had formerly worked in day care centers as ACD social workers. They were responsible for training and monitoring family counselors in centers; and providing information about and access to social services for day care families.

⁶Health and Nutrition Specialists: Personnel responsible for monitoring center food programs; assisting centers in buying and preparing food; and helping centers apply for USDA food subsidies and comply with USDA requirements.

4

Exhibit 6

THE AGENCY FOR CHILD DEVELOPMENT

Requirements for Teacher Staffing

The number of teachers, assistant teachers, and teachers aides for pre-school day care centers was determined using the following guidelines:

- 1 Teacher per group
- 1 Assistant Teacher per group
- 1 Part-time teachers aide per group at 24 hours per week

| <u>Number of Children</u> | <u>Number of Groups</u> |
|---------------------------|--------------------------|
| 35 or less | 2 |
| 35 - 55 | 3 |
| 55 - 75 | 4 |
| 75 - 95 | 5 |
| 95 - 110 | 6 |
| 110 - 130 | 7 |
| 130 - 150 | 8 |
| More than 150 | 8 plus 1 per 20 children |

Day care centers were open ten hours per day, five days per week; and full-time teachers and assistant teachers worked 38 hours per week. At least two adults had to be in the classroom with each group of children during the entire ten hours. Thus, a unit of one full-time teacher at 38 hours, one full-time assistant teacher at 38 hours, and one part-time teachers aide at 24 hours could just meet the requirements for 100 hours per week of adult classroom time.

100

Exhibit 7

THE AGENCY FOR CHILD DEVELOPMENT

Basic Guidelines for Day Care Center Staffing:
Revised September 27, 1975¹

| Position | Center Capacity | 30 or less | 30-55 | 55-95 | 95-110 | 110-130 | 130-150 | 150+ |
|-----------------------|-------------------|----------------|----------|----------------------|----------------------|----------------------|----------------------|------------|
| | # Children Groups | 2 | 3 | 5 | 6 | 7 | 8 | 8+ |
| Director ² | | 1 ³ | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Director | | - | - | 1 | 1 | 1 | 1 | 2 |
| Family Counselor | | 1-15 hr. | 1-22 hr. | 1 | 1-15 hr. | 1-15 hr. | 1-25 hr. | 2 or 3 |
| Teacher | | 1-25 hr. | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Teacher | | - | - | 1-10 hr. | 1-20 hr. | 1-25 hr. | 1-25 hr. | 1 |
| | | 1-30 hr. | 1 | 1 | 1 | 1 | 1 | 1 |
| Helper | | 1-25 hr. | 1-40 hr. | 1-40 hr. 1-30 hr. | 2-40 hr. | 2-40 hr. 1-12 hr. | 2-40 hr. 1-30 hr. | Not Listed |
| Foodian | | 1-20 hr. | 1-32 hr. | 1-40 hr. 1-5 hr. | 1-40 hr. 1-10 hr. | 1-40 hr. 1-20 hr. | 1-40 hr. 1-30 hr. | Not Listed |

¹Guidelines refer to pre-school programs. Infant programs had to have one infant care group and two infant care aides per group of ten children.

²In centers with less than 35 children, the director was to also serve as a part-time teacher. Center could have more than one educational director and one administrative director.

³If hours are not stated, assume full-time status @ 38 hr./week.

Exhibit 8

THE AGENCY FOR CHILD DEVELOPMENT

Day Care Center Staff Salary Levels for Fiscal Year 1975-1976

| <u>Position</u> | <u>Full-time Salary Level (38 hrs.)</u> (Approximate averages) |
|--------------------------|-------------------------------------------------------------------|
| Administrative Director | \$13,700 |
| Educational Director | 13,700 |
| Assistant Director | 11,500 |
| Bookkeeper | 10,000 |
| Assistant Bookkeeper | 8,500 |
| Teacher | 10,200 |
| Assistant Teacher | 8,500 |
| Teacher Aide | 7,300 |
| Cook | 8,100 |
| Cook Helper | 7,500 |
| Custodian | 7,300 |
| Custodian Helper | 6,800 |
| Family Counselor | 10,000 |
| Nurse | 11,300 |
| Health Aide | 7,100 |
| Homemaker | 7,700 |
| Homemaker Helper | 6,800 |
| Laundry Aide | 6,800 |
| Security Guard | 8,000 |
| Senior Child Care Worker | 10,000 |
| Child Care Aide | 7,000 |
| Administrative Assistant | 9,000 |

Exhibit 9

THE AGENCY FOR CHILD DEVELOPMENT

Terms and Conditions of the Budget

The following terms and conditions are an integral part of the budget for your center and as such is a precondition to transmittal or authorization to expend any fund, to be reimbursed by the Agency for Child Development.

1. This budget represents the commitment of the Agency for Child Development to reimburse your day care center for costs incurred in the categories herein described, up to the maximum amount set forth in the budget for each cost category.
 - (a) Provided that all fees required to be collected are, in fact, either collected or are provided by the center in equivalent amounts from non-public fund sources.
 - (b) Provided that your center opens and maintains a separate bank account which shall be the exclusive depository for required fees and for reimbursement funds--monthly allowance--provided by the Agency for Child Development.
 - (c) Provided that the attached authorization to furnish information relating to your agency's bank account and to transfer funds is duly executed by the Board Chairmen and the depository bank.
 - (d) Provided that an imprest fund is established at the center in an amount not in excess of \$50, for miscellaneous expenditures in amounts not exceeding ten dollars (\$10).
 - (e) Further providing that complete financial records--check book, cash receipts, and disbursement books, payroll books, etc.--with every supporting invoice or bill is maintained on the premises and is made available for inspection or audit by authorized representatives of the Agency for Child Development; Comptroller, City of New York; Department of Social Services, New York State; New York State Department of Labor; U.S. Internal Revenue Service; and Certified Public Accountant assigned to audit your financial records quarterly by Contract Agency Financing, HRA.
 - (f) Provided that pending verification of qualifications and authorization by the Agency for Child Development, any "new hires" (new employees) will be hired at the minimum rate for the position for which the individual is employed. Upon verification of qualifications, authorization will be given to pay the evaluated rate.
 - (g) Further provided that:
 1. Prior approval is obtained from the Educational consultant assigned to the center, with respect

Exhibit 9 (continued)

- to the purchase of educational equipment for which reimbursement will be requested:
2. Prior approval is obtained from the technical consultants with respect to purchase of office equipment.
 3. Final authorization is obtained from the Agency for Child Development.
- (h) Any regulations in existence now or subsequently promulgated by the Agency for Child Development are adhered to.

Except as described herein below, an agency may not without prior authorization modify its budget, either by transferring amounts from one cost category to another or by expending funds in excess of the budgeted amount in any cost category.

Each Chairman Board of Directors is authorized to modify his budget, for good and sufficient reason, without prior permission, in the following cost categories only:

Maintenance and repairs
Gas, light, and heat
Office supplies
Medical supplies
Household supplies
Laundry
Uniforms
Postage
Telephone
Children's trips

Provided that the discretionary modification does not increase a budget cost category by more than ten percent of that category and the total budget is not increased. This permits essentially a transfer of budget authorization from one cost category to another within the aforesaid limits.

Utilization* \$45 or less

Exhibit 11

THE AGENCY FOR CHILD DEVELOPMENT

Actual and Budgeted Expenditures for Day Care:
Selected Budget Categories, Fiscal Year 1975-1976

| <u>Budget Category</u> | <u>1975-1976 Budget</u> | <u>1975-1976 Actual¹</u> |
|----------------------------|-----------------------------|-----------------------------------------|
| Substitute Salaries | 4,600,000 | 3,960,000 |
| Substitute FICA | 269,000 | 231,660 |
| Health Services | 350,000 | 220,000 |
| Maintenance and Repairs | 280,000 | 345,000 |
| Teaching and Play Supplies | 764,000 | 625,000 |
| Office Supplies | 148,000 | 144,000 |
| Medical Supplies | 28,000 | 21,000 |
| Household Supplies | 780,000 | 853,000 |
| Laundry | 380,000 | 340,000 |
| Children's Books | 150,000 | 68,000 |
| Staff Library | 32,000 | 14,000 |
| Equipment | 296,000 | 415,000 |
| Travel (Carfare) | 15,000 | 26,000 |
| Parents Activities | 370,000 | 37,000 |
| Postage | 52,000 | 54,000 |
| Telephone | 520,000 | 541,000 |
| Children's Trips | 220,000 | 128,000 |
| Food | 6,600,000 | 6,300,000 |

¹Estimates based on expenditure rates as of March, 1976.

Appendix A

THE AGENCY FOR CHILD DEVELOPMENT

Data on Twelve Day Care Centers

Casa Central Day Care Center

Type of Facility: Direct Lease - renovated site
Opening Date: 1973 Board Status: Incorporated
License Status: 2-year permanent license to expire 1976
Capacity: 135 Pre-school/60 School-age
Utilization: 85%¹
Per Capita Cost: \$64.54 (Pre-school)/\$42.46 (School-age)

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|--------------------|---------------------|---------------------------------------|-----------|
| Director | 1 @ 38 ² | Regular Salaries | \$361,479 |
| Assistant Director | 1 @ 38/1 @ 20 | Substitute Salaries | 22,200 |
| Family Counselor | 2 @ 38 | FICA/Unemployment/Benefits | 50,910 |
| Teacher | 10 @ 38/3 @ 22 | Maintenance & Repair | 770 |
| Assistant Teacher | 10 @ 38/3 @ 20 | Teaching Supplies | 4,050 |
| Teacher Aide | 10 @ 24 | Office and Other Supplies | 6,893 |
| Bookkeeper | 1 @ 38 | Library | 905 |
| Asst. Bookkeeper | 1 @ 38 | Equipment | 1,395 |
| Cook | 1 @ 40 | Parents' Activities | 1,950 |
| Helper | 3 @ 40/1 @ 17 | Food | 34,496 |
| Janitor | 2 @ 40 | Other ³ | 2,500 |
| | | Total | \$487,548 |
| | | Less: Disability Deductions | 686 |
| | | Fees Due | 2,495 |
| | | NYC Share | \$484,367 |
| | | Central Costs ⁴ | 105,560 |

Casa Central was located on the Lower East Side. Three quarters of the families serviced by the center were Hispanic and one quarter Black. Fifty per cent were eligible for care because they received public assistance, were WIN participants, or were looking for work. Fifty percent were low-income families with an employed head of household.

The center was located in a semi-commercial area with tenement housing and was set up by a community group that wanted to see day care provided in their immediate area. The sponsoring board was having difficulty running the program, particularly in relation to proper direction of staff and implementation of center policies. The program was housed in a facility renovated for this purpose under a direct lease arrangement in 1973. The building was spacious and provided large classrooms. The center was experiencing a number of facility maintenance problems although it continued to meet licensing standards.

$$^1 \text{Utilization} = \frac{\text{Total number of care days provided}}{\text{Number of care days available @ 100\% of capacity}}$$

²Hours per week. ³Includes infant supplies, carfare, postage, telephone, and children's trips.

⁴Costs paid directly by the central office and not included as part of the center's budget. Includes rent and direct lease costs, if any.

Appendix A (continued)

Church of Hope Child Care Center

Type of Facility: Direct lease - newly constructed
Opening Date: 1972 Board Status: Unincorporated
License Status: 2-year permanent license to expire in 1976
Capacity: 186 Pre-school/60 School-age/50 Infant*
Utilization: 66%
Per Capita Cost: \$98.21

Staff

Budget (Fiscal Year 1975-1976)

| | | | |
|-------------------------|---------------|----------------------------|-------------|
| Director | 1 @ 38 | Regular Salaries | \$ 981,580 |
| Assistant Director | 3 @ 38 | Substitute Salaries | 100,000 |
| Administrative Director | 3 @ 38 | FICA/Unemployment/Benefits | 86,572 |
| Family Counselor | 3 @ 38 | Maintenance & Repair | 2,520 |
| Teacher | 24 @ 38 | Security | 23,500 |
| Assistant Teacher | 24 @ 38 | Teaching Supplies | 8,700 |
| Teacher Aide | 24 @ 24 | Office and Other Supplies | 13,240 |
| Sr. Child Care Worker | 4 @ 38 | Library | 1,305 |
| Child Care Aide | 10 @ 38 | Equipment | 3,677 |
| Administrative | 1 @ 38 | Parents' Activities | 2,960 |
| Bookkeeper | 2 @ 38 | Food | 65,826 |
| Asst. Bookkeeper | 1 @ 38/2 @ 15 | Other | 5,300 |
| Cook | 2 @ 38 | Total | \$1,295,180 |
| Helper | 6 @ 40/3 @ 15 | | |
| Janitor | 3 @ 40/1 @ 26 | Less: Disability Deduction | 2,500 |
| Homemaker (Infant) | 3 @ 40 | Fees Due | 6,534 |
| Nurse | 1 @ 38** | NYC Share | \$1,286,146 |
| Nurse's Aide | 1 @ 38 | Central Costs | 282,851 |
| Guards | 2 @ 40 | | |

Church of Hope Child Care Center was ACD's largest funded program and operated in a highly depressed section of Bedford-Stuyvesant in Brooklyn. The center served a mixture of Black, Puerto Rican, and Haitian children, many from families receiving public assistance. The center was controlled by its executive director, the minister of a local pentecostal church, who was highly respected in the community and had considerable support from local political organizations. The director had started a day care center in his church even before receiving ACD funding. He had been very active in the poverty programs of the late '60s and was deeply concerned that children be given adequate care. The minister had excellent organizational skills but little formal education.

While the facility was new, it had licensing violations. ACD staff had great difficulty dealing with the center. When the agency sent financial consultants into the center to help correct bookkeeping errors, they were refused admittance.

*Staffing ratios for infants were approximately twice those for pre-school. School-age facilities were open only about five hours per day.

**Required by Department of Health.

Appendix A (continued)

Friendship Day Care Center

Type of Facility: Indirect Lease
Opening Date: 1957
License Status: Currently unlice
Capacity: 70 Pre-school
Utilization: 69%
Per Capita Cost: \$79.82

Board Status: Incorporated
 d; previous license expired in 1971

Staff:

| | |
|-------------------|---------------|
| Director | 1 @ 38 |
| Family Counselor | 1 @ 38 |
| Teacher | 5 @ 38 |
| Assistant Teacher | 5 @ 38 |
| Teacher Aide | 5 @ 24 |
| Bookkeeper | 1 @ 38 |
| Asst. Bookkeeper | 1 @ 10 |
| Cook | 1 @ 40 |
| Helper | 1 @ 40/1 @ 15 |
| Janitor | 1 @ 40/1 @ 20 |

Budget (Fiscal Year 1975-1976)

| | |
|-----------------------------|------------------|
| Regular Salaries | \$177,442 |
| Substitute Salaries | 10,200 |
| FICA/Unemployment/Benefits | 24,740 |
| Maintenance & Repair | 560 |
| Renovations | 35,319 |
| Gas, Light, Heat | 6,000 |
| Teaching Supplies | 1,400 |
| Office and Other Supplies | 3,003 |
| Library | 380 |
| Equipment | 575 |
| Parents' Activities | 790 |
| Food | 14,574 |
| Other | 1,100 |
| Total | \$275,993 |
| Less: Disability Deductions | 329 |
| Fees Due | 1,552 |
| NYC Share | \$274,112 |
| Central Costs | 19,586 |

Friendship Day Care Center operated for a number of years without city financial support. It was run by a board composed primarily of business people, many of whom lived outside the area where the center was located. The board was affiliated with a nondenominational religious organization, and the center's executive director was a minister. Friendship was part of a multi-service center created to meet the needs of the Chinese, Spanish-speaking, black, and white families in the area. It was located in a tenement-type building that, after extensive renovations, ACD staff felt was licensable. The center was thought to have an extremely rich educational program.

The board of the day care center was currently embroiled in a community conflict that focused on a group of young, Spanish-speaking political activists. With board permission, the group had been allowed to use the day care center building as a base for their political and community-support activities. Group members, however, decided that they would live in the building and demanded that they be given control of the day care center. Parents of the center were extremely frightened and upset by this demand and the presence of the group; and they, in turn, asked ACD if they could become the sponsor of the program. Many of these mothers had long been actively involved in the center.

Appendix A (continued)

Neighborhood Child Care Center

Type of Facility: Direct lease - renovated building
Opening Date: 1971 Board Status: Charitable Trust
License Status: 2-year permanent license to expire in 1978
Capacity: 105 Pre-school/20 School-age
Utilization: 53% (Pre-school)/85% (School-age)
Per Capita Cost: \$84.65

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|----------------------|---------------|---------------------------------------|-----------|
| Director | 1 @ 38 | Regular Salaries | \$249,097 |
| Assistant Director | 1 @ 20 | Substitute Salaries | 15,700 |
| Family Counselor | 1 @ 38 | FICA/Unemployment/Benefits | 20,406 |
| Asst. Fam. Counselor | 1 @ 15 | Maintenance & Repair | 840 |
| Teacher | 6 @ 38/1 @ 22 | Renovations | 8,957 |
| Assistant Teacher | 6 @ 38/1 @ 20 | Teaching Supplies | 2,400 |
| Teacher Aide | 6 @ 24 | Office and Other Supplies | 5,209 |
| Bookkeeper | 1 @ 38 | Library | 530 |
| Asst. Bookkeeper | 1 @ 25 | Equipment | 963 |
| Cook | 1 @ 40 | Parents' Activities | 1,150 |
| Helper | 2 @ 40/1 @ 30 | Food | 17,645 |
| Janitor | 1 @ 40/1 @ 15 | Other | 2,438 |
| | | Total | \$325,335 |
| | | Less: Disability Deductions | 499 |
| | | Fees Due | 307 |
| | | NYC Share | \$324,529 |
| | | Central Costs ¹ | 139,072 |

This center was started in 1971 by the Negro Alliance, a community group on the Lower East Side of the city. The Alliance initially received funding from the City's Community Development Association, a program created by Mayor Lindsay to encourage community control and coordination of city services. The Alliance served as the day care center's board. The center operated out of a renovated police station which had a history of licensing problems. In early 1976, however, enough repairs had been made to allow the center to receive a permanent license. While the center was under Alliance control, ACD funds were frequently pooled with other funding and were spent on activities unrelated to day care, a practice prohibited under ACD regulations. ACD, therefore, encouraged the efforts of parents who wished to gain control of the board in 1974. The following year a new board was formed, and the center was renamed, although a few board members as well as the center's executive director remained Alliance members. Center staff were qualified according to health code standards, and the educational program was considered adequate by ACD personnel.

¹Including rent of \$95,000.

Appendix A (continued)

Jewish Board of Guardians Infant Care Unit

Type of Facility: Indirect lease
Opening Date: 1960 Board Status: Incorporated
License Status: 1-year permanent license to expire in 1976
Capacity: 22 infants
Utilization: 62%
Per Capita Cost: \$89.38

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|-------------------------|--------|---------------------------------------|------------------|
| Director | 1 @ 38 | Regular Salaries | \$128,646 |
| Family Counselor | 1 @ 22 | Substitute Salaries | 7,900 |
| Teacher | 3 @ 38 | FICA/Unemployment/Benefits | 19,082 |
| Assistant Teacher | 3 @ 38 | Rent | 11,559 |
| Teacher Aide | 3 @ 38 | Maintenance & Repair | 420 |
| Bookkeeper | 1 @ 25 | Teaching Supplies | 440 |
| Janitor | 1 @ 32 | Office and Other Supplies | 1,782 |
| Homemaker (Infant) | 1 @ 40 | Library | 230 |
| Homemaker Aide (Infant) | 1 @ 20 | Equipment | 132 |
| Nurse | 1 @ 5 | Parents' Activities | 220 |
| | | Food | 4,228 |
| | | Other | 715 |
| | | <u>Total</u> | <u>\$175,354</u> |
| | | Less: Disability Deductions | 234 |
| | | Fees Due | 164 |
| | | NYC Share | \$174,956 |
| | | Central Costs | 10,442 |

This center was one of a very few infant care programs in the city. It was sponsored by the Jewish Board of Guardians, a large private social welfare agency, and was located in a public housing project. The program was designed to serve infants from problem families where child-abuse or neglect had, or was likely to occur. Each family was given considerable attention by a variety of social service, educational, and medical professionals. The program had an excellent reputation and was viewed by many as a prototype of a high quality infant care center. Although the per capita cost of care was high, it had been reduced from \$168 in 1975 through a number of staffing and program cost reductions. The center's utilization was low because it attempted to deal with families with particular problems who were willing to become involved in the variety of services offered.

Appendix A (continued)

Early Learning Center

Type of Facility: Indirect lease
Opening Date: 1971 Board Status: Incorporated
License Status: ACD did not license school-age programs.
Capacity: 80 School-age
Utilization: 95%

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|-------------------|--------|---------------------------------------|------------------|
| Director | 1 @ 38 | Regular Salaries | \$107,932 |
| Family Counselor | 1 @ 38 | Substitute Salaries | 5,600 |
| Teacher | 4 @ 22 | FICA/ Unemployment/Benefits | 16,632 |
| Assistant Teacher | 4 @ 24 | Rent | 19,253 |
| Bookkeeper | 1 @ 38 | Maintenance & Repair | 560 |
| Asst. Bookkeeper | 1 @ 15 | Gas, Light, Heat | 4,470 |
| Helper | 1 @ 32 | Teaching Supplies | 1,800 |
| Janitor | 1 @ 32 | Office and Other Supplies | 2,232 |
| | | Library | 380 |
| | | Equipment | 650 |
| | | Parents' Activities | 800 |
| | | Food | 9,833 |
| | | Other | 1,837 |
| | | <u>Total</u> | <u>\$171,979</u> |
| | | Less: Disability Deductions | 218 |
| | | Fees Due | 420 |
| | | NWC Share | \$171,341 |
| | | General Costs | 1,249 |

The Early Learning Center was located at 42nd Street and 10th Avenue in an area of businesses, garages, and parking lots. There were very few day care centers in this area, although there appeared to be a need for after-school care for children of low-income, working parents. The center was located in an old factory which had formerly housed a college of education. Although the center had a certificate of occupancy from the city, ACD staff claimed that the site was poor and that a number of sanitary problems were evident. The center's board was composed of extremely dedicated mothers and professionals who either had experience in Head Start programs, or had strong feminist and activist viewpoints. The board had planned to move the program to a new direct lease facility proposed by the city. Because of the fiscal crisis, however, plans for this new structure were scrapped.

Appendix A (continued)

Casa de los Ninos

Type of Facility: Direct lease - newly constructed
Opening Date: 1972 Board Status: Incorporated
License Status: Unlicensed; previous license expired in 1974
Capacity: 65 Pre-school/40 School-age
Utilization: 95%
Per Capita Cost: \$94.84

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|------------------------|---------------------------|---------------------------------------|-----------|
| Director | 1 @ 38 | Regular Salaries | \$223,330 |
| Asst. Director - Educ. | 2 @ 38 | Substitute Salaries | 1,400 |
| Family Counselor | 1 @ 38/1 @ 15 | FICA/Unemployment/Benefits | 24,806 |
| Teacher | 5 @ 38/2 @ 22/ 6 @ 38 | Maintenance & Repair | 840 |
| Assistant Teacher | 5 @ 38/ 2 @ 20/ 6 @ 38 | Security | 6,153 |
| Teacher Aide | 5 @ 24 | Teaching Supplies | 2,100 |
| Administrative Asst. | 2 @ 38 | Office and Other Supplies | 6,309 |
| Bookkeeper | 1 @ 38 | Library | 530 |
| Asst. Bookkeeper | 1 @ 38 | Equipment | 833 |
| Cook | 1 @ 40/1 @ 25 | Parents' Activities | 1,050 |
| Helper | 1 @ 40/1 @ 10/ 1 @ 15 | Food | 20,089 |
| Janitor | 1 @ 40/1 @ 20 | Other | 1,445 |
| | | Total | \$279,885 |
| | | Less: Disability Deductions | 437 |
| | | Fees Due | 452 |
| | | NYC Share | \$278,996 |
| | | Central Costs | 163,166 |

Casa de los Ninos was located in a Puerto Rican section of Brooklyn and served city low-income, Puerto Rican families. The center was controlled by a group of community residents who were able to obtain the direct lease site and ACD funding through the intercession of an influential city councilor. Although the facility was relatively new, it was poorly maintained and had a number of licensing violations. While classroom staff met the educational requirements of the health code, the center director was considered incompetent and overbearing by ACD staff. Resource center personnel were not allowed to meet with center staff unless the director was present. (The director frequently hired family members and friends as center employees.) There was some indication that money was being mismanaged at the center and that the bookkeeper was ineffective. ACD fiscal staff noted that funds had been spent for telephone calls to Puerto Rico and that employee withholding taxes had not been computed correctly or sent to the appropriate agencies.

Appendix A (continued)

United Settlements Child Care Center

Type of Facility: Indirect lease
Opening Date: 1932 Board Status: Incorporated
License Status: 2-year permanent license to expire in 1976
Capacity: 87 Pre-school/35 School-age/75 Family Day Care
Utilization: 80%
Per Capita Cost: \$66.66

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|--------------------------|--------------------------|---------------------------------------|------------------|
| Director | 1 @ 38 | Regular Salaries | \$291,357 |
| Assistant Director | 1 @ 20 | Substitute Salaries | 14,700 |
| F. D. C. Coordinator | 1 @ 38 | FICA/Unemployment/Benefits | 40,578 |
| Asst. F.D.C. Coordinator | 1 @ 38 | Rent | 34,602 |
| Family Counselor | 2 @ 38/1 @ 10 | Maintenance & Repair | 980 |
| Teacher | 6 @ 38/2 @ 22 | Teaching Supplies | 4,068 |
| Assistant Teacher | 6 @ 38/2 @ 20 | Office and Other Supplies | 4,733 |
| Teacher Aide | 6 @ 24 | Library | 845 |
| Bookkeeper | 1 @ 38 | Equipment | 943 |
| Asst. Bookkeeper | 1 @ 38 | Parents' Activities | 1,920 |
| Cook | 1 @ 40 | Provider Mother's Stipend | 91,875 |
| Helper | 1 @ 40/1 @ 30/ 3 @ 10 | Food | 24,644 |
| Janitor | 1 @ 40/1 @ 15 | Other | 5,570 |
| | | Total | \$516,815 |
| | | Disability Deductions | 562 |
| | | es Due | 4,575 |
| | | re | \$511,678 |
| | | eral Costs | 28,772 |

The United Settlements Child Care Center was located on the Lower Mid-West Side of Manhattan and serviced a multi-cultural group of children. The major reason for care was employment of a parent. The center was located in a housing project and was surrounded by project buildings, brownstones, and small apartment dwellings. The facility was kept in good condition by the City Housing Authority. The day care center was a part of a multi-service, or "settlement," program which had been operating in the community since 1932. The center was one of the first to receive city funding and was considered to have a satisfactory educational program. The center had some difficulty keeping its enrollment high, and there was some concern that if income eligibility guidelines were tightened, a number of families would no longer be eligible.

Appendix A (continued)

Temple Emmanuel Day Care Center

Type of Facility: Direct lease - newly constructed
Opening Date: 1971 Board Status: Incorporated
License Status: 2-year permanent license to expire in 1976
Capacity: 55 Pre-school
Utilization: 101%
Per Capita Cost: \$74.63

| <u>Staff</u> | | <u>Budget (Fiscal Year 1975-1976)</u> | |
|-------------------|--------------|---------------------------------------|------------------|
| Director | 1 @ 38 | Regular Salaries | \$148,573 |
| Family Counselor | 1 @ 38 | Substitute Salaries | 7,900 |
| Teacher | 3 @ 38 | FICA/Unemployment/Benefits | 11,910 |
| Assistant Teacher | 5 @ 38 | Maintenance & Repair | 420 |
| Teacher Aide | 3 @ 24 | Teaching Supplies | 1,100 |
| Bookkeeper | 1 @ 38 | Office and Other Supplies | 2,066 |
| Asst. Bookkeeper | 1 @ 10 | Library | 305 |
| Cook | 1 @ 40 | Equipment | 463 |
| Helper | 1 @ 40/1 @ 5 | Parents' Activities | 550 |
| Janitor | 1 @ 32 | Food | 15,895 |
| | | Other | 920 |
| | | Total | \$190,102 |
| | | Less: Disability Deductions | 266 |
| | | Fees Due | 369 |
| | | NYC Share | \$189,467 |
| | | Central Costs ¹ | 36,127 |

Temple Emmanuel was located in a working and middle-class section of Brooklyn. The center serviced Orthodox Jewish families, many of whom were judged eligible for care for social rather than financial reasons (e.g., mental stress of the mother). The center had strong support within the community and followed the rules of the Orthodox Jewish faith. No children were admitted to the center unless their families were Orthodox Jews, boys and girls were educated in separate classrooms, and meals were prepared in accordance with strict dietary rules.

The center's board, of which the temple's rabbi was a member, owned the direct lease facility and received over \$17,000 in rent from the city annually. ACD staff had little contact with the center and questioned the accuracy of its utilization figure. There was also some concern that the center was accepting children whose families were paying fees above the city's fee schedule and was failing to record these amounts.

¹Including rent of \$17,500.

Appendix A (continued)

Save Our Children Child Care Center

Type of Facility: Indirect lease
Opening Date: 1969
License Status: Unlicensed
Capacity: 30 Pre-school
Utilization: 99%
Per Capita Cost: \$77.82

Board Status: Unincorporated

Staff

| | |
|-------------------|--------|
| Director | 1 @ 38 |
| Family Counselor | 1 @ 15 |
| Teacher | 2 @ 38 |
| Assistant Teacher | 2 @ 38 |
| Teacher Aide | 1 @ 24 |
| Bookkeeper | 1 @ 30 |
| Cook | 1 @ 30 |
| Helper | 1 @ 30 |
| Janitor | 1 @ 30 |

Budget (Fiscal Year 1975-1976)

| | |
|-----------------------------|------------------|
| Regular Salaries | \$ 98,390 |
| Substitute Salaries | 5,100 |
| FICA/Unemployment/Benefits | 8,566 |
| Maintenance & Repair | 500 |
| Gas, Light, Heat | 1,100 |
| Teaching Supplies | 600 |
| Office and Other Supplies | 1,158 |
| Library | 230 |
| Equipment | 255 |
| Parents' Activities | 300 |
| Food | 7,469 |
| Other | 765 |
| Total | \$124,433 |
| Less: Disability Deductions | 178 |
| Fees Due | 191 |
| NYC Share | \$124,064 |
| Central Costs | 3,330 |

Save Our Children was located in Harlem and served a small number of low-income black families. The center was run by a 70-year-old woman who had started it with very limited resources in the late '60s. By obtaining fees from parents and convincing local stores to contribute food and other supplies, she was able to run the center on a limited basis even before city funding was available. The center was located in the renovated basement of a tenement building. As soon as ACD staff would determine that the center could be licensed, however, they would return to the site only to find that a wall was being removed in order to make space for additional children. Since the center's founder insisted that she be the center's educational director, a position for which she was not qualified according to health code requirements, the center faced an added obstacle to obtaining a license.

Appendix A (continued)

Soujourner Truth Day Care Center

Type of Facility: Direct lease - newly constructed
Opening Date: 1971 Board Status: Incorporated
License Status: 2-year permanent license to expire in 1976
Capacity: 95 Pre-school/100 School-age
Utilization: 67%
Per Capita Cost: \$73.95

| <u>Staff</u> | | <u>Budget</u> (Fiscal Year 1975-1976) | |
|--------------------|---------------|---------------------------------------|--------------|
| Director | 1 @ 38 | Regular Salaries | \$321,470 |
| Assistant Director | 1 @ 38/1 @ 20 | Substitute Salaries | 17,800 |
| Family Counselor | 2 @ 38 | FICA/Unemployment/Benefits | 29,480 |
| Teacher | 5 @ 35/5 @ 22 | Maintenance & Repair | 1,400 |
| Assistant Teacher | 5 @ 38/5 @ 20 | Teaching Supplies | 4,150 |
| Teacher Aide | 5 @ 24 | Office and Other Supplies | 6,441 |
| Bookkeeper | 1 @ 38 | Library | 830 |
| Asst. Bookkeeper | 1 @ 38 | Equipment | 1,395 |
| Cook | 1 @ 40 | Parents' Activities | 1,950 |
| Helper | 2 @ 40/1 @ 30 | Food | 34,135 |
| Janitor | 1 @ 40/1 @ 30 | Other | <u>3,221</u> |
| | | Total | \$422,272 |
| | | Less: Disability Deductions | 530 |
| | | Fees Due | <u>2,198</u> |
| | | NYC Share | \$419,549 |
| | | Central Costs | 202,019 |

Soujourner Truth was sponsored by a national organization of social workers in an effort to provide day care to families in a very low-income area of Harlem. The center was large and had many qualified staff and a varied program. The center was used to train both social work and early childhood education students. While ACD staff considered this center an excellent one when it opened, they questioned the competency of the current director and felt that the sponsoring board was not devoting adequate attention to the center's problems. Utilization in both the pre-school and school-age programs was extremely low.

Appendix A (continued)

Sunny Hours Day Care Center

Type of Facility: Direct lease - newly constructed
Opening Date: 1972 Board Status: Incorporated
License Status: Infant program license to expire in 1976; remainder of program licensed.
Capacity: 110 Pre-school/40 School-age/36 Infants
Utilization: 60% Pre-school/54% School-age/59% Infant
Per Capita Cost: \$67.00

| <u>Staff</u> | | <u>Budget</u> (Fiscal Year 1975-1976) | |
|-----------------------|----------------|---------------------------------------|-----------|
| Director | 1 @ 38 | Regular Salaries | \$429,886 |
| Assistant Director | 1 @ 38/1 @ 20 | Substitute Salaries | 25,500 |
| Family Counselor | 2 @ 38 | FICA/Unemployment/Benefits | 63,520 |
| Teacher | 11 @ 38/2 @ 22 | Maintenance & Repair | 1,680 |
| Assistant Teacher | 10 @ 38/2 @ 20 | Teaching Supplies | 3,911 |
| Teacher Aide | 10 @ 24 | Office and Other Supplies | 8,071 |
| Sr. Child Care Worker | 3 @ 38 | Library | 880 |
| Child Care Aide | 8 @ 38 | Equipment | 1,341 |
| Bookkeeper | 1 @ 38 | Parents' Activities | 1,860 |
| Asst. Bookkeeper | 1 @ 38 | Food | 37,078 |
| Cook | 1 @ 40 | Other | 2,660 |
| Helper | 4 @ 40 | Total | \$576,387 |
| Janitor | 2 @ 40/1 @ 5 | | |
| Nurse | 1 @ 15 | Less: Disability Deductions | 780 |
| | | Fees Due | 5,540 |
| | | NYC Share | \$570,067 |
| | | Central Costs ¹ | 168,815 |

Sunny Hours was located in a highly depressed area of Brooklyn and was operated by a local church. The church had initially received foundation funding to train low-income individuals and wanted a day care center to accompany this operation. The director of the center was the church's minister; the building that housed the center was owned by the church. Although the program was unlicensed, the facility was extremely clean and staff met the educational requirements of the health code. The center director was an arrogant, capable individual who resented ACD intervention in his center. Although ACD staff accused him of using funding for other than the purposes itemized in the center's budget, he would argue that he was only trying to care for his children in the most effective way possible. Utilization at the center was extremely low, partly because the families of children in the center were required to be church members and to make financial contributions to church activities.

¹Including rent of \$104,850.

SUMMERTHING (A)

"I'm an optimist."

- Katharine D. Kane
Assistant to the Mayor

Early in April, 1968, part-time Special Assistant Katharine Kane received her second major assignment from Boston's newly inaugurated mayor, Kevin White: Create and manage a city-wide summer arts festival; give it a "neighborhood" emphasis; do it this summer. It was an intriguing undertaking, one with great appeal for Kane. She believed the arts could improve people's lives by bringing antagonistic groups together and helping individuals to see the beauty in ordinary things. Despite the short time remaining, she was sure it could be done.

What had triggered both White's and Kane's interest in the project was a series of meetings with the directors of the old Boston Arts Festival, defunct since 1964, which had sponsored classic cultural events -- ballet, symphony concerts, opera -- in Boston's Public Garden. Said Kane:

Nelson Aldrich and Jerry Rosenfeld wanted to resurrect the festival. But we didn't want to do it that way again. We didn't want it to happen downtown for the suburban people who were already interested in the arts. Kevin's general policy was to go out into the neighborhoods. We wanted to decentralize. It was the thrust of his campaign and the political philosophy of everyone who came into his administration. Having served in the legislature for four years when John Collins was Mayor, I knew he had paid little attention to the neighborhoods. There was a tremendous feeling of apathy and alienation. Any festival that we did was not going to be an elite thing; we were going to get the services out to people who could not afford to come in town or afford the babysitters, and wouldn't want to anyway.¹

¹ Rosenfeld and Aldrich dropped out of the picture as soon as it was clear that the festival was not going back to its old format. They did, however, give Kane their records and files, as well as their mailing list of contributors.

This case was prepared by Delia O'Connor, Research Assistant, under the supervision of Professor John R. Russell of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

The administration's support for an arts festival rested on more than just its commitment to the neighborhoods, however. White, Kane, and other officials were concerned about the spectre of riots in the poorer areas during the coming summer heat. The country had detonated in hundreds of urban disorders during the summer of 1967, with devastation in Newark and Detroit. If that were not bad enough, there was the phenomenon of hippies, young people whose dress ranged from flamboyant to downright slovenly, whose tastes ran to drugs, and whose attitude toward police, conventional citizens, and returning Vietnam veterans, was increasingly casual and rebellious. The fading of Haight Ashbury in San Francisco as the country's hippie Mecca (to which 50,000 young people had migrated in the summer of 1967) might mean trouble for Boston. Indeed, some people thought the city would become the East Coast's "Haight" in the summer of '68. In addition, a new group had surfaced, known as the yippies, who said they planned to practice "the politics of ecstasy."

For all these reasons, Kane's project took on a sense of urgency. Questions of acquiring funds and dividing them between neighborhoods, of programming, and project staffing would have to be answered fast.

Kane's Background

Kane's entry into government had been her election to the Massachusetts Legislature in 1964, at the age of 29. Her district, the third Suffolk, included the wealthy, predominantly white neighborhoods of Beacon Hill and the Back Bay, as well as the Italian North End, Chinatown, the Fenway, the West End, and part of the South End, an area of many nationalities, including Lebanese, Syrian, Polish, Irish, and riddled with social problems. She was helped in her campaign by her energy and her credentials: A native of Indianapolis, she was a summa cum laude graduate of Smith College, Phi Beta Kappa in political science; a three-year president of the League of Women Voters of Boston, and a former research assistant for President Eisenhower's Committee on Foreign Aid in Washington. She was married to Boston businessman Louis I. Kane, and lived in a federal townhouse on Beacon Hill with their three children. She and her husband collected contemporary painting and sculpture. A pack of memberships testified to Kane's vigor; Board of Directors of the United Community Services, which planned the use of United Fund dollars; Director of the Boston chapter of Young Audiences, Inc., which paid for and sent musical groups into the Boston Public Schools; Trustee of the Charles Playhouse, the city's non-profit professional theater; and member of the World Affairs Council of Boston, Beacon Civic Association, West End House Association, and four South End Neighborhood Associations.

During her run for state office, Kane had campaigned door-to-door every night. Accompanied in the North End by two Italian housewives from the community, she gained entrance to households whose doors might

otherwise have been closed. In Chinatown, she was introduced to the community by a letter in Chinese from Dr. T.H. Li, a Tufts New England Medical Center physician. In the end, Kane swept to victory, topping incumbents Joseph Langone and Michael Nazzaro in the Democratic primary and finishing first in the final election for the three-person district, along with two Republicans.

Reelected to the legislature in the fall of 1966, she joined Kevin White's campaign for mayor the following year and, after the election, accepted his offer of work as a part-time assistant. Her first task was running the "spring cleanup."

It was a tradition for Boston to conduct a spring clean-up campaign to remove the debris that accumulated each year in its alleys and parks. In the poorer neighborhoods, the buildup of trash in vacant lots was particularly ugly, and hazardous. White had pledged to do a "super" cleanup in 1968 -- one in which the efforts of city departments would be guided by neighborhood associations, and residents would be active participants. Kane started work on the project in January, 1968. She contacted neighborhood associations and the anti-poverty Area Planning and Action Councils (APACs), asking them to develop plans for weekend cleanups of specific parks and vacant lots in their communities. Several Saturdays were set aside for "alley rallies," with neighborhood organizations recruiting local residents for volunteer cleanup squads. In the South End and East Boston, Kane negotiated small contracts with neighborhood groups, under which the city paid residents to complete local cleanup and environmental improvement projects.

As the campaign moved from one neighborhood to the next, Kane was responsible for coordinating the Department of Public Works' and the Police Department's contributions to the cleanup drive. The former scheduled extra pickups to collect large items like mattresses and chairs from curbside and brought dumpsters to designated alleys and lots where residents were going to collect the trash. The police blocked off streets, so that cleanup crews could work, and towed abandoned cars. By early March, the campaign seemed to be running smoothly and Kane had become involved in meetings about the festival.

Funding the Festival

Kane recognized from the outset that the amount of funding she could obtain for the arts festival and the programs that could be offered were closely interrelated. On the one hand, she could only offer those programs for which she could pay (or that were free). On the other, funds would be forthcoming only to the extent that her program proposals appealed to those who had the money. Her own salary, and that of her secretary, would be paid by the mayor's office. Also available was \$14,000 from the budget of the mayor's Office of Public Celebrations, whose head, Nancy Huntington,

had attended some of the early meetings on the festival. Kane's previous work with the arts and her contacts with the old Boston Arts Festival producers led her to believe that an additional budget of \$200,000 to \$300,000 would be needed. Some of this could be expected from the Boston City Council. (In April, the council allocated \$100,000 to the project.) The rest would have to come from other sources -- government organizations, private foundations, businesses, or individuals.

Kane knew that Boston charitable foundations expected grant applicants to explore government funding sources before requesting support from the foundations. In January, 1968, an artist named Adele Seronde (who was helping Kane on the cleanup campaign) had submitted such a proposal to the Boston Redevelopment Authority. Called "The City as a Museum" (see Exhibit 1), it suggested using various city sites for wall murals, vest-pocket parks, and informal sculpture displays. The notion was to create visual treats in places that were currently neglected and full of trash.

Seronde thought her proposal would also be suitable for submission to the National Endowment for the Arts or the Massachusetts Council on the Arts. The former was an independent federal agency created in 1965. It awarded grants in program areas including theatre and visual arts to non-profit organizations. Most of the grants stipulated that the award had to be matched by non-federal funds. Usually, the Endowment did not make "General Support" grants -- that is, requests that were not targeted to a specific project -- nor grants that covered more than half of an operation's total cost. The Massachusetts Council on the Arts was a state agency that entered into contracts with cultural organizations to provide programs of music, visual arts, dance, and theatre to the public.

Kane also had the option of approaching corporations that had their own charitable foundations or corporate giving activities. Corporations often liked to make grants to programs that had some connection with the company's product, that took place in the vicinity of the firm's headquarters, or that helped the corporation with its public image. Usually, companies set aside some part of their annual budgets for donations. Most of these allocations were pledged to non-profit groups to whom the company gave regularly. The remainder was parcelled out on a first-come, first-serve basis, often just before the start of a new fiscal year.

Corporations frequently made non-monetary contributions -- for example, product overruns or old office furniture. Paper companies supplied paper, textile mills donated fabric, and local hardware stores might even pitch in some nails, if asked. Some firms offered their employees' services -- often their public relations, advertising, or auditing personnel. The place to make initial contact with a corporation was usually through its community relations or public affairs office, unless the applicant knew a vice president or two.

The foundations and charitable trusts in Boston were a major source of support for cultural programs (see Exhibits 2 and 3). After making some exploratory inquiries, applicants submitted a written proposal and a cover letter that the foundation's staff could mail to trustees for consideration at their next meeting. It was a good idea to select foundations carefully -- that is, to concentrate on those that had a track record of giving to projects like the one proposed. And the amount requested should be in line with the foundation's previous giving -- not \$30,000, for example, if the foundation had never given more than \$5,000. Since the trustees of Boston foundations often swapped information, it was desirable to submit applications to no more than five or ten altogether, with a list to each one of the others that had been contacted. Applying to more than ten might be considered indiscriminate. Frequently, trustees called each other and did what amounted to informal fund raising, saying, "I see you got X's proposal, too. We're going to give them \$5,000. What are you going to give?" Each foundation preferred to be one of several funding a project, rather than its sole support. Foundations also preferred to give capital funds for major equipment purchases and building renovations, or seed money to get projects going, rather than funds for operating expenses. National foundations often awarded more sizable grants than did local ones, but they shied away from funding local projects that did not have obvious national implications.

Nearly 80% of support for non-profit organizations in the Boston area came from individuals. Rich people contacting their rich friends still seemed to be one of the most effective ways to raise funds for any project. Mass mailings could be conducted by professional direct mail houses, with the usual response rate about 2%. Professional fund raising of this kind for the arts festival could easily cost \$10,000. One tactic often used by non-profit organizations was to mail appeals either to contributors on the list of an organization similar to their own, or to names on published lists of patrons of established cultural institutions like the Boston Symphony Orchestra and the Museum of Fine Arts. Much of the most productive fundraising, however, was done by wealthy people who agreed to call up their friends and ask them for money.

Program Possibilities

Boston, long known as a wellspring of intellectual and creative activity, had more than its share of universities, cultural institutions, and resident artists of all descriptions. Kane, through her personal interest in the arts and her participation in various civic organizations was familiar with much, but certainly not all, of this local "art infrastructure." During March and early April, as she thought about the festival, the following -- sometimes haphazard -- picture of program possibilities began to emerge.

The Performing Arts: Both the Boston Philharmonia, a group of professional musicians, who played classical music, and the Cambridge Opera Workshop would be willing to perform at remote locations at a cost of \$2,000 to \$3,000 for each show. Other professional musicians were available to give band concerts, but their union was apprehensive about their performing in farflung neighborhoods like Dorchester and East Boston, preferring that the concerts be given on the Boston Common. The National Guard and U.S. Army also had bands and might be more willing to perform in remote locations. Kalman Novak, who had offered Kane his assistance, was on the board of directors of the Cambridge Opera Workshop and had good contacts in the Philharmonia. Novak was director of the South End Music Center, an arts and social organization that taught children how to play classical musical instruments and perform in concert. Children from low-income families were often given scholarships.

The New England Conservatory of Music, for about \$1,000, could stage a performance of Broadway medleys, a jazz production of Pinnocchio, a folk music program, or a presentation of chamber music. But there was always the question of how well these performances would translate into a street setting. The Conservatory could also provide teachers for workshops in wind, brass, string and percussion instruments. Instruments would have to be rented and instructors' fees would be about \$6 an hour.

Local popular music groups that could be expected to please teenagers existed all over the city. They had names like "The Legynd" and credits like, "James Brown numbers . . . won two awards at the Braintree Battle of the Bands." Some groups played jazz, some rock and roll, and others psychedelic, rhythm and blues, and Dixieland. The groups usually charged between \$100 and \$150 a performance. Kane received a phone call from a young man named Joe Ryner who proposed to run a "jazzwagon," a flatbed truck that would travel from one neighborhood to the next and serve as a stage on which one of these groups would perform.

Popular music by national entertainers could also be offered but would be expensive. Joan Baez cost \$3,500 a performance, and other major groups charged \$1,500 to \$2,000. Booking such groups and making technical arrangements for them would require a professional booking service at a cost of \$1,000 to \$2,000 for the summer. Some people to whom Kane talked advised her to keep the events on a small, neighborhood scale by not engaging nationally known groups and thus avoiding citywide publicity. These people argued that the festival could present ten local rock, soul, or psychedelic groups for the price of one really famous one. Others felt that bringing major entertainers into the communities to perform free of charge would delight large segments of the population. It would insure respectable crowds, guarantee press coverage and high visibility for the festival in its first year, and provide residents with big name entertainment that many of them could not otherwise afford.

One question that needed answering was the relative balance of classical and popular music. Kane saw the festival as having a dual function: One of entertainment; another of creating an educated audience. Both had to be accomplished in dense and diverse neighborhoods in the city -- Irish, Italian, black -- whose tastes in the arts and entertainment, as in much else, diverged noticeably. It would, she thought, require a mix:

We didn't want to gear to just high faluting stuff. It was important to have the ballet, but it was also important to have the teenage dances, and the battles of the bands.

No matter what mix of popular or classical, local or national entertainment was chosen, however, the festival would have to provide technical support for the performances -- dance and drama as well as music. There would have to be sound equipment (which some people thought would be damaged or stolen during the constant moves from location to location). There would have to be lighting, and generators, and the festival would have to own, operate, and maintain a fleet of vehicles to haul the technical paraphernalia from place to place. The rock-bottom estimate for this technical support budget was \$15,000. Kane didn't think it could go higher than \$30,000.

Technical crews might well be recruited from the local universities and colleges. Northeastern University, Boston University, Brandeis University and Emerson College all had theater schools. Crew members would have to be paid around \$150 a week. Another technical issue was scheduling. If performances in the neighborhoods were not scheduled centrally, there might be too many events planned for the same nights. In that case, no matter what the festival's technical capability, some locations would be poorly served.

Visual Arts: Two local art institutions were candidates for participation in the festival. The Museum of Fine Arts, known as one of the best museums in the United States, was run by a conservative board of trustees who took a traditional view -- some said a 19th century view -- of the museum's curatorial and educational role. It was not active in the community, and its board and administration were uneasy about the museum's location on the edge of one of the city's low-income, black neighborhoods. The Institute of Contemporary Art, a small private institute in Back Bay, was in severe financial difficulty. Its board was considering disbanding, and was investigating the option of making the institute a satellite of Boston University or the Museum of Fine Arts.

In a less traditional vein was Adele Seronde's "murals" proposal (see Exhibit 1). Seronde was an enthusiastic, charismatic artist in her mid-30's who showed in the Weeden Gallery on Lewis Wharf and knew and worked with many other artists. She was the mother of five children,

the wife of research doctor, Joseph Seronde, and the daughter of Christian A. Herter, at various times governor of Massachusetts and U.S. Secretary of State.

In conjunction with her work on the clean-up campaign, Seronde had already been promoting her murals project in the neighborhoods. The well-to-do communities, by-and-large, were skeptical. Back Bay's business association, for example, thought murals would be "garish." In the poorer, black neighborhoods, however, there was more enthusiasm. A loosely organized group, known as the Negro Artists Association, wanted to participate. And the concept of giant, colorful murals seemed to appeal to the residents of these neighborhoods. In addition, there was less difficulty in securing permission from building owners to use their walls. Indeed, many of the most desirable sites were owned by the Boston Redevelopment Authority.

Seronde's project was expensive, however, and required leadership. Paint, scaffolding, equipment and payment for the artists would run to \$5,000 or more if several murals were completed that summer, as Seronde envisioned. The rest of her project -- playground development, sculpture and workshops, -- would cost another \$20,000 on the scale that she had planned, unless much of the material and equipment could be secured free or at cut rates. Seronde was already trying to entice a man she had met the summer before, Drew Hyde, to come east to work on the murals project. Hyde, a 27-year-old idealist who had left college to run a bookstore in San Francisco, was active in the black community and had been working with the Black Panthers. His main talents were energy and organization.

Kane and Seronde also thought it would be feasible to set up art workshops in the neighborhoods. These could be staffed by art teachers who worked in the Boston Public Schools during the academic year; but their hourly rate was about \$10, and they did not have neighborhood relationships.

Smokey Bacon, a friend of Kane's and a technical illustrator for a large research and development firm, called to say she wanted to help with the festival. Bacon began holding meetings at her house with women she knew or had heard of (many of whom lived in the suburbs) who did volunteer work in the arts. A few were art teachers. The group talked about establishing a mobile craftswagon that would tour the neighborhoods and encourage children to do arts and crafts with inexpensive materials like orange juice cans, paper towels, and popsicle sticks. A craftswagon would require a vehicle, gas, and two operators. The women estimated that with supplies like paper and magic markers, the project would cost several thousand dollars for the summer.

It seemed clear that, if workshops or craftswagons were organized, the selection of instructors would be critical. Said one observer:

People who get attracted to this kind of a festival are people in the arts. To survive on a playground in Roxbury or in South Boston or in Dorchester with twenty-five to fifty kids, I think most of your talent has got to be survival talent. You have to have people who can handle teenagers who decide to hassle them. You have to know how to talk to somebody's mother who is going to give you a bad time. You can get a girl who is a junior in college and just loves little kids and loves all kinds of art, but she's just going to get chewed up.

Dance: The Boston Ballet Company was willing to perform in the neighborhoods, with both a full-scale performance and a demonstration with four dancers that would cost \$250-\$300. The dancers would require a stage, and a trailer in which to change. Also available in the area were various groups that would demonstrate square and ethnic dancing. The square dancing groups, for about \$100 a performance, came with their own fiddler and would teach the audience not only American steps, but Irish, Polish, Swedish, English, Scottish, Armenian, Greek, Yugoslavian, and Israeli dances as well. The Dance Circle of Boston did modern dance presentations for between \$100 and \$300. The Billie Pope Afro Dance Company, which performed Balinese and African dances, as well as Afro-Cuban and Early American, offered performances for about \$200.

Theatre: Through her membership on its board of trustees, Kane knew that the Charles Playhouse could give plays in remote locations. The cost would be \$3,000 to \$4,000 for each performance and the company probably could handle no more than five productions during the summer.

Several black professional actors at the Theatre Company of Boston, an Equity repertory company, expressed interest in building the nucleus of a black community theater by working that summer with young people from the neighborhoods. They would need funds for staff salaries, special consultants (on lighting, set design, and so forth), scripts, costumes, and production costs. Two black actors, James Spruill and Gustave Johnson, outlined a program that they thought would cost about \$20,000. It might be possible to have the twenty or so student actors paid \$38 a week by the Neighborhood Youth Corps, a federally funded jobs program designed to introduce poor young people to prospective careers. This arrangement, however, would mean that the summer theatre group would be made up entirely of low-income teenagers. The actors felt the summer would be more productive if students came from various economic backgrounds. The Theater Company was willing to make in-kind donations (space, instruction, and box office counselling) that might cut costs by several thousand dollars. Private contributions and a small admissions charge might reduce them by an additional \$500.

Various other small or experimental theatre groups that might be capable of performing in the neighborhoods included the Caravan Theatre, The Proposition, On Theatre, and Stage One Drama Workshops. Tufts University and the Loeb Drama Center at Harvard both had summer theatre productions whose tickets cost \$5 and up, although free admission to dress rehearsals might be arranged. These productions could not be given in the neighborhoods, however. It might be possible to hire ten or more students from theatre schools at area universities and have them produce street theatre for the festival, but the short lead time and the difficulty of supervising such a project made it seem very ambitious in the late spring.

The Theatre Workshop of Boston offered classes for children in improvisation at a cost of \$40 per student for one month. A new theatre in the Boston area, the Neponset Valley Players, was planning to produce Midgie Purvis that summer, a comedy about a wealthy woman who poses as a cleaning woman and disrupts a whole community. The company charged \$125 per performance and was willing to work in the neighborhoods.

Film: Kane thought a film workshop, established centrally to permit the most efficient use of equipment and professional staff, might generate a great deal of enthusiasm among teenagers who could take their own photographs and make their own films. Instructors' salaries, equipment and supplies would cost \$15,000-\$20,000, however, unless corporations like Kodak and Polaroid donated materials and equipment. Students enrolled at a film workshop might also be put on the Neighborhood Youth Corps payroll.

Elma Lewis

For eighteen years, Elma Lewis, a black woman known nationally as a leader in the arts, had run her own School of Fine Arts in Boston's Black community in Roxbury. The school operated year-round, offering professional instruction in dance, drama, music, and art. Lewis also ran a summer workshop attended in the mornings by children, and in the afternoon by an older group, that cost between \$20-\$25 a student. During the past two summers, she had managed the Elma Lewis Playhouse in the Park Arts Festival. In 1967, the playhouse had attracted 45,000 to its free performances. Three-quarters of the spectators were black. Upon hearing of Kane's project, Lewis expressed strong misgivings about the city's plans to start a new arts festival in the same neighborhood:

I'm amused by all the talk. We've been doing the same thing in Franklin Park for the past two summers. Now, they've discovered us. Our festival became important last summer; now the city comes along. . . .

When the Boston Art Festival died in the Boston Garden, we, too, felt the lack. We'd been taking our children there and we missed the music, and the paintings, and the dance concerts, and opera, and plays. So we decided to create our own opportunities. The first summer festival in 1966 lasted three weeks. I got a federal grant of \$18,000. . . . Last summer we expanded the festival in Franklin Park to ten weeks and raised over \$50,000 to cover expenses. Senator Kennedy got us \$10,000 in federal funds, and the Cultural Foundation contributed. So did New England Telephone, Old Colony, Boston Gas, the Hyams, so did the Susskind Foundations, and various other sources.

For this summer we're raising \$100,000. We're planning sixty-one nights of entertainment. So far, Duke Ellington, Odetta, Olatungi, the Jones Haywood School of Ballet from Washington, D.C., the Boston Philharmonia and the Cambridge Opera Workshop have agreed to perform.

In subsequent comments, Lewis made it clear that she did not want any city interference in the management of her activities. She would, however, consider taking a flat grant of "\$5,000 or so" from Kane's operation.

City Agencies

Several city agencies seemed to be in a position to assist or, perhaps, hinder Kane's efforts:

Boston's Parks and Recreation Department had traditionally run a summer arts and crafts program in the neighborhood, funded at more than \$100,000. It had just purchased two "showmobiles," mobile vehicles suitable for staging outdoor performances, and a trailer that could be used for costume changes. The department had already signed a \$4,200 contract with the Boston Children's Theatre for eighty performances around the city, that would involve children in acting out fairy tales. Two theatre teachers had also been hired for \$2,400. Kane had a cordial working relationship with Parks and Recreation Commissioner Tierney, but some of his subordinates seemed hostile.

The Department was very nervous about us because we seemed threatening. They had some very uninteresting programs where the kids were learning nothing. The assistant for cultural affairs was very difficult. But they owned the showmobiles.

The Metropolitan District Commission (MDC) operated parks and recreational land all over the city. Many of these areas would be good spots for festival activities. The commission was usually anxious to have its property fully utilized but could, if it wished, charge for this use and for the costs of policing festival events.

The Youth Activities Commission, an organization paid for by city and federal funds offered youth services ranging from rumor control to recreation and counselling. It conducted a summer sports program in which Director Clarence (Jeep) Jones organized basketball tournaments and group trips to recreational facilities.

A project to create neighborhood service centers had just been funded by the city. It was designed to give neighborhood residents easier access to city government and services by establishing and staffing small municipal outposts known as "Little City Halls." The little city halls were an important ingredient of Mayor White's program to take his administration to the neighborhoods and Kane had attended many of the planning meetings that preceded their establishment. The first service center, a trailer, was due to open in East Boston in June. At least two more were scheduled for that summer -- one in Brighton and one in Dorchester. The next group would open in municipal buildings in the South End, Jamaica Plain, and Charlestown sometime later.

Boston's Neighborhoods

Boston had fourteen recognized neighborhoods that differed in size, ethnic character, and economic well-being. Data on the eleven that were identified as anti-poverty target areas are shown in Exhibit 4. The remaining three were Mattapan, West Roxbury, and Hyde Park, all predominantly white and relatively well-to-do. Three of the anti-poverty target neighborhoods are described below.

The South End: Once an elegant neighborhood of bow-front townhouses, the South End's residents now ranged from the affluent to the abject poor. On the one hand, it had lodging houses with aged, solitary alcoholics and over a hundred establishments with liquor licenses where prostitutes and numbers runners congregated. On the other hand, an influx of professionals was buying many of the beaten up townhouses and restoring them to their earlier splendor. The area included ethnic enclaves of Syrians and Chinese, public housing projects, and the multimillion dollar medical complex of Boston City Hospital and Boston University Medical Center.

The neighborhood's thirty-three churches included the Catholic Cathedral of the Holy Cross as well as modest storefront operations that served Spanish-speaking immigrants from Puerto Rico. The clergy represented the interests of their divergent flocks fiercely. In the

case of public housing, for example, some churchmen promoted it while others opposed it. Over forty social welfare agencies saturated the area. Of these, the one that claimed an overview and that had the most prestigious board was the United South End Settlements (USES). Morgan Memorial, the Salvation Army, the South End Boys Club, and the Robert Gould Shaw House were also active. The goals, efforts, and boards of these organizations often overlapped.

In 1965, when Boston's federally-funded community action agency, Action for Boston Community Development (ABCD), decided to decentralize its operations, it established its first satellite in the South End. Named the South End Neighborhood Action Program (SNAP), it became the model for a citywide network of area planning and action councils (APACs).¹

Charlestown: A working-class community with a strong religious and historical flavor, Charlestown was cut off from the rest of the city by wharves, water, and highways. Its Monument and Winthrop Squares were ringed by large townhouses, while elsewhere, housing on the streets with heavy industrial traffic was dilapidated and shabby. A massive public housing project in the northeast corner of the area contained one sixth of Charlestown's housing units and 4,500 of its people. The project had a ten percent turnover yearly, and most of Charlestown's citizens considered project residents to be transients and outsiders.

¹By early 1968, APACs were operating in each of the city's eleven anti-poverty target areas. They were intended to coordinate anti-poverty efforts at the neighborhood level and to develop indigenous neighborhood leaders who could speak for their communities, be elected to public office, and serve on hospital and school boards. Each APAC established itself by holding an election for those seats on the board of directors that were to be occupied by local residents. Once elected, these board members (approximately twenty) asked for additional nominations from the agencies and social service organizations active in the area, and from that pool, appointed ten more board members.

The largest annual APAC budget (\$290,000) was the South End's: Others were about \$190,000. ABCD funds were distributed to neighborhood anti-poverty activities by a process that emphasized population and poverty (see Exhibit 5).

Each APAC hired a director, assistant director, secretary, and several program assistants. Staff members were usually neighborhood residents and their APAC jobs were frequently stepping stones to other public sector positions.

In fact, Charlestown's residents were given to viewing almost anyone as an outsider, so close were the family and ethnic religious ties that bound the community. The overwhelmingly Catholic district was divided into three parishes, headed by three powerful monsignori, and people were identified by the parish in which they lived. Charlestown's formal social organizations, the Lions and Kiwanis, were important, and elections at the Knights of Columbus and the American Legion were hotly contested. Winners often used positions in these organizations as entrees into city or state politics.

The locals in Charlestown harbored a deep resentment of public agencies. They had endured the Boston Elevated Company's construction of an elevated railway down their main street in 1901; the Boston Housing Authority's dislocation of homeowners for the public housing project in 1942; and the Massachusetts Port Authority's bulldozing of dozens of homes in 1950 for ramps to the Mystic River Bridge. No government-funded social service organization existed in Charlestown until the opening of the John F. Kennedy Multi-Service Center in 1965, which by 1968 had become the Charlestown APAC.

Roxbury: This part of Boston underwent a major transformation in the 1950s, with the arrival of many poor, unskilled Blacks from the rural South. By and large, this group seemed to have little use for the middle-class values of work and education that buoyed up the stable blue- and white-collar black population already living in the neighborhood. During the transition, local churches suffered from rapid membership turnover, though they remained an important channel of communication between the disparate groups. The neighborhood became increasingly threatened by gangs and other difficult social problems. The new arrivals were alienated from almost every institution except the tiny storefront churches.

In defense of their community, Muriel and Otto Snowden, representatives of the elite black group living in the tree-lined streets next to Franklin Park, established Freedom House in the late 1960s. Its mission was to keep Roxbury from becoming just another slum, partly by establishing black organizations. On the board of Freedom House were the most influential Jewish and black leaders in the state. In a related effort the Roxbury Community Council was formed to fight urban decay with city and federal funds. The Council served as an umbrella for sixty-five organizations, including stores, schools, churches, social welfare, and neighborhood groups.

Roxbury contained a great deal of public housing, including a 774-unit called Orchard Park, whose population was 85% black, mostly women and children.

In 1966, ABCD and the newly established Roxbury APAC helped Elma Lewis launch her festival in Franklin Park. ABCD secured federal "lag funds," to be paid back at the end of the fiscal year, so that Lewis could make application to foundations with a festival proposal ABCD staff members helped prepare. The Roxbury APAC also recruited Neighborhood Youth Corps workers to clear a refuse dump for use as the playhouse site. After the success of the Elma Lewis Playhouse, ABCD was beset with requests to finance similar cultural programs in other neighborhoods. The Roxbury APAC board included members from the clergy and major social service groups. Freedom House founders Otto and Muriel Snowden served as APAC advisors.

Public Relations and Advertising

Kane thought public relations would be a key element in the festival's success. Several approaches seemed feasible. The cheapest would be for the festival to do all its own publicity using volunteers to develop press contacts, place stories and produce press releases, brochures, posters, flyers, and radio and TV announcements. Unfortunately, there was no way of knowing if the neighborhoods would have volunteers sufficiently talented to handle the work. And someone would have to coordinate them. Since the festival would be active only in the summer, it would be expensive to hire a year-round, in-house public relations director.

The public relations work could be contracted out to an agency that would establish a central operation to publicize citywide events, handle media contact, and guide local PR efforts in the neighborhoods. According to a proposal submitted by Arthur Monks Associates, Inc., a local public relations firm, the cost of such an arrangement would be about \$6,000 for the agency and \$4,000 for materials. These cost estimates assumed that there would be no paid advertising, an approach that risked poor exposure for and response to festival events. Paid advertising -- buying space in newspapers and on television for major events -- would increase the probability of good attendance at performances by entertainers who were not universally known. Paid advertising, orchestrated by a professional, would probably mean 10-second and 60-second radio spots, and small ads in the arts and entertainment pages of Boston's newspapers. The costs for each event would be substantial (see Exhibit 6).

In addition to Arthur Monks' proposal, there were public relations experts in local businesses and other organizations who indicated they would be willing to give advice. This group included Frederick Davis, Jr., Assistant Vice President of Marketing at the State Street Bank; Caron LeBrun, Art Critic for the Boston Herald Traveler; and James Hanlon, Assistant Director of Public Relations for the United Fruit Company.

Some Managerial Questions

April arrived and the number of questions to be answered and actions to be taken seemed, to Kane, to be legion. It had been agreed that the general format of the festival would include "major" performances in several central locations, and "minor" performances and arts workshops in all of the city's fourteen neighborhoods. The target date for the first festival activities was the last week in June and Kane had yet to decide how many people she needed for her central staff, the kind of people they should be, and what functions they should perform.

Staffing was not the only unresolved problems: There were others. What, for example, was the best way to ensure cooperation from the several city departments crucial to the festival? How many major performances should there be, and of what kind? How should the neighborhoods be organized. What proportion of the budget (or budgets) should be spent on performances and what proportion on workshops, and how should workshop teachers be recruited and screened?

Underlying many of these questions was the issue of how much control to give the neighborhoods. There were those who advised that most of the festival should be set up and conducted from a central office run as tightly as possible by Kane. All events and performances would be scheduled into the neighborhoods by a central staff. The workshops for a neighborhood would be designed and staffed centrally, with highly qualified professional teachers chosen by Kane and her staff. Others argued that such a course of action would violate the central theme of the festival -- neighborhood involvement. One advisor said:

It is very hard to remain grass roots once you begin the necessary administration, PR, and top quality consulting you need to maintain the highest standards.

Kane, too, was wary of tight central control:

It would mean that workshops or other events wouldn't relate as well to the people in the neighborhood. The neighborhoods would not feel they were choosing them. They might select a less professional music teacher than if we did the whole thing centrally and hired very qualified music people, but the neighborhood would feel it was imposed on them.

Still, Kane knew the festival would be viewed as her project, and she had to have a tight enough rein on the neighborhoods to keep things from getting out of hand.

Exhibit 1

SUMMERTHING (A)

Adele Seronde's "City As Museum" Proposal

PROPOSAL: To use available city sites, now neglected, for the contemporary art which has grown so huge that it makes the function of the museum obsolete. To make, in fact, the whole city a potential museum.

Although this project is primarily conceived in terms of using the fine arts to recreate new, exciting forms, colors and gardens in the place of rubbish-filled courts and dump lots and on dirty walls of the poor sections of the city, it could have very important secondary functions:

a) To galvanize neighborhoods to help plan and execute the actual work, cleaning up the area in the process,

b) To create an atmosphere favorable to other self-help projects, creating pride in neighborhood and in self,

c) To pave way for solving more obvious economic, political and educational problems by giving simple, tangible evidence of what can be done with cooperative effort (*).

(*) Basic theory is that underlying ugliness of city can influence psychologically the whole way of life of its people, and conversely, happy colors, flowers, interesting spaces, fountains, peaceful places to sit can help make city life tenable and pleasant if the people living there are given responsibility for making these changes,

d) To attract concerned people into depressed neighborhoods, creating community of interest which could help eliminate "de facto" segregation.

e) To stimulate control of pollution,

f) To attract architecture which would incorporate all the foregoing processes described, which are in themselves patching processes on an existing situation, but which should be included in basic city-planning with the inhabitants.

Integral to this project is the idea of planning 5-10 simultaneous attacks on problems of individual sites in different parts of the city. (The number of projects started would depend on feasible sites, number of individual artists who could each take responsibility for a particular site and on funds.) Projects could be executed by any means, but I personally believe that hand labor would be the most effective way in terms of building pride and self-respect. The simultaneous attack is important because it would stimulate:

Exhibit 1 (continued)

- a) Diverse artistic reactions to the separate problems presented by each site,
- b) Individual responsibility towards the total city-wide problem of ugliness,
- c) Publicity which could help everyone be aware of the underlying philosophy of many, separate responsive acts to help cure an overall problem.

However, desirable as it might be to start working simultaneously in different parts of the city, it may be practically necessary to start in one or two areas to show what can be done first.

I would suggest that central city areas, such as walls facing parking or vacant lots be considered. (For instance: the wall facing the parking lot at Marlboro and Dartmouth Streets, or the wall facing the Public Gardens at Arlington and Commonwealth Avenue), and that artists and volunteers be completely responsible for the initial projects.

Another possibility would be to make an outside 3-dimensional "show" in the near future, to spotlight the whole concept in the form of a preview. Included in such a show project could be any/all of the following features:

- a) Wall paintings and/or bas reliefs, the wall doubling at night as show place for light shows, neon sculpture, or movies;
- b) Vest-pocket garden in small courtyard, or an abandoned dump lot, or:
- c) Sculpture garden, including assemblages of junk, or:
- d) Playground, including wall which can be whitewashed over for children's murals, sculptures as playground equipment, etc.
- e) Cluster of buildings with front sides facing open space, painted in related colors, to make back-drop for advertising spaces filled with serious painting or haiku-posters, or:
- f) Outdoor theatre and/or community arts center,
- g) Outdoor restaurant or coffee house in small park.

Although any of these projects could be adapted to a show preview, they could all be done in different sections of the city on a long-range basis. In addition, larger lots of an acre or more could have more ambitious uses, i.e., community vegetable gardens, pony-trails, bicycle-tracks, "used-car" or "hot-rod" race courses, even wild-life sanctuaries, for instance.

Exhibit 1 (continued)

The suggested political structure by which this project could be managed could be as follows:

Master Artists Committee: comprised of individual artists capable of taking responsibility for artistic decisions, for working with given neighborhood to determine needs for finding labor to execute project, by hand, for determining what materials and financial compensation is necessary. Ideally, artist would be from a given neighborhood. Artists could either act as a group or work autonomously.

When the artist and neighborhood group have decided what kind of improvement they want for a given site, the artist should write a proposal for the prospective financing body stating:

- a) What kind of job visualized,
- b) Where? What space?
- c) Context and function of job?
- d) Implementation; by whom, and what skills available?
- e) Necessities; i.e.: working materials, working space, compensation for artists, approximate costs of materials.

Advisory Committee: consisting of leaders in business, educational, religious, political life of city who would have real function of cutting red-tape, helping to raise money and insurance, to publicize, to solve political and economic and legal problems that would come up. Artists would need financial advisor and perhaps over-all financial manager, educational and political backing.

Boston Redevelopment Authority (BRA): consisting of representatives who could give advice on what designs actually could be executed, after 3-dimensional models had been presented, and could authorize funds to help pay for materials and compensation to artists.

Labor: should be community-based and paid, but there should be leeway to allow volunteer help from individuals or members of any interested groups: students, garden clubs, hippies, etc.

I visualize funds coming from the government (the 1% of Urban Renewal Funds that must be spent on "beautification"), and from private industry, and from individual contributions.

Optional: over-all artistic director, who could act as catalyst, as liaison between groups, and, write proposals for financing if necessary.

Exhibit 1 (continued)

Time Schedule (approximate and flexible)

- | | |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Winter Spring '68 | 1. Planning and execution of initial "show" projects in central city spaces (artists and volunteers); |
| Winter '68 | 2. Planning and designs for neighborhood projects; |
| Summer '68 | 3. Initial neighborhood projects: a) Gardens, flowers and vegetable, b) Children's murals (Students, hippies, neighborhood people, suburbanites). |
| Fall '68 Winter, Spring, Summer '69 etc. | 4. Continuing neighborhood projects. |

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Exhibit 2

SUMMERTHING (A)

Data on Boston Area Foundations

The Boston Globe

John I. Taylor
President
The Boston Globe
Boston, MA 02107

Type of Board: Contributions Committee.

Names of Members: John I. Taylor, John P. Gluggio, Dexter Eure

Dates of Meetings: Monthly.

Program Areas and Types of Grants: Education, social services, health, youth programs, cultural programs.

Geographic Areas: Primarily Massachusetts.

Procedures and/or Restrictions: Grants restricted to tax-exempt, non-profit organizations.

Size of Grants: \$100-\$7,500.

Total Grants: \$295,000.

Boston Safe Deposit and Trust Company

Trustee of Charitable Trusts
One Boston Place, MA 02108

Blanchard Foundation
Newell Flather
Executive Director

Type of Board: Trustee -- Boston Safe Deposit and Trust Co.

Names of Members: Advisory Committee -- Muriel Snowden, David Crockett, Frederick S. Paulsen, Robert Saltonstall.

Dates of Meetings: March, June, September, December. Proposal deadlines February 1, May 1, August 1, October 1.

Program Areas and Types of Grants: New initiatives in fields of community development, education and human services. Grant priorities are described in the annual report. No capital grants. Three year maximum.

Geographic Areas: Massachusetts, primarily Greater Boston.

Procedures and/or Restrictions: Procedures for application contained in annual report available from the foundation or in AFGB library. General inquiries are handled by Joan Rice.

Size of Grants: \$4,000-\$7,500.

Total Grants: \$237,850.

Mabel Louise Riley Charitable Trust (The)
Newell Flather
Robert Saltonstall

Trustees: Spencer B. Montgomery, Orrin T. Savage, Melville F. Weston, Boston Safe Deposit and Trust Co.

Dates of Meetings: First week of April and October; proposal deadlines March 1 and September 1.

Program Areas and Types of Grants: Emphasis on priority needs in education (pre-college), health, social welfare and character building primarily for children and youth. Also grants for community development including cultural, low cost housing and environmental programs. Support for special operational pilot project and capital purposes. Grants with multiplier effects favored.

Geographic Areas: Prime focus on Metropolitan Boston and Southeastern Massachusetts with selective grants in other areas of Massachusetts.

Procedures and/or Restrictions: Application procedures contained in annual report available from foundation or in AFGB library. General inquiries are handled by Joan Rice.

Size of Grants: \$5,000-\$25,000.

Total Grants: \$821,500.

J. Frederick Brown Foundation

Paul F. Hellmuth
Hale and Orr
28 State Street
Boston, MA 02109

Trustee: Paul F. Hellmuth.

Godfrey L. Cabot Charitable Trust

Arthur H. Phillips
Cabot Corporation
125 High Street
Boston, MA 02110

Trustees: Thomas D. Cabot, Louis W. Cabot, Arthur H. Phillips.

Dates of Meetings: At discretion of Trustees.

Program Areas: Educational, cultural, environment, family planning, hospitals, museums, community programs.

Geographic Limitations: Primarily Eastern Massachusetts.

Procedures and/or Restrictions: Annual report available in AFGB Library. No grants for (1) medical or scientific research or (2) scholarships or fellowships to individuals.

Exhibit 2 (continued)

Size of Grants: \$1,000-\$10,000

Total Grants: \$235,465.

Cabot Foundation, Inc.

Arthur H. Phillips
Director of Community Relations
Cabot Corporation
125 High Street
Boston, MA 02110

Directors: Thomas D. Cabot, Louis W. Cabot,
Arthur H. Phillips

Dates of Meetings: At discretion of Directors.

Program Areas: Matching gifts, community
funds, Red Cross, education, hospitals, cultural,
community programs.

Geographic Limitations: As to some grants,
geographic restrictions related to location of
Cabot Corporation plants.

Procedures and/or Restrictions: Annual report
available in AFGB Library. No grants for
(1) medical or scientific research or (2) scholar-
ships or fellowships to individuals.

Size of Grants: \$1,000-\$10,000.

Total Grants: \$275,417.

Dayton-Hudson Foundation

Carol Berde
Administrative Director
Dayton Hudson Foundation
777 Nicollet Mall
Minneapolis, Minnesota 55402

Type of Board: Board of Directors.

Names of Members: B.B. Dayton, K.N. Dayton,
C.R. Erickson, J.L. Hudson, Jr., S.L. Pistner,
W.E. Thompson.

Dates of Meetings: As needed. (Applicants do
not appear at board meetings.)

Program Areas and Types of Grants: Operating
and special project grants in the arts (especially
community-based) and in social action programs
(especially to benefit minorities, youth and
disadvantaged).

Geographic Areas: Less than 5% of foundation's
annual contributions made in Cambridge/
Boston. Remainder in Minnesota, Michigan,
Oklahoma, Arizona and Oregon and selected
other states.

Procedures and/or Restrictions: Give only to
tax-exempt, non-profit organizations that are not

private foundations. Guidelines in AFGB library.
No grants to religious organizations or
individuals (including scholarships). Letter
outlining project should be sent to Ed Bloom,
Lechmere Sales, 88 First Street, Cambridge,
MA 02141 with a copy to Carol Berde.

Size of Grants: \$1,000 to \$10,000.

Total Grants: \$1,246,500 (\$20,000 in Boston
area).

Fidelity Foundation

Ross E. Sherbrooke
Fidelity Management and Research Company
35 Congress Street
Boston, MA 02109

Type of Board: Trustees

Names of Officers: Edward C. Johnson, 3rd,
Chester Hamilton, Caleb Loring, Jr., Ross E.
Sherbrooke.

Dates of Meetings: At discretion of Trustees

Program Areas and Types of Grants: Broad
charitable purposes.

Geographic Areas: Primarily Greater Boston.

Size of Grants: \$500-\$10,000.

Total Grants: \$75,000.

**The First National Bank of Boston
Trustee of Charitable Trusts**

Nancy S. Park
Assistant Trust Officer
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

Type of Board: Officers of the First National
Bank of Boston.

Dates of Meetings: End of March and quarterly.

Program Areas and Types of Grants: Operating
support for human services, special education,
youth, community programs and cultural affairs.

Geographic Areas: Primarily Greater
Boston area.

Procedures and/or Restrictions: Certain trusts
are restricted to programs for children. No
grants for scholarship or capital.

Size of Grants: \$1,000-\$5,000.

Total Grants: \$277,000.

Exhibit 2 (continued)

The First National Bank of Boston

Harold L. Emerson
Vice President, Civic Affairs
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

Type of Board: Contributions Committee.

Names of Members: Kenneth R. Rossano,
J. Warren Olmsted, Ben Ames Williams,
Harold L. Emerson.

Dates of Meetings: Quarterly — March, June,
September, December.

Program Areas and Types of Grants: United
Fund (46.5%); education (19.7%): capital grants to
area colleges and universities, matching
gifts to institutions of higher education,
contributions to minority scholarship funds,
assistance to economics education; hospitals
and health (7.6%): capital grants to area
hospitals, assistance for family planning
programs; cultural and performing arts (8.3%):
capital grants to established institutions,
participation in Bicentennial programs; inner
city (13.4%): operating support for youth
services, community development, economic
development, multi-service agencies;
international (2.1%): disaster relief and operating
support for Boston chapters of international
agencies; other (2.5%).

Geographic Areas: Primarily Boston, with the
exception of international.

Procedures and/or Restrictions: Education: no
scholarships or grants to individuals.

Size of Grants: Average gift \$1,000.

Total Grants: \$581,200.

The Fuller Foundation, Inc.

Gaynor K. Rutherford
Executive Director
The Fuller Foundation, Inc.
140 Federal Street
Boston, MA 02110

Type of Board: Trustees

Names of Officers: Alvan T. Fuller, President;
Peter Fuller, Treasurer; Gaynor K. Rutherford,
Executive Director.

Dates of Meetings: No regular dates.

Program Areas and Types of Grants: General
support of health, religious and local community
organizations.

Geographic Areas: Primarily Boston.

Procedures and/or Restrictions: None.

Size of Grants: \$100-\$4,000.

Total Grants: \$184,000.

Charles Hayden Foundation

David B. Stone

Trustee

Charles Hayden Foundation
28 State Street
Suite 3854
Boston, MA 02109

(address New York — 140 Broadway, New York,
New York 10005)

Type of Board: Trustee.

Names of Members: William Wachenfeld,
Richard A. Doubleday, Andrew Ardito,
Howard F. Cerny and David B. Stone.

Dates of Meetings: Monthly.

Program Areas and Types of Grants: To
organizations and institutions primarily
concerned with young people of the Boston
and New York metropolitan areas with emphasis
on capital projects.

Geographic Areas: Boston side of Route 128.

Total Grants: \$1,111,000 — Boston area only.

Godfrey M. Hyams Trust

Joan M. Diver

Executive Director

Godfrey M. Hyams Trust

Hutchins and Wheeler

33rd Floor

One Boston Place

Boston, MA 02108

Trustees: Richard A. Ehrlich, Chairman; Henry E.
Russell; William N. Swift, Secretary; Theresa J.
Morse, John O. Rhome.

Dates of Meetings: 6-8 times yearly from
September to June. No deadlines for proposal
submission are set, since that is only the
beginning of the review process. Proposals are
not given a formal review until they are complete
according to our Guidelines for Preparing a
Proposal (see below). Applications from
agencies previously funded are not considered
until reports requested on the previous grant are
received. Depending on the type of proposal, the
review process can take from a minimum of two
to a maximum of six months. There is generally

Exhibit 2 (continued)

a shorter waiting period for complete proposals submitted during the summer and fall.

Program Areas and Types of Grants: Major emphasis on human services. Limited grants to cultural organizations, mental health programs, and medical research. Grants are made for capital, operating, and special program purposes. Annual report with grants listing available.

Geographic Limitations: Metropolitan Boston.

Procedures and/or Restrictions: Procedures for Application, Guidelines for Preparing a Proposal, and Guidelines for Medical Research Grant available from the foundation or in AFGB library.

No grants for educational curriculum development, conferences, film production, or scholarships; to municipal, state and federal agencies; to national health organizations. The Trust pledges only a limited amount of its funds to long-term commitments. Most applicants will be interviewed by Gloria Oldsman, Assistant Director. General inquiries are handled by Carol Stone, Secretary to the Directors.

Size of Grants: 1974 - average size: \$10,000. Largest grant paid: \$86,000. Smallest grant paid: \$2,800.

Total Grants: \$1,658,000.

New England Merchants National Bank

Richard W. Adams
Vice President
New England Merchants National Bank
4th Floor
One Washington Mall
Boston, MA 02108

Type of Board: Advisory Committee.

Names of Members: Richard Adams, Edward Hickey, Richard Driscoll, Frimette Field.

Dates of Meetings: Bi-monthly.

Program Areas and Types of Grants: Environment, health, cultural and performing arts, United Way, community development, ecumenical (excluding capital expense), education.

Geographic Areas: Focus is in the Greater Boston area.

Procedures and/or Restrictions: Only to non-profit, tax-exempt organizations.

Size of Grants: \$50 to \$5,000 (excluding United Way).

Total Grants: \$181,800.

New England Telephone

W. Fred Oakley, Jr.
Public Relations Supervisor
New England Telephone
185 Franklin Street
Room 1607
Boston, MA 02107

Program Areas and Types of Grants: Capital grants (bricks and mortar) for initial construction and renovations: - non-profit general hospitals whose projects are endorsed by health planning councils - academic and administrative facilities for privately supported, accredited, degree-granting colleges, universities and institutes - character building organizations whose projects are endorsed or approved by local United Way organizations. Operating funds: United Way, major cultural organizations, education related organizations, e.g. economic education and Junior Achievement.

Geographic Areas: Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

Procedures and/or Restrictions: Preliminary inquiry by telephone may be made with contact person. Entry to grant-making process is through local Commercial Office Manager. (See instructional pages of your telephone directory.) Guidelines available in AFGB library.

Size of Grants: \$1,000-\$10,000.

Total Grants: \$585,000.

Theodore Edson Parker Foundation

J. Rogers Flather
c/o Powers and Hall
30 Federal Street
Boston, MA 02110

Trustees: J. Rogers Flather, President; Robert H. Montgomery, Treasurer; Leon Sargent, Assistant Treasurer; Allan Barry, Newell Flather.

Dates of Meetings: May and December.

Program Areas: Health and hospitals, education and some capital grants for social service agencies.

Geographic Limitations: Annual grants to Greater Lowell charities; discretionary grants principally in the Greater Boston area.

Procedures and/or Restrictions: Grants made primarily for capital purposes.

Size of Grants: \$1,000-\$10,000.

Total Grants: \$251,100.

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Exhibit 2 (continued)

Committee of the Permanent Charity Fund Inc.

Fred L. Glimp
Director

Committee of the Permanent Charity Fund
One Boston Place
Room 3005
Boston, MA 02106

Members of the Committee: Donald J. Hurley, President; William W. Wolbach, Vice President; Helen H. Gilbert; Francis J. Lally, Elma Lewis, John E. Rogerson, Irving Usen.

Dates of Meetings: Six times a year. Generally fourth Mondays of January, March, May, June, September and November. A proposal in its final form must be received at least five weeks in advance of a particular meeting.

Program Areas: Social services, health, education, cultural, housing, community services, planning and coordination.

Geographic Limitations: Metropolitan Boston.

Procedures and/or Restrictions: Annual report and guidelines available in AFGB library or from the foundation. No operating support. No grants for medical or scientific research projects. No grants directly to individuals for personal needs, travel or individual research projects. No grants for scholarships or loans, or to subsidize writing or publication of books or articles. No grants to support conferences or for films, or for churches or religious programs.

Size of Grants: \$1,000-\$62,500.

Total Grants: \$3,700,000.

Polaroid Foundation, Inc.

Charles Zerwekh, Jr.
Executive Director
The Polaroid Foundation, Inc.
750 Main Street
Cambridge, MA 02139

Employee Committee: The Foundation's contribution decisions are made by an Operating Committee whose members are Polaroid Corporation employees. The Operating Committee is advised regarding charitable requests by a number of subcommittees, also comprised of employees of Polaroid Corporation.

Dates of Meetings: Monthly.

Program Areas: Grants and loans are made in the following categories: education, community, cultural, and medical. Polaroid Land cameras and film are distributed to deserving creative programs.

Procedures and/or Restrictions: Written guidelines available from foundation or in AFGB library. No capital grants.

Geographic Limitations: Community programs primarily within Massachusetts, with emphasis on Greater Boston. Cultural programs primarily in Greater Boston. Matching gifts to education and product contributions anywhere within U.S.

Size of Grants: \$100-\$5,000.

Total Grants: \$668,900.

Prudential Insurance Company of America

Edward J. Leitz
General Manager
Prudential Insurance Company
Prudential Tower Building
Boston, MA 02199

Employee Committee: Decisions concerning technical assistance and/or contributions for a portion of the overall contributions budget from the Corporation's Boston regional office are recommended by a committee of 9 employees.

Dates of Meetings: Monthly or as necessary.

Program Areas: Community programs.

Geographic Limitations: Northeastern United States including upper New York State.

Procedures and/or Restrictions: Generally seed money support for programs involving service to socio economically disadvantaged populations. No support to United Way agencies without United Way authorization. Capital funding generally ineligible.

Size of Grants: \$50-\$5,000.

Total Grants: \$145,900 (Fiscal year ending August 1974)

A.C. Ratshesky Foundation

Alan R. Morse, Sr.
President
A.C. Ratshesky Foundation
Room 428
40 Court Street
Boston, MA 02108

Trustees: Alan R. Morse, J. Robert Morse, John Morse, Hetty L.R. Kaffenburgh, Alan R. Morse, Jr., John Morse, Jr., Eric R. Morse.

Dates of Meetings: At discretion of Trustees.

Program Areas: Health, cultural, higher education, community programs.

Exhibit 2 (continued)

Geographic Limitations: Greater Boston.
Procedures and/or Restrictions: Grants may be made only to tax-exempt organizations.
Size of Grants: \$1,000-\$5,000.
Total Grants: \$98,800.

Raytheon Company

Walter Palmer
Director of Equal Opportunity Programs
Raytheon Company
141 Spring Street
Lexington, MA 02173

Program Areas: Higher education, health and welfare, cultural, social, civic.

Geographic Limitations: National.

Size of Grants: Average Grant: \$1,000-\$10,000.

Shawmut Bank of Boston, N.A.

David K. Case
Assistant Vice President
Executive Secretary
Contributions Committee
Shawmut Bank of Boston, N.A.
40 Water Street
Boston, MA 02109

The Warren Charitable Trust is the charitable foundation of the Shawmut Bank. Recommendations for funding are made by a contributions committee, with members representing different areas of the Bank.

Dates of Meetings: Quarterly.

Program Areas: United Way, civic, education, health, culture.

Geographic Limitations: Metropolitan Boston.

Procedures and/or Restrictions: No grants to individuals, or for medical research, or for scholarships. Guidelines available in AFGB library.

Size of Grants: \$100-\$10,000/year.

Total Grants in Average Year: \$160,000, with 50-60% allocated to United Way.

The Abbot and Dorothy P. Stevens Foundation
The Nathaniel and Elizabeth P. Stevens Foundation

Samuel S. Rogers
2 Johnson Street
North Andover, Massachusetts 01845

Trustees: Caroline S. Rogers, Samuel S. Rogers, Horace N. Stevens, Jr.

Dates of Meetings: Quarterly: March, June, October, December.

Program Areas: Community, conservation, education and cultural programs.

Geographic Limitations: Massachusetts with emphasis on Greater Lawrence area.

Procedures and/or Restrictions: Guidelines available from foundation or in AFGB library. No grants are made to individuals or for operating support.

Size of Grants: \$500-\$25,000.

Total Combined Grants: \$612,200.

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Exhibit 3

SUMMERTHING (A)

Samples of Grants by Boston Foundations to
Cultural Institutions and Projects

| <u>Recipient</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------|
| <u>Boston Safe Deposit and Trust Company Blanchard Foundation</u> | | |
| Boston Ballet | To match, up to \$6,000, General Appeal contributions | \$ 6,000 |
| Boston Center for the Arts | Operating support | 7,500 |
| Boston Philharmonic Society, Inc. | Toward start-up costs of educational project at community music school | 3,000 |
| Cape Cod Conservatory of Music & Arts | Toward program planning of stage events | 4,000 |
| Theatre Co. of Boston | Support for professional actors who present theatre arts programs at public schools | 5,000 |
| <u>Cabot Foundation</u> | | |
| Boston Center for the Arts | Toward rehabilitation of bldgs | 15,500 |
| Boston Repertory Theatre, Inc. | Operating support | 1,000 |
| Boston Repertory Theatre, Inc. | Toward construction of a 150 seat theatre | 5,000 |
| Childrens' Museum | Jamaica Plain/teacher training to help match grant from National Endowment for the Arts | 1,000 |
| De Cordova Museum | Grant to suburban museum | 200 |
| <u>Godfrey L. Cabot Charitable Trust</u> | | |
| Boston Ballet | Operating support | 1,000 |
| Boston Center for the Arts | Building fund | 10,000 |
| Boston Symphony Orchestra | Operating support | 2,000 |

Exhibit 3 (continued)

| <u>Recipient</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------------------------------------|------------------------------------------------|---------------|
| Elma Lewis School of Fine Arts | Three-year commitment for operating support | \$ 5,000 |
| New England Conservatory of Music | Toward Ford Foundation match | 5,000 |
| University Film Study Center, Inc. Cambridge, Mass. | Purchase of 250 chairs for the film society | 5,000 |
| <u>The Fuller Foundation, Inc.</u> | | |
| Boston Ballet | Operating support | 1,000 |
| Boston Opera Assn. | Operating support | 500 |
| Boston Symphony | Operating support | 200 |
| Boston Zoological Society | Capital campaign to purchase animals | 33,000 |
| Elma Lewis School of Fine Arts | Operating support | 500 |
| New England Conservatory | Operating support | 1,000 |
| Opera Co. of Boston | Operating support | 500 |
| Youth Concerts at Symphony Hall, Inc. | Operating support | 1,000 |
| <u>Charles Hayden Foundation</u> | | |
| New England Conservatory of Music | To purchase audio equipment | 20,000 |
| <u>The Godfrey M. Hyams Trust</u> | | |
| The Boston Ballet | Operating support | 7,500 |
| Boston Committee of Young Audiences, Inc. | Operating support | 2,000 |
| Boston Repertory Theatre, Inc. | Lighting equipment | 2,500 |
| Cambridge Art Center, Inc. | Operating expenses of neighborhood art program | 16,000 |

Exhibit 3 (continued)

| <u>Recipient</u> | <u>Purpose</u> | <u>Amount</u> |
|------------------------------------------------------|--------------------------------------------------------|---------------|
| Community Music Center of Boston | Operating support | \$ 5,000 |
| Elma Lewis School of Fine Arts | Operating support | 5,000 |
| New England Conservatory | Three-year commitment to capital campaign | 25,000 |
| <u>Committee of the Permanent Charity Fund, Inc.</u> | | |
| Boston Committee of Young Audiences, Inc. | Program in public schools | 3,000 |
| Boston Ballet | Operating support | 20,000 |
| Boston Philharmonic Society | Operating support | 8,000 |
| Boston Repertory Theatre | Renovations of theatre | 10,000 |
| Boston Symphony Orchestra | For esplanade and other free concerts | 15,000 |
| Cambridge Art Center, Inc. | Operating support | 8,000 |
| Elma Lewis School of Fine Arts | Renovations to building | 50,000 |
| Elma Lewis School of Fine Arts | Suzuki Violin Instruction - purchase of instruments | 2,500 |
| Elma Lewis School of Fine Arts | Incentive grant to increase contributions | 25,000 |
| Kodaly Musical Training Institute, Inc. | To support music training in two Boston public schools | 10,000 |
| New England Conservatory of Music | Capital campaign | 62,500 |
| Pocket Mime Theatre | Expansion of children's company | 7,000 |
| <u>Polaroid Foundation, Inc.</u> | | |
| Billie Pope Dance Educational Center, Inc. | Dance program | 200 |
| Boston Ballet | Operating support | 1,750 |

Exhibit 3 (continued)

| <u>Recipient</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------------------------------------|--------------------------------------------|---------------|
| Boston Ballet | Toward esplanade concerts | \$ 1,250 |
| Boston Cultural Co., Inc. | Black youth cultural program | 500 |
| Boston Jazz Week | Partial support of free concert program | 500 |
| Boston Philharmonic Society, Inc. | Support for Spanish speaking arts festival | 1,000 |
| Boston Symphony Orchestra | Operating support | 500 |
| Cambridge Art Center, Inc. | Photography program for children | 1,000 |
| Community Music Center of Greater Boston | Cultural program for low-income youth | 500 |
| Greater Boston Youth Symphony Orchestra | Purchase of an instrument | 1,000 |
| Jamaica Plain APAC - Bromley Heath Community Center | Support for theatre group | 300 |
| New England Dance Theatre, Inc. | Operating support | 500 |
| Peoples Theatre, Inc. | Free summer performances | 500 |
| Roxbury Community College | Boston Black Repertory Co. | 1,500 |
| <u>Fidelity Foundation</u> | | |
| Community Music Center of Boston | Renovations | 20,000 |
| Elma Lewis School of Fine Arts | Operating support | 1,000 |
| Museum of Fine Arts | Operating support | 4,300 |

Exhibit 4

SUMMERTHING (A)

Summary of Socio-Economic Characteristics of Anti-Poverty Target Neighborhoods

| Allston-Brighton | Charlestown | Columbia Point | Dorchester | East Boston | Jamaica Plain | North End | Parker Hill-Fenway | Roxbury-N. Dorchester | South Boston |
|------------------|-------------|----------------|------------|-------------|---------------|-----------|--------------------|-----------------------|--------------|
| 11,893 | 5,285 | 2,835 | 33,093 | 11,937 | 11,854 | 2,556 | 5,331 | 24,408 | 12,335 |
| 42,052 | 8,425 | 1,443 | 43,996 | 22,352 | 20,455 | 9,507 | 37,881 | 31,013 | 20,823 |
| 9,673 | 1,707 | 372 | 8,018 | 4,541 | 6,019 | 1,963 | 4,966 | 5,872 | 5,419 |
| 63,618 | 15,417 | 4,650 | 85,107 | 38,830 | 38,328 | 14,026 | 48,178 | 61,293 | 38,577 |
| 8,613 | 2,462 | 2,570 | 14,772 | 5,065 | 6,315 | 2,195 | 10,276 | 16,360 | 6,373 |
| 14.2% | 16.2% | 55.3% | 17.5% | 13.1% | 17.1% | 15.6% | 28.5% | 27.4% | 16.8% |
| 12.4 | 11.5 | 10.3 | 11.6 | 10.4 | 12.0 | 9.6 | 12.5 | 11.0 | 11.2 |
| 32,406 | 6,082 | 758 | 32,776 | 16,345 | 15,377 | 7,553 | 23,152 | 20,954 | 15,202 |
| 61.0% | 56.6% | 37.1% | 59.1% | 57.9% | 55.3% | 64.1% | 53.1% | 53.4% | 54.9% |
| 4.1% | 4.8% | 10.0% | 4.7% | 4.7% | 3.9% | 6.4% | 4.3% | 6.5% | 5.0% |
| 61,007 | 15,130 | 1,773 | 56,601 | 38,425 | 33,747 | 13,752 | 41,880 | 14,643 | 37,798 |
| 1,149 | 76 | 2,837 | 27,639 | 326 | 3,943 | 87 | 4,669 | 45,910 | 388 |
| 63 | 30 | 10 | 184 | 22 | 64 | 5 | 79 | 300 | 50 |
| 1,295 | 108 | 24 | 230 | 50 | 161 | 85 | 984 | 170 | 152 |
| 139 | 5 | 64 | 376 | 44 | 174 | 27 | 272 | 529 | 83 |
| 63,657 | 15,353 | 4,708 | 85,049 | 38,873 | 38,108 | 13,962 | 47,891 | 61,562 | 38,488 |
| 1,832 | 46 | 468 | 2,023 | 617 | 2,566 | 246 | 1,943 | 4,331 | 288 |

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Exhibit 5

SUMMERTHING (A)

Example of Anti-Poverty Program Fund Distribution

SUMMER WORK PROGRAM FUNDING AND POPULATION INDICATORS

| | <u>SUMMER WORK FUNDING</u> | <u>TOTAL POPULATION</u> | | <u>POPULATION UNDER 18</u> | | <u>POOR FA</u> |
|---------------------|----------------------------|-------------------------|--------|----------------------------|--------|----------------|
| | 1959 | 1960 | 1968 | 1960 | 1968 | 1 |
| on-Brighton | 4.3% | 13.0% | 16.0% | 11.3% | 11.2% | |
| estown | 7.0 | 4.2 | 3.9 | 5.1 | 4.7 | |
| bia Point | 7.9 | 1.5 | 1.5 | 19.7 | 30.0 | |
| ester | 13.5 | 17.9 | 20.6 | | | |
| Boston | 6.6 | 9.2 | 10.2 | 10.0 | 10.3 | |
| ca Plain | 8.2 | 8.2 | 9.5 | 8.8 | 10.3 | |
| End | 4.3 | 3.6 | 3.4 | 2.4 | 0.8 | |
| r Hill-Fenway | 7.0 | 7.8 | 7.5 | 4.6 | 3.7 | |
| ry-North Dorchester | 16.0 | 17.1 | 11.9 | 19.7 | 14.2 | 2 |
| Boston | 10.9 | 9.2 | 9.9 | 10.6 | 12.1 | |
| End | 14.3 | 6.8 | 5.6 | 6.2 | 3.0 | 1 |
| TOTAL | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 10 |

Exhibit 6

SUMMERTHING (A)

Sample Advertising Costs

Print: Boston Globe, daily

3" x 5" box in the Entertainment section . . . \$250/day.

Radio:

| | 60 Second Spot | 10 Second Spot |
|----------------------------------------|-------------------------------------------------|-------------------------------------------------|
| WRKO (Popular Music - Rock N' Roll) | \$83 each for 12 or fewer times per week. | \$42 each for 12 or fewer times per week. |
| WBZ (Traditional) | \$59 each for 12 times per week. | \$35 each for 12 times per week. |

CINCINNATI NEIGHBORHOOD CLINICS (A)

If you thought about who might be an Assistant Commissioner of the Cincinnati Health Department, Arnie Leff was probably not the image that would come to mind. You might think of a strapping German from the stock that gave so much of its ethnic character--and so many breweries--to this Southern Ohio river city. You might think of a staid conservative in the mold of the Taft family that dominated its Republican politics for generations. Or perhaps you'd listen for the faint drawl of a Kentucky gentleman.

If you did, you would be surprised at the bright-eyed, cocky, quick-witted, colloquial Assistant Commissioner of Medical Services for the City of Cincinnati. In fact, Arnie Leff did not even have the credential you'd expect: a public health degree. He was a "community doc, not a public health doc." Even he wondered, sometimes, why Bill Elsea, the Health Commissioner, had appointed him to head up the Department's largest division.

Arnie Leff was, at least, a native. He had graduated from the University of Cincinnati College of Medicine in 1967. After a one-year internship in internal medicine and another year's fellowship in clinical pharmacology, he entered the service. The first year of his hitch was spent as a military public health doctor in Southeast Asia, the second as a general medical officer at Wright-Patterson in nearby Dayton, Ohio. That year was his real introduction to community medicine, as a nighttime volunteer in the "Cincinnati Free Clinic:"

That was the "counter-culture" clinic, essentially, in 1970 to 1972. It was a clinic set up to care for mainly adolescents and young adults who did not want to get care in established medical facilities or from private physicians. We did mainly venereal disease, birth control, and drug abuse stuff. It was run primarily by volunteers and supported by numerous sources.

The next year, Leff took a job with the Cincinnati Health Department, as coordinator of the drug abuse and venereal disease programs, while continuing to volunteer some of his evenings at the Free Clinic. That led to an opportunity to go to Washington to serve on the staff of the President's Special Action Office for Drug Abuse. He was there when

This case was prepared by Professor Colin S. Diver of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

Health Commissioner Elsea tapped him to return to succeed the retiring Assistant Commissioner for Medical Services, a "good ol' gal," one observer said with genuine affection, "who was totaly dependent on Elsea."

For Arnie Leff, change was nothing new, but the scope of his new administrative responsibility was. He inherited a loose collection of programs having something to do with the provision of direct medical diagnostic or treatment services to the citizens of Cincinnati. As Leff described it:

There was essentially no staff. It was all line operations. I had one high-level staff person and that was all. That was a traditional problem--everybody wants money in service, but not for staff.

Arnie Leff identified a lot of problems demanding his attention in those first few weeks in August of 1973, but by virtue of his own interests as well as its central importance in the scheme of community public health, it was clear that the neighborhood health clinics would have to be his first priority. They simply were not fulfilling their intended role as providers of comprehensive primary care services to the underserved populations of the urban core.

The Cincinnati Health Department

The Cincinnati Health Department, like most municipal health agencies, had a broad range of public health functions, primarily diagnostic and preventive. The Department was governed by a nine-member board which was responsible for appointing the Health Commissioner, promulgating public health regulations, and generally overseeing the operation of the Department. The Commissioner appointed the staff and managed the affairs of the Department. The Department was organized into four major "Divisions," each headed by an Assistant Health Commissioner (see Exhibit 1). The Division of Administrative Services handled personnel, financial, and purchasing matters. The Mental Health Division operated programs in such areas as drug abuse, alcoholism, and psychiatric evaluation of criminal defendants. The Environmental Health Division inspected businesses and homes for compliance with the sanitary code, tried to kill rats, regulated commercial weights and measures, and operated a laboratory. The Division of Medical Services operated various public health programs, including home nursing care, school nursing, communicable disease surveillance, and such clinic-based community health programs as general family care, dental service, infectious disease screening, and nutrition counseling.

Over one-third of the Department's expenditures in 1972 came from federal and state funds, the rest from city General Fund appropriations (see Exhibit 2). Aside from federal grants, the Department collected a modest amount of revenue for the General Fund, primarily from service and license fees (see Exhibit 3). By 1973, the Department had experienced a period of dramatic growth, its staff increasing

from 250 to just under 700 in five years. This growth was attributable primarily to the infusion of large amounts of new federal funds and to recent increases in City funding, particularly during the tenure of the new City Council, controlled since 1971 by a coalition of Democrats and members of a government-reform party called the "Charterites." The interest in improving health services on the Council had been led by the unofficial spokesperson of the Charterite contingent, and the Council's only woman member, Bobbie Sterne. Sterne, a past president of the Health Department Volunteers, was intimately familiar with many aspects of the Department's operations and championed efforts to obtain funding for new programs. By late 1973, however, it was becoming increasingly evident that this period of rapid growth had come to an end, as funds were being cut back and the City had been forced to adopt an austerity posture to head off an impending deficit.

At the time of Arnie Leff's appointment, only one of the nine members of the Board of Health had been on the board for longer than eighteen months. In November, 1971, Cincinnati voters had approved a City Charter amendment to reconstitute the Board of Health from a body of five members serving nine-year terms to a body of nine members serving three-year terms. This followed intense agitation to make the Board more "broadly representative." In early 1972, four of the five previous Board members were reappointed, along with five new members; but in 1973, three of these four carry-over members were replaced by new members. Board members were appointed, three per year, by Cincinnati's mayor. In Cincinnati, the "Mayor" was the titular head of the City Council. The voters elected the nine members of the Council, all at-large, who in turn elected one of their members as Mayor. (The Council also appointed the City Manager who was the chief executive officer of the city government.) Since Cincinnati's municipal elections were partisan, the mayor had traditionally been the leader of the majority party on the Council. Until 1971, that party had for many years been the Republican Party. The other two parties, the Democrats and the Charterites, had split the minority seats between them. In the 1971 biennial municipal election, however, the Democrats and the Charterites each placed three members on the City Council. Acknowledging their commonality of interest on many issues, the two groups formed a coalition and elected as mayor the top Democratic vote-getter, Thomas Luken. Informally sharing appointments to the Board of Health with the Charterites, the liberal Luken transformed the Board during the next two years from a very conservative body into a much more reform-minded body. (Profiles of the 1973 Board members are presented in Exhibit 4.)

The Health Commissioner, Dr. William Elsea, had been hired in 1971 to succeed a very controversial commissioner who had been fired by the previous Board. David Mann, a young lawyer who was Board Chairman from 1972 to 1973, recalls the process:

There was a lot of dissatisfaction with the preceding Health Commissioner, who was sort of run out of town. We had a lengthy screening process, a lot of citizen participation in the process that led to the selection

of Elsea. He'd been a health officer of some sort down in Lexington, Kentucky, and supposedly he'd had a lot of experience with community kinds of medicine, community control kinds of issues, and knew that environment.

However accurate that assessment of Elsea's background and strengths, he tended during the first two years of his tenure to focus more heavily on administrative organization and control than on program delivery. He attempted several reorganizations within the Department. Previously, many of the Division's services had been operated on a district basis, out of district headquarters throughout the city, many of which housed clinical programs as well. Elsea restructured the Division along strictly functional lines, with a separate functional unit for each identifiable service, such as public health nursing, communicable disease surveillance, sickle cell screening, venereal disease screening, maternal and infant care service, dental service, and the like. Directors of each service unit were responsible for allocating resources throughout the city.

In dealing with his staff, the Board, and the public, Elsea emphasized the importance of careful planning and administrative control. He liked to talk about "management by objectives," "effectiveness measures," "outputs," and the like. He frequently quoted voluminous statistics to describe departmental operations--numbers of patient visits, children tested, illnesses reported, referrals, case loads, contacts, applications, inspections, and the like. He insisted that operating units keep finely categorized account of their activities and transactions. He repeatedly emphasized the need to develop central staff capacity to gather and analyze data on departmental activities and community health needs as a precondition for major programmatic changes. But he had had little success in interesting the Board in staff development. They tended to be much more interested in programs and services, and concentrated their attention and most of their requests for expanded funding in those areas.

Elsea's policies had won him considerable support within the Health Department bureaucracy and the organized medical profession, as well as the more conservative and fiscally-oriented members of the City Council. But they had begun to severely antagonize several members of the more service-oriented Board of Health. As Chairman Mann put it:

Some of us thought that he was a very pedestrian kind of bureaucrat. He had an ability to do things, perhaps with a fair degree of administrative ability, but without much imagination or much mind to try different things, which a lot of us were very interested in. He believed in traditional forms of control. He was for tightening the administrative reins. All he talked about was numbers and positions and the sort of things administrators play with.

Several programmatic expansions did occur under Elsea's leadership--usually under the goad of earmarked city or federal funding--but their manner of operation often revealed Elsea's penchant for centralizing control. The two major programmatic expansions were the federally funded "Pilot City Project" and the "Maternal and Infant Care Project." The former, funded by a \$967,000 annual HEW grant, was a comprehensive family health program operated out of a city clinic in the Over-the-Rhine neighborhood, the area of most concentrated poverty in Cincinnati. The Maternity and Infant Care Project, another HEW grant, provided \$875,000 annually to staff pediatric, obstetric, and family planning services to medically indigent residents of two poverty neighborhoods (Madisonville and Walnut Hills). The program was based in the Cincinnati General Hospital Night Clinic and two neighborhood city clinics. Even though both programs provided essentially the same kinds of services routinely provided--albeit on a much smaller scale--in other neighborhood clinics, and were in fact based in existing neighborhood clinics, they were not assigned to the Division of Medical Services, but instead reported directly to Commissioner Elsea.

The Neighborhood Clinics

At the time of Leff's arrival, the Medical Care Division was organized into a series of "services" or "programs," each controlled by a central director or coordinator. Some of these services involved division personnel going to the clients, wherever they might be. For example, under the home nursing program, public health nurses or physical therapists would visit patients in their homes, and the School Health Unit dispatched public health nurses to administer tests and immunizations in the schools. But the heart of the department's program of medical services was its network of "neighborhood health centers" or "clinics." These were small facilities, usually rented storefronts or offices, scattered throughout the city and equipped to provide a range of basic diagnostic and treatment services. Although the clinics were used as a base for the provision of special public health disease-control programs (such as screening residents for sickle cell, venereal disease, or lead poisoning) their major function was to provide general medical, pediatric, obstetric, gynecological, and dental services to the medically underserved populations of Cincinnati.

This "primary care" function of the City Health Department originated in 1867, with the "district physician" program. At that time, the Board of Health contracted with private physicians to provide services to residents of medically underserved neighborhoods, for which the physicians would bill the city according to a predetermined rate schedule. During the 1920's, the city began to conduct part-time clinics in the neighborhoods, staffed by public health nurses and, in some cases, physicians hired by the department. By 1965, the "district physician" program had been completely phased out and replaced by a network of mostly full-time neighborhood health centers staffed by the department. By 1973, the City's clinic system had grown to

twelve¹ neighborhood health centers (see Exhibit 5), operating some 160 sessions² weekly (see Exhibit 6), and serving some 35,000 patients annually (see Exhibit 7).

Despite the rapid growth in recent decades in employer-supported or government-subsidized health insurance plans, large segments of the urban population continued to be effectively barred from obtaining primary care services "on the open market." The reasons were numerous, but in most cases came down to lack of resources or lack of access. The "resources" problem affected most severely the "working poor" or "near poor" who were neither sufficiently indigent to qualify for Medicaid or county relief nor sufficiently affluent to pay for their own health care services. Although most of this group had some form of health insurance coverage, most health insurance plans provided little coverage for ambulatory care services, except in medical emergencies. For the "poor," Medicaid and county relief were available to provide reimbursement for most ambulatory care services, but the problem for this group was often one of access. The poor tended to live in communities badly served by the medical establishment. Private practitioners, dentists, and pharmacists were rare, and some refused to accept Medicaid patients.

In order to reach the target populations, the city clinics were for the most part, located in the poorest neighborhoods of Cincinnati. Eligibility for most services was restricted to persons whose self-reported family income was below a ceiling (equal to 110 percent of the federal "poverty level"). Each full-time clinic had a small staff, consisting of an administrative director--a mid-level civil service position--and clerical and custodial help, which reported to the Director of Neighborhood Clinics. The Director was a career civil servant who reported to the Assistant Commissioner for Medical Services. Nursing services at the clinics were provided by public health nurses assigned to the clinics by the Superintendent of Nursing, a career civil servant who reported to the Assistant Commissioner.

The physicians who staffed the clinic sessions were organized in medical services (general medicine, pediatrics, obstetrics, etc.), each reporting to a medical director who reported to the Assistant Commissioner. The various medical sessions at the clinics were staffed by assignment from each of the services, physicians often "traveling a circuit" of clinics during the week. Although the Department tried to hire full-time physicians on its medical staff, it found itself unable to attract enough qualified physicians on that basis, especially to staff certain specialty services, and consequently had to employ many private practitioners on a part-time ("consulting") basis. Most of the physicians in this group (about 61 at any given time) had private practices and supplemented their income by working an average of about six hours per week for the Department.

¹Not including the Pilot City clinic.

²A "session" is usually one four-hour period.

The quality of services rendered at the clinics, Leff felt, was inferior. Their limited hours of operation (usually eight to five, five days a week) severely restricted access to their services. Patients were unable to make appointments and consequently had to wait for excessively long periods during busy times. No one followed the patient's medical history to determine that he or she was receiving a proper, continuous and coordinated program of service. And the centers themselves were usually unattractive and uncomfortable. Roger Berger, a health planner for Cincinnati University's College of Medicine and later a Board member, described them this way:

In our clinics, we have always had a "weights and temperature" room. We herd the cattle in, they get up, the nurse takes their weight, sticks a thermometer in their mouth--it's all out there in the open. You have a small waiting area. You don't have a nurses' station per se. They're usually off in a corner somewhere. No communication with the doctors, no patient flow, one entrance, one exit. You go by everybody else. And the facilities are not decorated appropriately.

There were, of course, many interrelated reasons for this state of affairs. For example, one reason for the restricted hours of clinic operation was the interest of the civil service staff in maintaining a normal work week. The age and dinginess of most clinic buildings undoubtedly contributed to low morale among employees and patients alike. In many neighborhoods little was done to publicize the clinics or their services. The refusal of Cincinnati General Hospital (the county hospital) to grant admitting privileges to any physicians who were not salaried members of the hospital's staff (including clinic doctors) restricted the opportunities for maintaining continuity of care whenever hospitalization was required.

But, in Leff's view, the most serious problem was the difficulty experienced by the department in attracting and retaining qualified medical staff. Leff identified five major reasons for this:

1. The rigid bureaucratic procedures of the department deny physicians the professional freedom they have come to expect. They exercise no choice over the selection of their colleagues or the support personnel--nursing and administrative--in the clinics. Inflexible health department procedures restrict patient contact to short, tightly scheduled "specialty sessions."
2. Most physicians, coming largely from a middle-class background, feel uncomfortable dealing exclusively with poor people. They have difficulty relating to minorities. Their expectations and demands are often unrealistic. And many doctors feel anxiety over their physical safety.
3. The compensation wasn't competitive with private practice. The fixed full-time salary (about \$25,000) offered

no incentive to increase productivity. Even for consulting physicians, paid on a per-visit basis, the rate of about \$75 per session was at the low end of the spectrum.

4. The support resources available to clinic physicians didn't compare with those available in private settings. Clinic physicians could not obtain admitting privileges to the Cincinnati General Hospital and most private hospitals refused to admit unsponsored patients. Back-up nursing, paraprofessional, and administrative services at the clinics were inferior, and the physical facilities were crowded, unattractive, and underequipped.
5. Opportunities for professional growth and advancement in clinic practice were almost nonexistent. Because of the limited range of services offered at most clinics, clinic practice was for the most part narrow, repetitive, and routine. Restricted funds and bureaucratic rigidity allowed for no significant teaching or research activities.

As a consequence of these factors, clinic practice was generally regarded as unattractive to potential medical staff, with the result that most of the department's ten full-time primary care physicians and dentists were inexperienced, foreign-trained, or "old-timers" who were evidently content to finish out their careers in a secure and undemanding environment. The consulting physicians included a number of physicians in these categories, as well, although Leff felt that the qualifications of this group were decidedly superior, on the average.

The Community Control Movement

"Cincinnati," its residents like to remind visitors, "is a city of neighborhoods." Shaped to a considerable extent by its sharply varied topography, the metropolitan area grew as a network of discrete, often physically isolated villages. After a century of physical development, massive population movement, and growth of the central city by annexation, these neighborhoods still maintained a very strong sense of identity. The civic and community activities of most Cincinnati residents were focused at the neighborhood level, resulting in the development of stable and generally representative community groups. The neighborhood character of Cincinnati was reinforced by policies of the municipal government. The City Planning Commission officially designated and defined the boundaries of 44 "statistical neighborhoods" (see Exhibit 8). Each year, the City Manager's office invited community councils representing these neighborhoods to submit a list, in priority order, of requests for new programs or physical improvements to serve as a basis for "service betterment" requests (budget requests for new or expanded services). Service betterment requests from many of the city's older and poorer neighborhoods often included requests for improved primary care services (new clinics, expanded service, expanded hours) (see Exhibit 9). The programs advocated by these groups varied from place to place, but an essential ingredient of many proposals was "community control" of primary care programs.

The demand for community control of primary health care services was fueled by a number of factors, but one of its galvanizing forces was the "People's Health Movement." As recalled by community planner Ed Lotspeich, chairman of a Health Department task force on clinic medicine:

Community demands for improved health services were being represented by an organized advocacy group called the People's Health Movement. It was headed up by two or three college graduates who were committed to community-based change strategies--confrontation--and to some extent were capitalizing on the health issue--identified as the issue in Cincinnati that you could get people organized around. It was a fairly intentional kind of activity.

A number of ad hoc neighborhood health committees--usually subcommittees of community councils--joined forces with PHM, and many got their first taste of confrontation politics in the process. Thomas Phelps, chairman of the Walnut Hills Health Committee, recalled that phase:

The People's Health Movement sort of was at the forefront. We had members of our committee active on that group. Most of the medically underserved communities were involved-- West End, Over-the-Rhine, East End, Price Hill, Mount Auburn. It actually involved things like sit-ins, marches, picketing, and demonstrations, because we really had to deal with the structure that was already there.

The clamor for community control of health programs was encouraged by the HEW-funded Pilot City clinic, since, under the terms of the grant, its citizens' "advisory committee" actually wielded considerable power in its governance--including power to veto the selection of the administrator and medical staff and the power to approve the schedule of services. Attracted by this model, communities put pressure on the Board of Health to expand community participation in existing programs. They found in the new Board of Health a generally receptive audience, made up of a coalition of the "community" representatives who were philosophically committed to community control and several others who were dissatisfied with the status quo. Although this latter group had reservations about community control as such, based in some cases on adverse prior experiences, their attitude was probably summed up by Chairman Mann:

There's no reason to think communities will make worse mistakes than are made for them. It might be a better way, and it certainly won't be any worse.

The Board agreed to institute an experimental small-scale program of making direct grants to community groups to run primary health care programs. As provided in a set of "Guidelines for Funding Community

Controlled Health Centers, approved by the Board, a committee was established, with representatives of the Board, the department, and community groups, to receive and screen applications for funding. The City Council agreed to appropriate \$120,000 in 1973 for this purpose, and two (out of six proposals submitted) were funded: one for a new health center to be set up and operated by the East End Health Committee and one for various "outreach" services to supplement the limited services offered at an existing city clinic in Price Hill.

Though publicly expressing only relatively mild reservations about these programs, Commissioner Elsea was decidedly hostile to community control, according to Arnie Leff:

He was clearly against community control, publicly and privately. Advisory groups were OK so long as they didn't do anything, but he was absolutely against giving them money to run their own programs.

He was beaten down on this by the Board of Health and the City Council, and in getting beaten down, unfortunately he didn't give in. He tended to be very bureaucratic about it. The contractual arrangements he tried to arrange (with the recipient community groups) were really bureaucratic stumbling blocks.

For his own part, Leff had reservations about the current emphasis on community control. Even though he had "paid his dues" as a community doctor, unlike most of the public health establishments, he also felt he understood the professional and administrative realities of community medicine:

I had some serious doubts as to whether communities could attract physicians, number one. And I also had some doubts whether community boards could really run medical facilities. But the reality was that there were some communities that wanted to very badly, and I felt that they in general probably could do at least a satisfactory job. But I felt they were gonna need a lot of help.

The Health Care Systems Committee

The growing ferment over public health in Cincinnati attracted the attention of the Metropolitan Area Religious Coalition of Cincinnati, a nonprofit, urban-affairs organization sponsored by the city's major religious organizations. In an attempt to help reconcile the demands of community groups and the position of the Health Department, the Coalition assigned its associate staff director, a young planner named Edgar Lotspeich, to assist the parties in finding mutually satisfactory solutions. Lotspeich quickly came to the conclusion that one key to improving city health service was to generate additional resources by capturing reimbursements for services rendered by the city from sources such as Medicaid: 234

I was aware of the existence of third party programs and was appalled at the fact that the Health Department was receiving about zero dollars for reimbursable health care services. About the only service that they got any money from at all was the provision of home care nurses who'd go into a home and provide services under a doctor's supervision. They were billing for that service through Medicare. It was some \$20,000 for the whole year. For the whole city!

They weren't billing. Nor were they collecting. And the little money they were collecting--the city policy was that it had to be turned over to the City's General Fund, so there was no incentive.

Upon investigation, Lotspeich discovered that, contrary to Health Department understanding, municipal health clinics were eligible for reimbursement by Medicaid under state rules, but that the state had set an unrealistically low figure of \$5 per visit as the rate of compensation for ambulatory care visits to municipal clinics.¹ In October of 1971, Lotspeich sent a letter to Commissioner Elsea explaining his findings and outlining three alternative "models" of providing primary care services consistent with the objective of capturing Medicaid reimbursements (see Exhibit 10). Elsea's reply was neither prompt nor encouraging. He said, in essence, that the Department would do whatever it could to increase its collection of reimbursements, but claimed that to do the job properly would require increased staff to do the necessary cost accounting and billing. As far as adopting a different mode of service delivery such as contracting with private practitioners or groups, such a notion would require a great deal more study. As a practical matter, there were no physicians' group practices in Cincinnati other than a few partnerships of private practitioners, so Elsea was not sure how feasible that option would be. Frustrated at what he felt to be a lack of response by the Department, Lotspeich contacted several members of the Board of Health in an attempt to interest them in the issue. He was joined at that point by Roger Berger, a health systems analyst at the University of Cincinnati College of Medicine. Berger was at that time working on a grant-funded project to enable the College of Medicine to improve the network of primary care services in the community. Like Lospeich, he had concluded that any strategy for improving primary care had to begin with the city clinic system. By this time, having concluded that the

¹Most eligible providers of ambulatory care services, including private practitioners and physicians' groups (partnerships or corporations), were reimbursed at a rate up to or equal to the "usual and customary" charge for the service (the seventy-fifty percentile of all charges actually made by providers in that area for that service). In 1973, the "usual and customary" charges for ambulatory care visits averaged about \$13 in Cincinnati, and for physician hospital visits, \$15.

existing city clinic system could not be an acceptable base for improving collections or services, Lotspeich and Berger were strongly advocating the establishment of a physicians' corporation which would render primary care services under contract with the Department.¹ The Board was sufficiently intrigued that it voted to establish a committee to investigate the matter further. Commissioner Elsea stated his support for the study. The committee was to be jointly chaired by Berger and Lotspeich, with other members including three Board members, the Health Commissioner, and the Assistant Commissioner for Medical Services. The committee met several times during the spring and summer of 1973, but the members had made little tangible progress in resolving their differences. By the time Leff was appointed (and became a committee member ex officio), Lotspeich had become pretty frustrated with the whole process:

We were just kind of hanging on at that point. The committee had become a quasi-social function. Elsea was in the position that he could just kind of come in and see the debate right before his eyes and why'd he have to say anything? I think his feeling was: "These people will burn themselves out at some point. They'll never get it together."

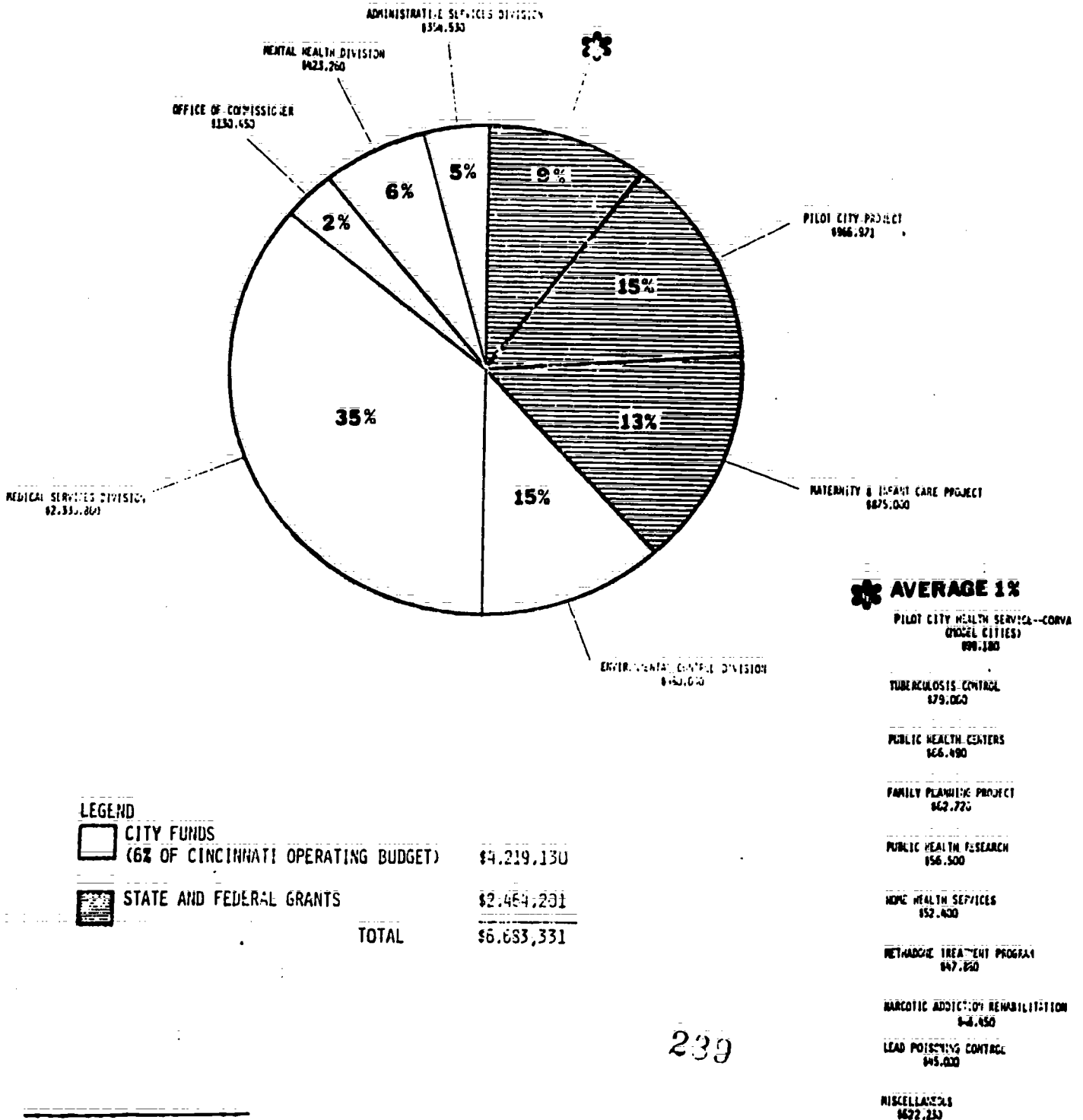
Elsea, meanwhile, had formulated a rather indefinite plan to upgrade clinic services by consolidating the twelve small neighborhood clinics into six larger facilities. A capital-improvements appropriation secured by the Department in the previous year for general physical improvements contained enough funds to purchase and renovate a building to set up the first of these consolidated clinics. Elsea tried to get the committee to think about how the Department might go about consolidating clinics and where it might start.

¹In a physicians' corporation, the doctors and other staff members are salaried employees of the corporation. All fees for service are billed by and paid to the corporation.

CITY COUNCIL

CITY MANAGER

CINCINNATI NEIGHBORHOOD CLINICS (A)
Cincinnati Health Department: 1972 Budget



LEGEND

| | | |
|--|---------------------------------------------------|--------------------|
| | CITY FUNDS (6% OF CINCINNATI OPERATING BUDGET) | \$4,219,130 |
| | STATE AND FEDERAL GRANTS | \$2,464,201 |
| | TOTAL | \$6,683,331 |

239

Source: Cincinnati Health Department Annual Report, 1972, p. 12.

Exhibit 3

CINCINNATI NEIGHBORHOOD CLINICS (A)

Cincinnati Health Department: General Fund Receipts, 1972

| <u>CLASS OF RECEIPT</u> | <u>YEAR TO DATE</u> | <u>PREVIOUS YEAR TO DATE</u> |
|-------------------------------------|---------------------|------------------------------|
| <u>PERMITS AND LICENSES</u> | | |
| Sanitation Inspection | \$ 18,820.75 | \$ 23,609.05 |
| Food Service | 26,114.50 | 40,847.50 |
| Other Food--Meat and Dairy | 15,561.00 | 16,597.50 |
| <u>SERVICE FEES</u> | | |
| Birth and Death Certificates | 73,971.33 | 74,836.05 |
| Rabies Tags and Fees | 1,816.50 | 2,908.50 |
| Milk Inspection | 168,124.12 | 163,076.59 |
| Vector Control | 1,449.09 | 657.00 |
| <u>Clinic Fees</u> | | |
| Admissions | 17.00 | 1,531.87 |
| Medicines | 5.00 | 1,019.13 |
| X-rays | 50.00 | 1,635.00 |
| Dental | 80.90 | 23.90 |
| Immunizations | 122.25 | 640.00 |
| Alcoholism | 4,362.00 | 3,720.50 |
| Information to Insurance Company | 72.50 | 89.00 |
| Sale of Regulations | 98.25 | 104.75 |
| Phage Laboratory | 548.10 | 991.00 |
| <u>ACCOUNTS RECEIVABLE</u> | | |
| Hamilton County Commissioners | 220.00 | 5,500.00 |
| Board of Education | 306.62 | 8,434.18 |
| State of Ohio | 30,721.69 | 48,627.09 |
| Advance Loans (Employees) | 6,337.66 | 7,318.50 |
| Central Community Health Board | 4,857.00 | |
| Others | 3,857.58 | 16,647.99 |
| TOTAL DEPOSITS--GENERAL FUND | 357,513.84 | 418,815.10 |

Source: Cincinnati Health Department Annual Report, 1972, p. 13.

Exhibit 4

CINCINNATI NEIGHBORHOOD CLINICS (A)

Profiles of Members of the Cincinnati Board of Health; 1973¹

1. David Mann, Chairman (1972)²: Brilliant young lawyer in major downtown law firm. Liberal Democrat. Running for City Council (first attempt at political office). Leader. Favored active community participation, but very concerned about sound management and fiscal control.
2. Stephen Gibbs (1971): Organizer of Cincinnati Free Clinic and later a "free food store." Generally active in anti-poverty causes. Had a "pad" in Mt. Adams, Cincinnati's "hip" community; long hair, no tie. Bright, but unpredictable in Board votes.
3. Richard Kialy (1973): Public school librarian. Once headed teachers' union. Ran for City Council twice, finished near bottom both times. Rarely participated actively in Board affairs.
4. Sister Monica (1973): Worked in church-sponsored programs for the elderly and the poor in the Over-the-Rhine community. Very impatient with Commissioner Elsea and with administrative details.
5. Peggy Pauly (1971): Past president of Health Department Volunteers; active in Volunteers since mid-'60's. Good friend of City Council-member Bobbie Sterne. "True humanitarian." Hardworking, straightforward, knowledgeable.
6. John Pearl (1973): Held a "lower-middle management" position at Proctor and Gamble. Philosophically a "populist." Generally supported all community demands with little expressed concern for cost or control. Black. Not very active.
7. Paul Stickley (1972): Dentist. Active in Dental Society. Very conservative on health care issues. Opposed Health Department providing any primary health care services to sponsored patients (even Medicaid-sponsored patients).
8. Ethel Taylor (1972): Representative of the "community." Consistently, adamantly, and single-mindedly "for the people." Intolerant of parliamentary procedures. Irregular participation.

¹Derived from interviews with several reform-minded persons active in Health Department affairs during 1973.

²Year of appointment to the Board.

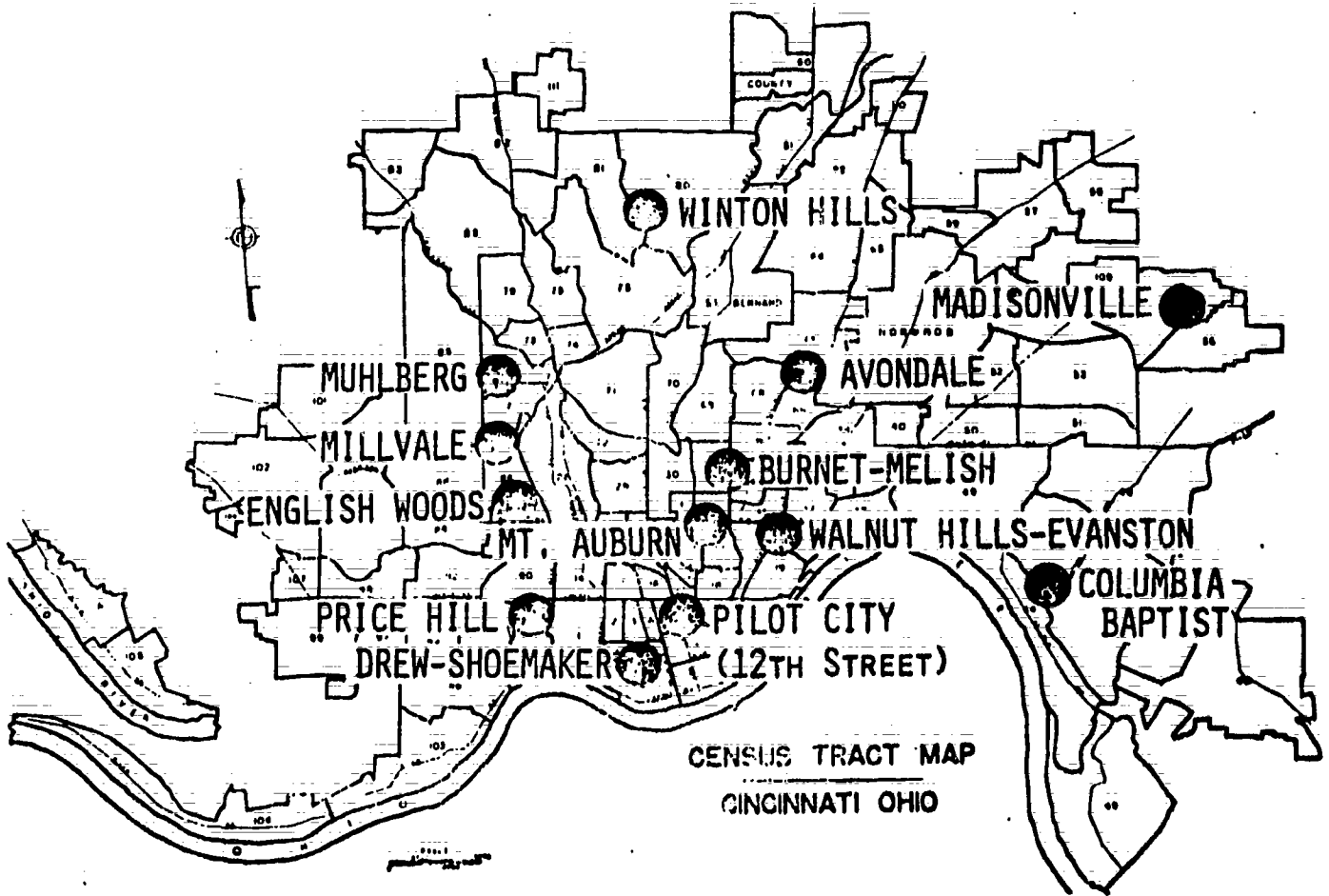
Exhibit 4 (continued)

9. David Van Ginkel (1971): Pediatrician in one of city's wealthiest neighborhoods, but a large number of his patients came from neighboring poorer communities (about 30 percent of his practice was Medicaid sponsored). Active in East End community health clinic. Dedicated to community service. Kept office visit fee lower than rest of profession (\$8).

Exhibit 5

CINCINNATI NEIGHBORHOOD CLINICS (A)

Locations of Cincinnati Neighborhood Clinics



Source: Cincinnati Health Department Annual Report, 1972, p. 58.

Exhibit 6

CINCINNATI NEIGHBORHOOD CLINICS (A)

Weekly Medical and Dental Sessions by Clinic: 1972

| <u>Clinic</u> | <u>Service</u> | <u>No. of Sessions</u> | <u>No. of Physicians/Session¹</u> |
|---------------------------|------------------|------------------------|----------------------------------------------|
| Avondale | Ob-Gyn | 3 | 2 |
| | Pediatric | 2 | 2 |
| Burnet-Melish | Dental | 10 | 1 |
| | Venereal Disease | 7 | 1 |
| Columbia Baptist | Pediatric | 1 | 3 |
| Drew-Shoemaker | Dental | 10 | 1 |
| | Dermatology | 2 | 1 |
| | General Medical | 10 | 2 |
| | Ob-Gyn | 4 | 2 |
| | Pediatric | 3 | 2 |
| English Woods | General Medical | 4 | 3 |
| | Pediatric | 1 | 2 |
| Madisonville | Ob-Gyn | 2 | 1 |
| | Pediatric | 2 | 3 |
| Millvale | Dental | 4 | 1 |
| | General Medical | 5 | 1 |
| | Ob-Gyn | 1 | 2 |
| | Pediatric | 5 | 2 |
| Mt. Auburn | Ob-Gyn | 1 | 2 |
| | Pediatric | 2 | 2 |
| Muhlberg | Dental | 10 | 1 |
| | Ob-Gyn | 2 | 2 |
| | Pediatric | 2 | 3 |
| Price Hill | General Medical | 2 | 2 |
| | Ob-Gyn | 1 | 1 |
| | Pediatric | 5 | 2 |
| Walnut Hills- Evanston | General Medical | 2 | 1 |
| | Ob-Gyn | 3 | 1 |
| | Pediatric | 7 | 1 |
| Winton Hills | Pediatric | 2 | 2 |

¹Estimated.

Source: Cincinnati Health Department Annual Report, 1972, pp. 56-57.

Exhibit 7

CINCINNATI NEIGHBORHOOD CLINICS (A)

Patient Visits, by Clinic and Service: 1972

| <u>Clinic</u> | <u>Service</u> | <u>Patients</u> | | <u>Patient Visits</u> |
|---------------------------|------------------|-----------------|------------|-----------------------|
| | | <u>Total</u> | <u>New</u> | |
| Avondale | Ob-Gyn | 325 | 322 | 2,718 |
| | Pediatric | 838 | 341 | 2,432 |
| Burnet-Melish | Dental | 1,298 | 1,298 | 2,754 |
| | Venereal Disease | 2,474 | 2,451 | 3,644 |
| Columbia Baptist | Pediatric | 420 | 171 | 1,768 |
| Drew-Shoemaker | Dental | 1,082 | 1,082 | 1,747 |
| | Dermatology | 248 | 77 | 1,176 |
| | General Medical | 2,842 | 1,204 | 9,674 |
| | Ob-Gyn | 603 | 416 | 2,922 |
| | Pediatric | 1,382 | 419 | 4,353 |
| English Woods | General Medical | 1,623 | 618 | 5,094 |
| | Pediatric | 333 | 133 | 927 |
| Madisonville | Ob-Gyn | 171 | 103 | 800 |
| | Pediatric | 895 | 447 | 2,967 |
| Millvale | Dental | 546 | 546 | 1,218 |
| | General Medical | 410 | 252 | 3,083 |
| | Ob-Gyn | 268 | 217 | 986 |
| | Pediatric | 1,316 | 383 | 3,980 |
| Mt. Auburn | Ob-Gyn | 146 | 101 | 779 |
| | Pediatric | 787 | 143 | 2,113 |
| Muhlberg | Dental | 1,539 | 1,539 | 3,629 |
| | Ob-Gyn | 264 | 142 | 1,362 |
| | Pediatric | 1,153 | 304 | 3,253 |
| Price Hill | General Medical | 552 | 368 | 1,945 |
| | Ob-Gyn | 116 | 108 | 374 |
| | Pediatric | 1,732 | 755 | 6,569 |
| Walnut Hills- Evanston | General Medical | 145 | 145 | 355 |
| | Ob-Gyn | 319 | 250 | 1,163 |
| | Pediatric | 1,237 | 537 | 4,693 |
| Winton Hills | Pediatric | 566 | 208 | 1,557 |

| [REDACTED] | [REDACTED] |
|------------|------------|
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |

Exhibit 9

CINCINNATI NEIGHBORHOOD CLINICS (A)

Cincinnati Community Councils Submitting Service Betterment Requests, 1972

1. Avondale (01)¹: Avondale Community Council (3)²
2. Bond Hill (08): Bond Hill Community Council (8)
3. Camp Washington (40): Camp Washington Community Council (2)
4. Carthage (32): Carthage Civic League
5. Clifton (7): Clifton Community Council
6. College Hill (34): College Hill Recreational Advisory Council
7. Corryville (02): Corryville Community Council
8. East End (17): East End Area Council (1)
9. East Price Hill (20): Osage Planning Committee;
East Price Hill Community Council (2)
10. East Walnut Hills (30): East Walnut Hills Assembly (2)
11. Hartwell (33): Hartwell Improvement Association
12. Hyde Park (10): Hyde Park Residents Association;
Hyde Park Greater Community Council
13. Kennedy Heights (14): Kennedy Heights Community Council
14. Lower Price Hill (25): Lower Price Hill Community Council (1)
15. Madisonville (13): Madisonville Coordinating Committee (2)
16. Mt. Airy (35): Mt. Airy Neighborhood and Civic Club
17. Mt. Auburn (05): Mt. Auburn Community Council (3)
18. Mt. Washington (38): Mt. Washington Civic Club
19. North Avondale (03): North Avondale Planning Association
20. North Fairmount (22): North Fairmount Development Corp.;
English Woods Civic Association;
Millvale Residents Council
21. North Side (26): Group Action In Northside (4)
22. Northwest Fairmount (24): Fay Community Council
23. Oakley (12): Oakley Community Council
24. Over-the-Rhine (04): Findlay Market Resident Council;
Over-the-Rhine Community Council (2)
25. Paddock Hills (03): Paddock Hills Assembly
26. Price Hill (20, 21, 25): Price Hill Community Study Group (1)
27. Riverside-Sedamsville (18): Riverside Civic and Welfare Club;
Sedamsville Community Council
28. Roselawn (09): Roselawn Community Council
29. Sayler Park (19): Sayler Park Village Council
30. South Cumminsville (27): South Cumminsville Community Council
Heinold Area Council
31. South Fairmount (23): South Fairmount Improvement Association

¹Map reference number for the neighborhood (see Exhibit 8).

²Priority of request for new or improved primary care services ("1" = highest priority; neighborhoods without a number did not request health services).

Exhibit 9 (continued)

- 32. Walnut Hills (31); Walnut Hills Area Council (1)
- 33. West End (28); Dayton Whiteman Community Club (3);
West End Community Council (2)
- 34. West Price Hill (21); Dunham Steering Committee
- 35. Westwood (37); Westwood Civic Association
- 36. Winton Hills (36); Winton Place Civic Club

Exhibit 10

CINCINNATI NEIGHBORHOOD CLINICS (A)

Letter from Edgar Lotspeich to Commissioner Elsea: October 20, 1971
(Condensed and Edited)

October 20, 1971

Dr. William Elsea
Health Commissioner
City of Cincinnati
Burnet and Melish
Cincinnati, Ohio 45219

Dear Bill:

As I indicated, I shall attempt to document for you the options open to the Health Department relative to third party reimbursement and some of the pros and cons associated with each alternative.

The primary consideration is provider eligibility, which may be established under three different arrangements.

I. Individual Physician Eligibility

Any licensed physician in Ohio may apply for vendor eligibility under the Medicaid program and bill this source when services are rendered to patients who are covered by Medicaid. Physicians bill at their normal rate and are reimbursed at a level not to exceed the 75th percentile for equivalent services billed throughout the state.

If the Department chose to capitalize on this mode of eligibility, it would have to enter into individual physician contracts with the clinic physicians currently employed by the Department. This would require that the Department's physicians:

1. Secure individual vendor eligibility
2. Enter into agreements with the Department which would guarantee an income to each physician, with the Department making up the difference between the negotiated income ceiling and the variable base provided by reimbursement from third party sources, including Medicaid.

The Department would control physician placement and time allocation in its clinics, certify patient eligibility, and handle the billing on behalf of the physicians.

Exhibit 10 (continued)

One of the potential problems with this arrangement is that most of the Department's foreign-trained physicians will probably be unable to secure vendor eligibility because of their uncertain licensure status. In addition, the cost to the Department of covering the difference between the guaranteed income and the Medicaid reimbursements is difficult to budget since it depends on the number of patient visits which, of course, is variable.

On the other hand, this approach is perhaps the simplest to arrange initially since the process of securing individual vendor eligibility for licensed physicians is fairly straightforward. However, the Department would have the on-going administrative responsibility of billing Medicaid for the physicians.

II. Institution Eligibility

Hospitals with out-patient clinics and Board of Health clinics offering primary health care services are deemed legal providers and are able, therefore, to bill Medicaid for services rendered to Medicaid eligibles. However, the State Attorney General has disallowed other institutional providers, i.e., free standing neighborhood clinics, the same collection privileges.

The major problem associated with this reimbursement mode is the extremely low \$5 per visit reimbursement rate set by the state for municipal clinics. The administrative costs of billing and collecting may be nearly equal to the amount of revenue generated by such a low fee.

Part of the reason for the uncommonly low reimbursement rate is that the Board of Health clinics do not have hospital affiliations, suggesting perhaps an increased effort to negotiate such affiliations with area hospitals. Another issue revolves around the dual role of the Department in providing health services. Community public health services (e.g., public health nursing, communicable disease control) have traditionally been provided (and will continue to be provided) for no fee. The proposal to collect reimbursement from Medicaid for primary health services which have also been provided to date for no fee to health clinic patients undoubtedly created a dual problem for the state: first, the difference between the two types of services is difficult to delineate, and, second, there was no fee schedule in existence to serve as a guideline for setting a higher reimbursement rate.

The \$5 figure is unlikely to be increased for two reasons:

1. The total medical assistance budget would have to be increased to provide for any increase in the reimbursement fee for Board of Health clinics. It would be very difficult to get such an increase approved by the state, given the impending deficit of the City.

Exhibit 10 (continued)

2. An increase in reimbursement levels for the Board of Health clinics, although constituting a uniform change in policy throughout the State, would proportionally benefit Cincinnati, whose Republican legislators have not supported the administration's medical assistance budget request.

III. A Physicians' Association

The third mode of provider eligibility is that established by a physicians' association (Section 1785, Ohio Revised Code). A corporation, whose members are licensed physicians incorporated under this statute, is eligible for reimbursement under Medicaid. Medicaid requires a copy of the articles of incorporation and a current listing of the corporation's members. Reimbursement levels are the same as those described in Section I of this letter. Payment is, however, rendered to the corporation with individual physician income subject to the internal policies of the corporation.

Although there are a variety of possible physician association-Board of Health contractual relationships that could be structured, let me briefly describe an arrangement which would utilize a physicians' corporation as a means of capturing Medicaid reimbursement for the Health Department. In this context, the Board would write the articles of incorporation and then require physician participation as a prerequisite for the opportunity to practice within the Department's clinic system. The Department would provide all administrative and billing services, would set the cost of clinic services, would provide clinic space, and would provide allied and support health care personnel. The association would agree to provide services within clinics, with control of service type and scheduling being delegated to the Department as set forth in the contract itself. In turn, the Department would fund the association to perform these services.

This option should have particular appeal to physicians currently employed by the Department as well as physicians interested in combining their private practices with community medicine. It affords them an opportunity to work in a setting with many opportunities for personal and professional growth and advancement, to continue to have active private practices, and to avoid the often rigid procedures of the Department, among other things.

On the other hand, since there are no physicians' associations in the City, the development of a prototype would require a considerable amount of work and negotiation. I do, however, feel that it would be worth pursuing this mode further.

Exhibit 10 (continued)

I would welcome any questions or comments you may have about this brief analysis and would, of course, be pleased if these alternatives were considered by the Board itself.

Sincerely,

Ed Lotspeich

DOVER MUNICIPAL HOSPITAL¹

I knew the hospital either made money or lost it based on its professional services. And I knew that you came in contact with the whole hospital through those services; so I said that's what I want to run. I also knew that professional services was filled with the biggest prima donnas on the staff--radiologists, biochemists, cardiologists--each more difficult than the others, and that my predecessor, at age twenty-eight, had developed a bleeding ulcer and left.

Chuck Graham, Assistant Administrator
Dover Municipal Hospital

So thought Chuck Graham when he had accepted responsibility for professional services at Dover Municipal Hospital in Delaware. The past few months had given him a much better insight into just how difficult it was to manage those prima donnas, and now, he had to decide whether or not, how, and how tightly, to put the lid on this business of sending tests to outside laboratories.

The Dover Municipal Hospital

The Dover Municipal Hospital (DMH) was a complex of five buildings located in one of the poorest sections of Delaware's capital city. Constructed mostly in the 1930s, the physical plant was drab, and security was tight. After five o'clock in the evening, heavy chains and padlocks secured the doors to passageways leading from one building to another. Nearly all of DMH's patients arrived via the hospital's emergency room, and most of the remainder came through its ambulatory care unit. The Dover Police Department brought DMH most of the hospital cases it picked up; and other hospitals sent their "dump jobs"--indigent, uninsured patients that these hospitals were "too full" to accommodate.

Throughout its history, DMH had been a teaching hospital, and was currently affiliated with Delaware University's medical school. The

¹Names and locations have been disguised.

This case was prepared by Professor John R. Russell, of Boston University's Public Management Program, with the help of Terrence Briggs, Research Assistant. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

hospital was staffed entirely by residents and interns who worked under a salaried senior medical staff that provided both teaching and supervision. No physicians in private practice had staff privileges. All the senior medical staff committed only one-quarter to one-half of their time to the hospital. They were paid an "administrative" salary by the city, which was all that third-party reimbursers would pay for, and which was only a fraction of what a doctor could earn in private practice or from a full-time job at a private hospital. Most of the physicians augmented their DMH salaries with teaching stipends from the university, salaries received as principal investigators on research grants, jobs managing outside laboratories, and other means. In addition, a special physicians' billing corporation culled the hospital's records to identify patients with third-party reimbursement resources, such as commercial medical insurance, that could be billed for the doctors' services. According to one observer, these arrangements created friction:

The city wants to pay for clinical care for indigent patients. It doesn't want to pay for research or teaching, or try to make DMH a great research center. The medical staff, on the other hand, are the kind who are willing to give up the money available in private practice because they are researchers. And this is where they expect to do their research and their teaching.

The breakdown of billing for inpatient care was Medicare, 20 percent; Blue Cross, three percent; Medicaid, 40 percent; commercial insurance, five percent; and "self-pay," 35 percent. In practice, the hospital sent all its patients a bill, but did not expect to recover from any of the self-payers. Each year, DMH estimated the cost of the services it would deliver next year, subtracted the amount of third-party and self-paid reimbursements it expected, and submitted the remainder as its annual budget proposal to the city. The city usually cut several million from this proposal, and it was up to the hospital to determine how to absorb the cuts. The current city share of hospital expenses was about \$10 million.

At one time, the hospital's capacity had been about 750 beds, but demand for its services had slackened when the advent of Medicaid and Medicare gave many indigents the option of going to other Dover hospitals. Eventually, over half of DMH's beds had been delicensed. The staff currently numbered about 2,000, of whom approximately 150 were interns, residents, or senior medical staff; and the remainder were nurses, technicians, clerical help, maintenance people, messengers, orderlies, and so forth.

The medical staff was organized into two major departments-- medicine (which included pediatrics, cardiology, gastro-intestinal, hematology, pulmonary, and other internal medicine subservices) and

surgery (which included obstetrics/gynecology). There was also an out-patient department. The hospital's administrative staff reported to an associate director and three assistant directors, one for medicine, one for surgery, and one for professional services. The assistant director for professional services had administrative responsibility for the laboratories and other diagnostic services as well as various support services such as medical records, admitting, social services, messenger, pharmacy, and transportation. (In a few instances, such as the biochemistry laboratory, these professional services subdepartments reported on medical matters to the department of medicine and on administrative matters to the assistant director of professional services.) Both the associate director and the heads of the two medical departments reported to the hospital director, who was hired by the city. The relative influence of the director, the associate director, and the medical staff depended on the individuals who occupied the various positions at a particular time.

Chuck Graham

In the spring of 1975, the old director of DMH retired and was replaced by Donna Breen. The two were a study in contrasts. Whereas her predecessor has been described as a wily and cautious civil servant who had managed, nevertheless, to alienate city hall, Breen was young, active, and had excellent relations with the city manager and his staff. She had just completed three years as Delaware's assistant commissioner for social services. Breen was without experience in medicine or the health system, but believed firmly that a hospital could be managed well by people who were good managers, but who were not, necessarily, doctors. She also believed in change and innovation. Good ideas should be tried and mistakes tolerated. Within a few days of Breen's arrival, the associate administrator resigned, and Breen, herself, decided to occupy the position until a suitable replacement could be found. In the weeks that followed, a great many junior administrators left DMH and others were shifted to new responsibilities. One of the latter was Chuck Graham.

Like Breen, Graham had no medical background. As an undergraduate, he had been a summer intern at DMH and decided he like "working in health." After three years as a Peace Corps volunteer in South America, he returned to DMH, this time as unit coordinator for three wards and the intensive care unit. In this capacity, he was responsible for "administrative operations"--that is, making sure the units were properly stocked with supplies, dealing with the demands and complaints of the physicians and nurses, supervising the secretaries, and handling other administrative chores. Graham characterized the work as "middle management," which to him meant solving whatever problems came up in the wards, and "doing what head nurses used to do but don't want to do anymore." After six

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months, he had been promoted to assistant manager for the unit coordination department and, after a year, to head of the department. In a few months, he had been promoted again, to junior administrator in charge of twelve support service departments including messenger, transportation, house keeping, mail, central supply, laundry, kitchen, and several others.

During the fall, 1975, Breen offered Graham any of the three assistant administrator slots, and Graham elected professional services:

I went from managing twelve departments to managing over twenty. They said I could give up transportation and messenger, but I decided to keep them. I knew if I wanted to make the labs work, I'd have to control the process from the time a specimen was drawn to the time the results were delivered back to the doctor.

The main additions to Graham's responsibilities were five large decentralized clinical laboratories and several small research labs that performed one or two tests of clinical importance to the hospital. The five were hematology, biochemistry, bacteriology, pathology, and the blood bank. They employed about 200 people. A physician had medical responsibility for each of the labs, and as administrator, Graham would "more or less," as he put it, be in charge of personnel and budget.

If a lab wanted to buy a new piece of equipment, I'd have to sign off on it. On the other hand, if I wanted a lab to do a particular test, the doctor could say, "No, I won't do it." Or, he could say, "I'll do it, but it will cost you two technicians and \$100,000 in equipment." In other words, the doctors controlled what went on in the labs. And I had to avoid practicing medicine.

Since the lab chiefs were there only part-time, the day-to-day operations were run by chief technicians who ordered supplies, signed documents, scheduled work, and trained other technicians. Bringing outside work into the labs (except under a contract to which the city was a party) was against the law. While the lab chiefs had the final say on hiring technicians, Graham, theoretically, could fire anyone, including the lab chief himself. In practice, this was difficult, because replacing a lab chief for \$15,000 to \$20,000 meant finding someone in the area who had enough other activities to augment his DMH salary, but who still had enough time left to work one-quarter time for the hospital.

The Test List

During his early days on the job, Graham was plagued by his own ignorance of the labs and by a barrage of complaints from the doctors:

The physicians, when they're unhappy with the administration, think their best leverage is to complain. Donna (Breen) was moving strongly to shift the balance of who ran the hospital--from the physicians to the administration--and the physicians were fighting it. One thing they did was to complain about the service they were getting from the labs and other support departments. What really was bothering them was Donna's demands that they devote more time to clinical work and less to their research and teaching. She didn't want to support those activities with public funds.

One discovery Graham made was that no one in the hospital knew every test that was offered by the laboratories. His predecessor had tried to compile a list, but failed. Graham decided to try for himself and visited each lab chief:

They all said, "All we've got is a partial list." I said "May I see it, " and they said, "Sure but it's outdated. We've added a few tests and dropped a few others. Also, I'm short a few people because of layoffs, and I really don't have time to put a list together for you now."

I began to think that most of the lab chiefs didn't want the administration to know what tests they could perform. It gave them more flexibility.

After two months of trying, Graham had virtually nothing of any value from biochemistry, pathology, or hematology. Bacteriology and the blood bank, on the other hand, had provided him with lists that he thought were complete.

What I did was design a form (see Exhibit 1). Then I said, "I want a completed form for every test you do. It's getting close to budget time; and if you give me ten tests, that's what I'll base your budget on. If you do fifty more on the sly, you'll have to find the funds on your own." Suddenly, I began to get a little cooperation, and the number of tests that everyone was doing began to go up.

I also began to call the chief lab technicians into my office and deal with them because the physicians were only there part of the time.

It took almost six months, but at the end of that time, Graham believed he had a collection of forms that represented, quite accurately, the tests currently being performed. He had also developed the following impressions of the five labs:

Hematology: The lab consisted of two units: the main hematology lab, where a staff of thirty technicians, blood drawers, and clerks provided round-the-clock service and performed the bulk of hematology testing, and an outpatient laboratory that ran simple tests on ambulatory patients. Little or no research was done in the lab.

The lab chief, who also ran the hematology lab at another Dover hospital, was extremely independent. Said Graham:

If he feels like doing a test, he does it. If he doesn't feel like it, you're out of luck. He's very difficult to get along with, but he's a very skillful hematologist and he runs a quality lab. No matter what you want, though, it's push, shove, and toe-to-toe, and there's always a price attached to it.

He runs the lab like a dictator, and the techs do what he tells them to. But he sends them home two hours early if he thinks that's good for them. And he won't let his techs help with some of the chores that all the other lab techs share.

I've been told that he asks only for new equipment in his budget request, even when he knows some of the most vital older equipment will probably break down soon. Then when it does, you have to add money to his original budget so he can go on performing the tests.

Biochemistry: Staffed twenty-four hours a day, seven days a week, biochemistry was the largest producer of tests in the hospital. It was also the biggest money maker and the best equipped. Daily operations were supervised by a Ph.D. in chemistry who presided over a staff of about forty-five technicians and support personnel. There was also a consulting biochemistry lab which consisted of two people, on a normal forty-hour week, working on research grants and doing a few sophisticated clinical tests.

The chief of biochemistry was new at DMH. He had come to Graham with several requests from his technicians concerning longer lunch hours or shorter work days--all of which Graham had refused. He spent almost all his time either teaching or working on his research in the consulting biochemistry lab. The Ph.D. in chemistry appeared to run the laboratory.

Bacteriology: From a technical viewpoint, this was the showpiece laboratory. More than in the other labs, the work in microbiology--which involved planting specimens in culture media--was an art form. While the output of the hematology and biochemistry labs was sometimes criticized, the quality of microbiology's output was never questioned. The forty technicians and bacteriologists worked a five-day week, and because bacteriologists would not read anything that someone else had planted, delays sometimes developed over weekends.

The lab had a degree of fiscal independence that the other labs did not. Almost two-thirds of its budget came from a local foundation and another fifteen percent from contracts to perform work for Memorial Hospital. DMH paid for only that part of the lab's budget that was not supported by these outside sources.

The lab chief was one of the DMH's medical "statesmen." He stayed out of hospital politics and hospital administration, seemed always to have a good word for everyone, and made few demands of his own. When he did ask for something--such as a new piece of equipment--the request was invariably reasonable.

Pathology: Pathology, with about ninety people, was concerned with the analysis of disease. Its lab chief, who was to retire at the end of 1976, had earned a national reputation in anatomical pathology research. His fund-raising efforts had paid for most of the equipment in the building where the lab was housed, and his continuing success at acquiring research grants kept more than a dozen physicians working at the hospital, providing services for which the city did not have to pay. In return for these benefits and the high quality of his work, he expected to be given a budget and then left alone. No one on the Dover University medical staff, except the senior surgeons, ever set foot in the laboratory. Graham visited the area once, but discovered that most of the doors were locked and that keys were not available.

Blood bank. The blood bank managed DMH's inventory of blood and performed the simple tests necessary to dispensing that inventory properly. Nominally, one of the staff surgeons was the lab chief, but the bank was actually managed by a very pleasant and capable nurse.

The Free T-4 Incident

As he was developing the list of tests and becoming more familiar with the laboratories, Graham learned that almost \$150,000 in testing (ten percent of the total DMH lab budget) was being sent to labs outside the hospital. After securing a breakdown of these outside tests from the DMH accounting department (see Exhibit 2), he noted that over \$20,000 was being spent annually just to perform Free T-4 tests at

Memorial Hospital, Dover, where the biochemistry lab was run by a doctor who had recently left DMH. He asked several doctors why this was being done:

Their answer was something like, "Well, young man, this is a superior methodology being used by a superior laboratory. We've done it that way for three or four years, and it's really none of your business."

Rather than let the issue drop, Graham asked other doctors about the Free T-4 test. He discovered that there was a more advanced method of doing the test that could be set up in the DMH biochemistry lab for an initial cost of about \$20,000.

So, I went to my laboratory advisory committee (the group of doctors who advise me on the technical and medical aspects of the labs) and asked them if they thought it would be all right to switch to the new method. They said, "No." Then I went to biochemistry--since Free T-4s are basically biochemistry tests--and asked if he'd be willing to do them in-house. I was told that it was none of my business, that I wasn't a physician, that Memorial's method was much better, and that biochemistry reported to the department of medicine anyway.

I didn't buy it. I called an out-of-state friend who was a hospital administrator and talked to his clinical pathologist, and he convinced me that the new method was not only better, it was cheaper. He also said the Memorial Hospital method cost a lot less than they were charging us, which made me think our money was being used to support teaching and research over there.

I went back to biochemistry and said, "Will you do it?" But he wouldn't. So I talked to hematology, and he said he'd do it provided I gave him another \$15,000-a-year technician.

The Outside Testing Issue

In the midst of his efforts to resolve the Free T-4 issue and to compile a complete list of tests, Graham received a phone call from the city's auditor. The auditor, too, was concerned about the amount of outside testing. What was even more disturbing to him, many of the outside labs that DMH used were receiving more than \$2,000 in business. The law required that dealings of this amount be covered by a contract, and that these contracts be awarded on the basis of competitive bidding. None of DMH's outside sources were under contract.

In response to the auditor's prompting, Graham set out to learn, in

detail, how the process worked. He found that physicians who wanted a test performed by an outside laboratory filled out a four-part form and delivered it (together with the specimen) to the secretary of one of the medical staff (see Exhibit 3). (There were about ten or twelve secretaries throughout the hospital who processed these requisitions.) The secretary sent a messenger, with one copy of the requisition, to the invoice office where the requisition was assigned an invoice number, authorizing payment for the test. The invoice number was filled in on the remaining three copies, the secretary obtained a cab voucher, and the messenger delivered the specimen and two copies of the requisition, via cab, to the outside lab. The remaining copy stayed with the secretary and was eventually filed in the patient's record. When it had performed the tests, the lab returned the results and one copy of the requisition to the DMH secretary (who transmitted the results to the doctor) and retained the second copy for its records. Periodically, the lab submitted a bill to the DMH invoice office, listing all the tests it had performed by invoice number. The invoice office matched the numbers with its copies of the requisitions, paid the outside lab, and sent the requisition copies to the hospital's billing office, so the costs could be billed to patients and third-party reimbursers.

The system seemed to work reasonably well except for several problems. First, messengers from the outside labs who delivered test results (and sometimes picked up requisitions and specimens) often got lost in DMH and delivered material to the wrong location. Second, the invoice office's copy of the requisition frequently did not arrive in the billing office until long after the patient had been dismissed. Finally, there was no way for the invoice office to know if a test for which it was billed had actually been performed. It was standard practice for the invoice office to pay outside laboratory bills even if the invoice number could not be matched.

When a physician wanted a test done by one of the DMH labs, he obtained the specimen and filled out one of several different in-house, four-part requisition slips, depending on which lab did the test and what test it was (see Exhibit 4). He then "stamped" the requisition with the patient's name and hospital number. One copy of the requisition stayed in the doctor's department for inclusion in the patient's record, and three copies, together with the specimen, were sent to the laboratory where the test was performed. The lab kept one copy of the requisition, sent one back with the test results, and sent the third to the DMH billing office so the patients and third-party reimbursers could be billed. (Instead of doing the work themselves, physicians could simply ask that a test be performed. In that case, a technician drew the specimen and a secretary filled out the requisitions.) The only substantial problem in this procedure occurred when a physician failed to provide the patient's name and number, or did so illegibly, so that subsequent billing was impossible.

Graham discovered several reasons why physicians sent tests to outside labs:

Sometimes the senior staff just decided that it made sense to use tests we couldn't or hadn't been performing. We also had some senior staff who ran laboratories outside DMH, and they might say to the house officers, "When you need an Australian antigen, send it to my lab, because I know they do it the way I like it done." They might even ask--as they made their rounds with the house staff-- why Australian antigen tests hadn't been ordered for some patients and direct that they be ordered.

A lot of other tests went out because the physicians thought our labs did poor work or because they'd had a fight with the lab chief. The head of hematology had chewed out a lot of interns and residents for criticizing, so they tried to avoid his lab. Sometimes a fleeb (the person who draws the blood sample) would mix up specimens, so a physician would get wildly fluctuating results and conclude it was because the lab wasn't testing properly. Some of the newer interns and residents just didn't know what tests our labs could do.

Graham also discussed, with several house physicians and lab chiefs, the issue of contracting for outside laboratory services. They were all adamantly opposed to the concept.

City Hall had suggested that we give all the outside work to one laboratory, but there were some reasons why this didn't make sense. If you go to the lowest bidder, you may get someone with poor quality control. Then, once they've got your contract, they may begin to cut corners or reserve their fastest service for other customers. We also were using some small specialty labs that were doing work for us almost as a favor, and the price at a big lab under contract would almost certainly be much more.

I told all this to the auditor, but he wouldn't budge. He wanted everything over \$2,000 under contract. He didn't care about the difficulties, and he didn't care if it cost more money. Those were my problems. He just wanted to satisfy the legal requirements for a contract.

Exhibit 1

DOVER MUNICIPAL HOSPITAL

Sample of Completed Test Inventory Form

LAB: Central Hematology

1. LAB TEST NAME:

White Blood Count (WBC)

2. WHAT IT DOES (WHAT IS ITS PURPOSE? WHAT DOES IT TEST FOR? WHAT SAMPLE (BLOOD, URINE, ETC.)? IS IT A COMMON TEST?):

Very Common Test

Blood Sample

Test For:

Infection - Leukemia - Surgical conditions

3. HOW MANY TESTS ARE DONE PER YEAR?:

85,000

4. IS IT PART OF A LARGER TEST (i.e., CBC, SMA 12)?:

Yes (CBC) - Usually done on Coulter Counter

5. CHARGE OF THIS TEST AS OF 8/25/76:

Manually - \$ 4.00

Coulter - \$10.00

6. COST OF THE TEST AS OF 10/1/76:

\$0.50

7. AUTOMATED OR MANUAL TEST (BATCHES OR INDIVIDUAL)?:

Either - Automated = 95%

Manual = 5%

8. HOW LONG DOES IT TAKE TO PERFORM?

Coulter - 45 seconds

Manually - 10 minutes

9. EMERGENCY NATURE OR ROUTINE (HOW QUICKLY IS IT NEEDED)?:

Either

Exhibit 1 (continued)

10. WHAT REAGENTS AND EQUIPMENT ARE USED TO PERFORM THIS TEST?:

REAGENTS: 2% Acetic Acid - Manually (unopette)
Isoton - Lyse S - Coulter

EQUIPMENT: Microscope - coverglass - counting chamber - Tally
counter (manually)
Coulter models

11. THE HOURS THE TEST IS OFFERED (WHAT IS THE TURN-AROUND TIME)?:

24 hours
STAT Turn-Around Time - 30 minutes or less

12. PROCEDURE USED TO PERFORM THE TEST (i.e., RADIOIMMUNOASSAY, ETC.):

Manual Unit Count by Hand
Particle Count on Coulter

13. WHO TAKES THE SPECIMEN? WHAT CONTAINER IS USED? HOW IS IT TRANSPORTED?:

Phlebotomist - Lavender Top Tube (EDTA)
By hand by tech - messenger service - pneumatic tube

14. AMOUNT OF SAMPLE REQUIRED:

At least half-filled Lavender Top Tube

Exhibit 2

DOVER MUNICIPAL HOSPITAL

Summary of Outside Laboratory Tests for January, 1976

| <u>Test</u> | <u>Number of Tests</u> | <u>Price</u> | <u>Total</u> |
|-------------------------------------|----------------------------|--------------|--------------|
| Ag Titer to Crystococcus | 3 | \$ 20.00 | \$ 60.00 |
| Alcohol Level * | 42 | 16.00 ** | 672.00 |
| Alkaline Phosphatase-Fractionated * | 2 | 10.00 | 20.00 |
| Alpha Fetoglobulin | 2 | 11.00 | 22.00 |
| Amino & Organic Acids | 1 | 10.00 | 10.00 |
| Aminophylline Level | 1 | 23.00 | 23.00 |
| Analysis of Kidney Stone | 2 | 9.50 | 19.00 |
| Analysis of Urinary Calculus | 2 | 9.50 | 19.00 |
| Anti-Mitochondrial Antibodies | 1 | 16.50 | 16.50 |
| Anti-Smooth Muscle Antibodies | 1 | 16.50 | 16.50 |
| Anti-Toxoplasma Antibodies | 1 | 18.00 | 18.00 |
| Australian Antigen (H.A.A.) | 77 | 4.75 | 365.75 |
| Barbiturate Level | 3 | 16.50 | 49.50 |
| Calcium * | 64 | 6.50 | 416.00 |
| Carcinoembryonic Antigen | 11 | 30.00 | 330.00 |
| Catecholamines | 1 | 16.00 | 16.00 |
| Chromosomes | 1 | 100.00 | 100.00 |
| Cortisol * | 12 | 20.00 | 240.00 |
| CPK - Fractionated * | 1 | 8.00 | 8.00 |
| CPK - Isoenzymes * | 22 | 19.50 | 429.00 |
| Digitoxin Level * | 1 | 25.00 | 25.00 |
| Digoxin Level * | 19 | 21.00 ** | 399.00 |
| Dilantin Level * | 20 | 25.00 ** | 500.00 |
| Dilantin & Phenobarb Level | 1 | 25.00 | 25.00 |
| Drugs of Abuse | 1 | 35.00 | 35.00 |
| Elavil & Thorazine Level | 1 | 20.00 | 20.00 |
| Estradiol Level * | 13 | 38.00 ** | 494.00 |
| Fats * | 1 | 6.00 | 6.00 |
| Febrile Agglutinins | 1 | 10.00 | 10.00 |
| Fluorescent Treponema Antibodies | 1 | 9.00 | 9.00 |
| Free T-4 * | 90 | 18.00 | 1,620.00 |
| FSH * | 15 | 22.00 ** | 330.00 |
| Gamma Glutamyl Transpeptidase | 1 | 10.00 | 10.00 |
| Gastrin Level | 5 | 22.00 | 110.00 |
| Histoplasma Compliment Fixacion | 1 | 29.25 | 29.25 |
| Immunoglobulin E | 1 | 15.00 | 15.00 |
| 17-Ketogenic Steroids * | 1 | 18.00 | 18.00 |
| 17-Ketosteroids * | 1 | 12.00 | 12.00 |
| Lap Stain * | 1 | 5.00 | 5.00 |

* Can be performed at DMH.

** Average cost.

Exhibit 2 (continued)

| <u>Test</u> | <u>Number of Tests</u> | <u>Price</u> | <u>Total</u> |
|-------------------------------|----------------------------|--------------|--------------|
| Latex Fixation * | 1 | \$ 11.00 | \$ 11.00 |
| Leucine Amino Peptidase | 1 | 5.00 | 5.00 |
| LH | 15 | 22.00 ** | 330.00 |
| Lithium Level | 1 | 9.00 | 9.00 |
| Luteinizing Hormone | 1 | 19.50 | 19.50 |
| Mercury Level * | 2 | 6.00 | 12.00 |
| Metanephrine | 1 | 20.00 | 20.00 |
| Myoglobin | 1 | 10.00 | 10.00 |
| Mysoline Level * | 2 | 18.00 ** | 36.00 |
| Parathyroid Hormone | 13 | 49.50 | 643.50 |
| Phenobarb Level * | 2 | 16.50 | 33.00 |
| Phenothiazine Screen | 1 | 3.50 | 3.50 |
| Phosphorus * | 2 | 4.40 | 8.80 |
| Pregnanetriol | 13 | 23.00 ** | 299.00 |
| Progesterone * | 15 | 24.00 ** | 360.00 |
| 17-OH Progesterone | 3 | 25.00 | 75.00 |
| Prolactin Assay * | 13 | 30.00 | 390.00 |
| Protein Analysis * | 1 | 38.50 | 38.50 |
| Protein Electrophoresis | 1 | 24.00 | 24.00 |
| Rast Profile | 1 | 70.00 | 70.00 |
| Renin Level * | 16 | 25.00 | 400.00 |
| Rubella | 18 | 8.00 | 144.00 |
| Salicylate Level * | 1 | 5.00 | 5.00 |
| Semen Analysis | 1 | 10.00 | 10.00 |
| Sensitivity to 5 FC | 1 | 15.00 | 15.00 |
| Sub B Unit Level | 1 | 21.00 | 21.00 |
| Sweat Test * | 1 | 35.00 | 35.00 |
| Tegretol | 1 | 18.00 | 18.00 |
| Testosterone * | 16 | 32.00 ** | 516.00 |
| Testosterone Doxycortisol | 1 | 20.00 | 20.00 |
| Theophylline Level | 10 | 12.00 | 120.00 |
| Toxic Screen (blood) | 70 | 13.00 ** | 910.00 |
| Toxic Screen (urine, gastric) | 35 | 13.00 ** | 455.00 |
| Valium Level * | 2 | 15.00 | 30.00 |
| Zarontin Level | 1 | 15.00 | 15.00 |
| | 690 | | \$11,634.30 |

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Exhibit 3

DOVER MUNICIPAL HOSPITAL

Requisitions for Outside Laboratory Tests

DATE

NAME OF PATIENT

HOSPITAL NUMBER MEDICAL SERVICE WARD OR CLINIC

USE ADDRESSOGRAPH PLATE OR PRINT LEGIBLY

REQUISITION FOR SPECIAL LABORATORY TESTS

INDICATE SOURCE OF REQUEST:

OPD EMERGENCY FLOOR PED WALK-IN HOUSE PATIENT

| INDICATE IN WRITING LAB DESIRED | SERVICE ORDER NUMBER | TEST NUMBER | ESTIMATED COST |
|------------------------------------|-------------------------|----------------|-------------------|
| | | | |

| | |
|-------------------------------------|------------------------------------|
| ATTENDING PHYSICIAN - EXTENSION NO. | AUTHORIZED BY DIRECTOR/ASSOC. DIR. |
| SPECIMEN SUBMITTED | TEST DESIRED - DO NOT ABBREVIATE. |

• DIRECTIONS •

Specimen containers must be properly labeled with patient and hospital identification prior to being granted a requisition no.

Requisitions must be authorized with the signature of the director and/or the associate director.

Requisitions must be brought to the third floor, administration building, where a service order no. and a test no. will be issued and logged and each copy will be identified with these numbers.

House officers are not to deliver specimens to labs in person, however it is incumbent upon them to specify the lab to which the specimen is to be sent.

LABORATORIES ARE NOT TO ACCEPT SPECIMENS WITHOUT AN AUTHORIZED SIGNATURE AND PROPER NUMBER IDENTIFICATION ON THE REQUISITION.

All specimens must be properly addressed for pick-up and left at the center desk, main administration building, by 10:30 a.m. each day, Monday through Friday, exclusive of holidays.

CITY OF DOVER - DOVER MUNICIPAL HOSPITAL - 900 WASHINGTON STREET

Exhibit 4

DOVER MUNICIPAL HOSPITAL

Samples of Requisition Forms for Tests Performed in DMH Laboratories

LABORATORY COPY

DOVER MUNICIPAL HOSPITAL
Dover, Delaware

FORM 1-1076

| | | | | | |
|----------------------------------|-----------------------|-------------------------------------------------|--|-----------------------------|--------------------------|
| <small>IN-PATIENT</small> | <small>CLINIC</small> | <small>INSURANCE CO & POLICY NUMBER</small> | | | <small>DATE</small> |
| <small>FORM COMPLETED BY</small> | | <small>PHYSICIAN REQUESTING</small> | | <small>DATE DESIRED</small> | <small>HOSP #</small> |
| <small>DIAGNOSIS</small> | | | | | <small>NAME</small> |
| <small>REPORTED BY</small> | | | | | <small>STREET</small> |
| | | | | | <small>DATE DONE</small> |

| TEST NAME | UNIT | ROUTINE | STAT | BLOOD COLLECTION TIME |
|-----------------------------|-----------------------|--------------------------|--------------------------|-----------------------|
| <small>CREATININE</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>BUN</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>RANDOM SUGAR</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>SODIUM</small> | <small>mEq/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>POTASSIUM</small> | <small>mEq/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>CHLORIDE</small> | <small>mEq/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>CO2 VENOUS</small> | <small>mEq/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>LT VENOUS</small> | <small>mmHg</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>PT VENOUS</small> | <small>mmHg</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>OSMOLALITY</small> | <small>mOsm/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>CITICUM</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>MAGNESIUM</small> | <small>mEq/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>PHOSPHORUS</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>URIC ACID</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>ALBU-MIN</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>FBS</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>ACTIVIN</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>LITHIUM</small> | <small>mEq/L</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>BARBITURATE</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <small>SALICYLATE</small> | <small>mg/dl</small> | <input type="checkbox"/> | <input type="checkbox"/> | |

LAB USE ONLY

DOVER MUNICIPAL HOSPITAL

FORM 1-1076

| | | | | | | | | |
|----------------------------------|-----------------------|-------------------------|-------------------------------------|--------------------------|---------------------------|-----------------------------|-----------------------|-----------------------|
| <small>IN-PATIENT</small> | <small>EGU</small> | <small>PRIV AMB</small> | <small>OPD</small> | <small>EMER ROOM</small> | <small>EMP HEALTH</small> | <small>BIOPSY</small> | <small>RESID</small> | <small>STUD</small> |
| <small>FORM COMPLETED BY</small> | | | <small>PHYSICIAN REQUESTING</small> | | | <small>DATE DESIRED</small> | | |
| <small>DIAGNOSIS</small> | | | | | | | | |
| <small>PRO</small> | <small>FILE</small> | <small>RBC</small> | <small>MCV</small> | <small>MCH</small> | <small>MCHC</small> | <small>PLT</small> | <small>HGB</small> | <small>HCT</small> |
| <small>WBC</small> | <small>DIF</small> | <small>TRIC</small> | <small>PT</small> | <small>PTT</small> | <small>APTT</small> | <small>INR</small> | <small>ACT</small> | <small>TURB</small> |
| <small>RETIC</small> | <small>SM</small> | <small>SM</small> | <small>SM</small> | <small>SM</small> | <small>SM</small> | <small>SM</small> | <small>SM</small> | <small>SM</small> |
| <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> | <small>PLASMA</small> |

| | | | | | | | | |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> | <small>HEMATOCRIT</small> |
| <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> | <small>PLATELET</small> |
| <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> |
| <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> |
| <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> |
| <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> |
| <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> | <small>HEMOGLOBIN</small> |

SUPPLEMENTARY STUDENT MATERIAL
FOR
CASES ON
THE MIDDLE-LEVEL LINE MANAGER

John R. Russell, Principal Investigator
Public Management Program
School of Management
Boston University

270

Supplementary Student Material
For
Cases On
The Middle-Level Line Manager

Contents

Gerry Corbett (B) and (C)

Adrian Dove (B)

Summerthing (B) and (C)

Cincinnati Neighborhood Clinics (B) and (C)

GERRY CORBETT (B)¹

After the one o'clock meeting on her first day as Assistant Manager of the Finance Bureau, Gerry Corbett spent most of the afternoon in Dave Rossiter's office.

Dave told me a lot. I got along with him very well right off. I just went in and asked him questions. We stayed talking late because I had to learn from him. He was the only person to learn from. He knew that, and I knew that. We both knew that we had to get along with each other. And Dave seemed to feel that he had to support me as long as I would support him.

Rossiter described a series of departmental layoffs and transfers that had taken place recently in response to a state-wide cost cutting effort. In September, Matt Turner had cut the Finance Bureau's salary costs by 22 percent, with layoffs and demotions of personnel to their permanent civil service grades. Rossiter explained that many of the most productive workers had been dismissed and the least productive retained because they were protected by permanent civil service status and seniority. In the aftermath, up to half of the employees classified as "accountants" at grade 16 were doing clerks' work because their skills were obsolete and they often resisted working with the computer. Able clerks were being forced to do accountants' work because there was no one else.

Rossiter also told Corbett of two important physical changes that had taken place in the office within the past two weeks: Rob Miller, who came into the area where the clerks and accountants worked, had had sixty-five file cabinets shipped to the Blue River facility. In addition, he initiated a major rearrangement of desks in the office. Corbett recalled:

Miller didn't even have the papers labeled and removed from the file cabinets and put in temporary files in Blue River. So we lost the use of all those cabinets, and file cabinets are hard to come by. The height of it all was that Miller literally had people's desks moved during lunch hour, without even telling them before lunch that they were going to come back and find

¹Names and locations have been disguised.

This case was prepared by Delia O'Connor, Research Assistant, under the supervision of Professor John R. Russell of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

their desks in different places. They'd moved them without any regard to the fact that some of those people had been sitting in the same spot for ten years. No wonder Dave said there was a feeling of "us" and "them."

According to Rossiter, Laura Daniels had been treated as a "supervisory nonentity" since Turner had arrived at DoW. She was almost never included in meetings and seldom knew about procedural changes in her department until they were implemented. Daniels was a black woman, in her fifties, who had been secretary to a former manager of finance and had been appointed to head the Accounts Unit by St. Clair's predecessor. She had a vast and detailed knowledge of welfare department policy, procedures, and history, but lacked supervisory skills. She had no use for her new bosses. Before their arrival, she had been a "big wheel" in the Finance Bureau, and some employees she supervised seemed displeased because she was not treated with more deference. If Turner or Miller issued a new set of directives that the employees thought would not work, some clerks in the Accounts Unit still followed them exactly, in an act of passive sabotage.

Rossiter confided to Corbett that he was demoralized by his current job status. He had been hoping to become manager of finance, but when Turner came to DoW from Budget and Management, that aspiration had collapsed. Still, a few months before Corbett's arrival, Rossiter had been appointed deputy assistant manager of finance by Turner and St. Clair. During that period, he had been responsible for many of the "sixteen tasks" that Turner had presented Corbett that morning. Rossiter had also been fielding about twenty telephone inquiries daily on various fiscal matters, and was, because of his knowledge of the relevant payment systems, representing DoW in three court cases regarding disputed reimbursements to providers.

After being made deputy assistant manager of finance, Rossiter had repeatedly requested at least one assistant to help him with Turner's project list and to answer incoming questions while Rossiter was away in court. According to Rossiter:

I am sure if you asked St. Clair or Turner, they'd say I couldn't handle my job. They're always telling me, "Dave, you've got to take the bull by the horns." I was supposed to go out there to the Accounts Unit and say, "Hey, you, you're not busy. Come in here and be my assistant for the day." They seem to think that all the people in the Finance Unit and the Accounts Unit are interchangeable. During the cutbacks, I lost some typists in the paymaster unit, and Turner and Miller thought I should take the accountants I wanted to fire anyway and make them typists. They thought it was stupid when I pointed out that these accountants couldn't type.

Rossiter had been called in the Friday before Corbett's arrival and told by Turner that his appointment as deputy assistant manager of finance had been a mistake and that he would now revert to his

previous job title. Gerry Corbett would be arriving on Monday to be assistant manager of finance.

Laura Daniels and several other Finance Bureau employees had also been called to a meeting in Turner's office that Friday. Corbett's hiring had been announced and her responsibilities, including those in the Accounts Unit, outlined. Daniels' new role had not been mentioned; and after the meeting, a rumor spread around the Finance Bureau that the Accounts Unit was being taken away from Daniels.

When Corbett asked about the back payments issue and Katherine Whist's memo, Rossiter replied that the legislature had not appropriated enough money to pay all the bills that Rossiter knew remained to be paid. He elaborated:

The first answer to Whist's request for an update on the back bills was that paying them off required \$70 million, not the \$55 million appropriated. Soon after we got the money, I knew we could never pay all those bills. We had to revise the figures to confirm the governor's statement that he would never again have to come back for more money to pay off those back bills. I did about five different drafts of a letter reporting on how we would deal with the situation. There were some immediate demands from vocal vendors like nursing homes who said, "Hey, where's our money?" And we were paying those. We very quickly spent about \$27 million, leaving about an equal amount of money to spend but with \$40 million in demand. The correspondence to the governor's office asked how we should settle with the other vendors--try to reduce our payments or just not acknowledge the bills from the doctors and dentists? Before we got too far down the road, someone had to decide how to stretch \$27 million to cover \$40 million in back bills.

It seemed to Corbett from their discussion that Rossiter might be the only one in the Finance Bureau willing to stick his neck out and make suggestions. Apparently, he was handling all the knotty problems in every area except budget, but he was clearly having difficulty. She thought the problem might be as follows:

Turner didn't have any appreciation of how long it takes to accomplish a lot of things. He would demand something yesterday that was basically a six-weeks project. And Dave was very methodical. He would never do a "quick and dirty" to get Turner the information he needed fast. When Turner asked for something, he wanted it yesterday, and he wanted it perfect. Dave, being the methodical accountant type, would do it to the dollars and cents and give you all the details, but there would be no way he could get it to you fast.

So Dave's desk kept being piled higher and higher and his frustration level was going up, too. There just wasn't any dialogue between him and Turner.

GERRY CORBETT (C)¹

After her graduation from the Harvard Business School, Gerry Corbett, the new assistant manager of finance at the New Connaware Department of Welfare, had wanted to find a job in health, education, or government; but advisors recommended that, as a female and a Harvard graduate, she should first gain experience in private industry. As a compromise, she took a job in the Brewster office of a national public accounting firm, a position she located through a contact in state government.

Well, Harvard Business School . . . a woman . . . making more money than most of the people on the staff at starting levels, and on up two or three levels . . . working for a New York partner. None of this sat too well. The partner managing the Brewster office was rip_____ about this broad who was in his office, charging her time to New York on special projects, and not being productive for him. From the beginning on through my two years, I was resented thoroughly.

For two year I put up with that _____. The last job I was on, I think was carefully picked to entice me to leave. The guy I was working for, the first Friday, he threatened to send me back to the assignments department, saying he didn't want me back on his job on Monday. And I talked it over and said, "Now look, give me another chance." He was from [another large accounting firm] in Pittsburgh, and he's done nothing but manufacturing business, and here we were doing trusts and estates, and that was my business! I knew what was going on, and he knew nothing about it. And he didn't know how to deal with people, and I wasn't in the mood to deal with him.

Corbett soon decided to stay with the accounting firm only for the two years that were required to qualify for the certified public accountant's exam. At the end of August, 1975, she resigned with three weeks' notice, just enough to complete the eligibility period.

I didn't even call the guy I was working for, because I wouldn't speak to him. I wouldn't speak to him to

¹Names and locations have been disguised.

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this day. I was so demoralized and so upset that I didn't do a very good clean-up job; I left a bad taste in that guy's mouth, but I figured, "Screw it, what the hell!" And I left.

I had a job coming up that I was interested in, a small private school where I could do it all by myself, completely on my own. I could serve the client as I felt the client ought to be served.

The new job was as director of admissions at Hemlock Knoll Junior College, a position offered to Corbett by the college's president, Arthur Christoff. Christoff, who was relatively new at Hemlock Knoll himself, was already at odds with the board of trustees. Corbett's staff consisted of a financial aid director, an associate director of admissions, two secretaries, and an assistant director of admissions, who resigned the day after Corbett was offered the job of director.

The associate director of admissions obviously didn't get along with Art, and Art wanted me to fire her. But with her having been there thirteen years and my having no admissions or management experience, I didn't think I could.

During the next few months, Corbett tried to give Christoff strong support in his battle with the trustees, and her relations with the associate director became increasingly strained. In the winter, Christoff was fired and replaced; and the associate director of admissions embarked on a recruiting swing through South America, a trip that Corbett thought extravagant and had refused to authorize.

I figured they weren't going to ask my opinion on major decisions, what did they need me for? I had been Art's administrative appointment; and with him gone, I figured my time was limited. When I offered my resignation, effective at the end of June when my contract was up, the new acting president asked me to be out of there by that Friday, which I wasn't ready for. I asked her if I could stay through graduation the next week and then disappear, which is what I did.

Corbett took the summer off. As her money dwindled in the fall, she found jobs as a temporary secretary through several employment agencies in Brewster.

I had decided that just in case I had trouble finding a job, I'd better apply for unemployment. And being a Harvard Business School graduate and having the work ethic, it was hard enough even to decide to go apply. And I had to go back every week to sign up!

Corbett received two unemployment checks in September. Meanwhile, she looked seriously for a job.

I had to start working, so I got the Sunday Sentinel and looked through the Want Ads. I had contacts around. I thought, well, maybe I ought to go back into finance, now that I'm a CPA. I made a couple of calls to some agencies that I got out of the Yellow Pages. I came across a place that dealt with financial and accounting executives and saw a placement specialist there, who thought I was marketable, and said he could find me a job.

The executive placement agencies sent Corbett on three interviews in the next two weeks. On the days she didn't have an interview, she worked as a temporary.

And then at church on Sunday morning, I ran into one of the guys at the Department of Welfare, someone I had worked with the summer between my years at Harvard when I had a job with the state. He said, "You really should talk to Matt Turner [Manager of Finance at DoW]. Call this guy, Don Dunbar."

On Monday, the placement agency sent Corbett to an interview with a Cambridge firm, where she accepted a job at 9:30 Wednesday morning. At 11:00 a.m., Wednesday, Dunbar called and asked her to come down to DoW to talk to them. She explained that she had just accepted another job; but as a courtesy to her friend who had promoted her candidacy at DoW, she agreed to go for the interview.

I went in at 2:00, and they had a meeting at 3:00, which Matt Turner brought me to. It was very strange to be brought from an interview into a meeting that was going on in the commissioner's office. And add to that, that I had already accepted another job. Prior to this meeting, they were all singing the praises of [Commissioner] Harry St. Clair, who is a very impressive guy. They were all saying what a superb person he was to work for, and blah, blah, blah. And I thought, what are they all talking about Harry St. Clair for? He's the commissioner. I'm not going to see him ever. I'm going to work with these guys, and who are they?

After the meeting was over, they left me in St. Clair's office for about fifteen minutes, and he and I had a very, very nice interchange. I was very impressed with him, as they told me I would be. He was a finance type, suspenders and all. And that was my world. That was where I really wanted to be, and here it was in the Department of Welfare.

The welfare department offered Corbett the job on Thursday. Her other job was supposed to begin on Monday.

ADRIAN DOVE (B)

In his first few months as director of the Mayor's Office of Small Business Assistance, Adrian Dove moved quickly to solidify his precarious position, while setting in motion longer-term institutional development. He quickly identified his major sources of exposure. A generally conservative and suspicious city council held the key to all future federal or city funds for Dove's program, as well as to any amendments to the city's ordinances or charter. An ingrown, homogeneous procurement bureaucracy resisted changes in the city's purchasing procedure and controlled much of the information about city purchasing. An overexpectant minority business community -- represented primarily in the Mayor's Advisory Committee on Small Business -- threatened to vent its frustrations and impatience to the embarrassment of the mayor and the delight of the program's opponents. And the federal Office of Minority Business Enterprise (OMBE), Dove's funding source, was putting increased pressure on Dove to produce quantifiable results, reflecting, perhaps, resentment toward or suspicion of Mayor Bradley in the OMBE regional office.

Staffing

Dove immediately hired a personal secretary and an administrative assistant (both black females) from civil service lists. Turning his attention to his two "professional" positions, he decided that his second-in-charge should be an "insider" with considerable practical knowledge of City Hall. He found such a person in Irving Ostrow, a staff assistant to Mayor Bradley, who had held several positions in city government in the past few years. Ostrow had a quiet, unassuming style and a thorough training in city administrative procedures, both of which equipped him admirably to work with the city's procurement officials on a day-to-day basis. As Dove had quickly grasped, changes in the city procurement system would not come with sweeping flourishes, but only one millimeter at a time.

Dove's appointment of an insider (and a white) as his second in charge tended to focus increased heat on his second professional staff appointment. He had decided that this position should serve a "business liaison" function and represent Dove in dealing with applicants for assistance and minority business associations. Various individuals came forward, demanding that he appoint a Mexican, or an Oriental, or an American Indian, or a woman. With only one position to satisfy so many conflicting demands, Dove decided to throw the decision to his advisory committee.

This case was prepared by Associate Professor Colin S. Diver of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

The Advisory Committee

Dove learned one day early in his tenure that the advisory committee had decided to hold a rump session to air the cumulative frustrations of its members. Many had grown increasingly impatient at the lack of action prior to Dove's arrival and, after Dove's appointment, felt that he was ignoring them. Dove decided that he had to take the initiative. The program faced enough obstacles without having to heal a major public rift within its central constituency:

So I decided to define a whole new role for them. I just kind of crashed the meeting. They all sat down, the door opened, I just walked in. I knew they wouldn't say, "Get out." I counted on that. I walked in and said, "My secretary told me I was instructed to be over here, and I really appreciate everybody taking this time out of their businesses." And then I sat down, and I said, "I've got some ideas."

Dove's "ideas" were to organize the advisory committee into a group of subcommittees, each with a specific task. At Dove's suggestion, the committee formed subcommittees on staffing, budget, legal issues, oversight, and relations with the city council. The staffing committee was responsible for recruiting, interviewing, and hiring the final staff assistant on Dove's staff. Dove decided that he could afford to surrender his discretion in filling that job and accordingly made a commitment to hire whomever the subcommittee recommended. The subcommittees on budget and legal issues were given specific tasks relating to the formulation of a second-year budget and recommending changes in the city charter and ordinances, respectively. The subcommittee on oversight was charged with monitoring Dove's progress towards the objectives set forth in the grant application. And the subcommittee on council relations was the first step in Dove's concerted effort to establish support within the city council.

Relations with the City Council

Dove knew that the future of his program depended centrally on the extent of his support in the city council. The hesitancy of the council to support early stages of the minority business assistance program warned Dove that his future was still very precarious. Dove began his efforts to woo the council by utilizing existing contacts between members of his advisory committee and council members. Seeking to expand upon this base, Dove personally met with all of the city councillors. He realized that to many councillors the program was remote and alien because of its "minority" label. Seeking to overcome this distrust, Dove invited each member of the council to appoint one person to his advisory committee. Several councillors, including some of the program's early opponents, took up his offer, and the appointments afforded Dove ready lines of communication that he had previously lacked.

He was also careful in setting up his referral system to give top priority to referrals from councillors and to note the councilmanic district in which each business helped by his office was located (see Exhibit 1).

The Referral System

Dove found himself besieged with inquiries and requests from small and minority businesses. Most of them were requests which should have been addressed to some other source of help (for example, the OMBE-funded business development organizations), but which came to Dove because of Mayor Bradley's high visibility. Dove immediately perceived the need to develop a procedure for quickly and courteously referring these inquiries to the appropriate resource. With the aid of office volunteers, Dove compiled a catalog of small business assistance resources, by type of service and client group served, and developed an intake and referral system which could be operated by his administrative assistant or even a secretary, and kept careful track of referrals (see Exhibit 1).

Purchasing

The hardest nut for Dove to crack was, of course, the city purchasing procedure. He set about to make an impact on a number of fronts. The first step was to establish a base line and a reliable system for measuring progress. Since the city's procurement officers had no records of minority purchases, Dove compiled a list of small and minority firms, starting with lists compiled by the Small Business Administration and the State of California, checked and reviewed by volunteers in his office. He then convinced the purchasing agent to modify his bidder's list application form to enable applicants to indicate whether they were a small or minority-owned business. Finally, he dispatched volunteers to catalog, painstakingly by hand, all purchases from small and minority business within the past year.

At the same time, his office began to work with purchasing officials to design improvements in the automated management information system so as to permit such information to be gathered automatically. Plans were developed to modify the system so as to enable the city to generate reports on aggregate purchasing activities during a specified period of time, including total amount of purchases by commodity category, by amount of purchase, or by vendor status. A vendor status code was developed to identify all minority and small businesses. Many of these systems improvements -- particularly the capacity to report purchases by vendor status -- were designed to serve Dove's purposes, but others -- such as reports on purchases of common commodities by multiple agencies or on average delivery or payment times would assist the purchasing agent. Dove lent the support of his office to requests for funding these systems development efforts.

While he was setting about to build an information base, Dove was simultaneously working to impact upon purchasing procedures themselves. He felt that there was more "play" in the system than purchasing officials were willing to concede, and set about to find it. Largely through Irv Ostrow, he sought out areas of city procurement where greater flexibility existed, and found several. The purchase of professional services, such as those of architects and engineers, did not require competitive bidding, and Dove helped influence the placement of city contracts with several minority firms. Likewise, he discovered that there was wide latitude in awarding contracts for trucking services since all trucking rates were set at uniform levels by the State Public Service Commission, and price competition was, therefore, almost nonexistent. With Dove's help, a very large trucking contract was awarded to a consortium of minority truckers. But efforts to change purchasing procedures from the outside were difficult. A great deal of ultimate discretion still resided in the individual buyers, and Dove hoped to have an impact even there. He managed to assign a CETA employee from his office to the Supplies Department as a buyer trained for a brief period of time. Dove actively recruited minority students at local colleges to take the civil service examination for the vacant buyer position in the Supplies Department; and, in fact, a black was later appointed.

Legal Changes

Dove obtained a written, legal opinion from a private law firm to the effect that the city charter could be interpreted to permit a preference program for disadvantaged, local businesses for contracts less than \$5,000. Building on this argument, Dove's law student volunteers drafted an ordinance that would grant a _____ cent preference, in bidding for city contracts, to businesses _____ annual sales below a specified ceiling and owned primarily _____ citizens of Los Angeles. By expanding the scope of the preference to all _____, indigenous firms -- minority-owned or otherwise -- Dove hoped to appeal to the protectionist impulses of some of the conservative, white city councillors. At the time of the writing of this case, the proposal had yet to be submitted to the council for action.

Exhibit 1

ADRIAN DOVE (B)

OSBA Inquiries and Referrals

1975 - September 30, 1975

| SERVICES REQUESTED | % | RAW # |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----|-------|
| <u>Seeking Contracts</u> (Includes procurement of supplies, purchase of services or contracts, City, Fed. & other) | 41 | 105 |
| <u>Seeking Financial Assistance</u> (Includes loans, guarantees and/or investments from SBA, banks, MESBICS or packaging for same) | 20 | 52 |
| <u>Complaints</u> (Seeking removal of impediments created by City, Fed. & local governments or other) | 4 | 9 |
| <u>Seeking Management Services and Technical Assistance</u> | 17 | 44 |
| <u>Information</u> | 16 | 40 |
| <u>Other</u> | 2 | 6 |
| TOTAL SERVICES REQUESTED | 100 | 256 |

Exhibit 1 (continued)

| DISPCISIONS* | % | RAW # |
|----------------------------------------------------------------------|----|-------|
| <u>Appointments or Referrals to BDOs, CACs, and MECLA</u> | 28 | 90 |
| UTDA (2) | | |
| AANBA (10) | | |
| TELACU (10) | | |
| NEDA (12) | | |
| NEMA (16) | | |
| IMPAC (11) | | |
| ICBO (23) | | |
| PUC (1) | | |
| MECLA (0) | | |
| MCALA (3) | | |
| CAMAC (0) | | |
| LAEDC (2) | | |
| <u>Appointments or Referrals to SBA</u> | 4 | 12 |
| <u>Appointments or Referrals to City Purchasing</u> | 21 | 67 |
| <u>Appointments or Referrals With Regulatory Bodies</u> | 1 | 3 |
| <u>Appointments or Referrals to LA-FEB/MBOC</u> | 2 | 5 |
| <u>Appointments or Referrals to MESBICS or Banks</u> | 2 | 5 |
| <u>Placed on City Bid Lists</u> | 9 | 28 |
| <u>Enrolled in Tower Seminars</u> | 7 | 24 |
| <u>Letter of Introduction or Explanation or Support Sent</u> | 6 | 18 |
| <u>Meetings Set Up and/or Conducted for Resolution of Problem(s)</u> | 8 | 25 |
| <u>Counseled</u> | 13 | 43 |
| <u>Other</u> | 1 | 4 |

* In some cases there is more than one disposition or action in a single
 cc 15

Exhibit 1 (continued)

| Councilmanic District (& Council Member) | C A S E S H A N D L E D | | | |
|----------------------------------------------|---------------------------|------------|------------------|------------|
| | Residence of Ind. | | Location of Bus. | |
| | Raw # | % | Raw # | % |
| 1. (Nowell) | 2 | 1 | 2 | 1 |
| 2. (Wachs) | 5 | 2.5 | 4 | 2 |
| 3. (Lorenzen) | 1 | .5 | 4 | 2 |
| 4. (Ferraro) | 9 | 5 | 20 | 10 |
| 5. (Yaroslavsky) | 5 | 2.5 | 9 | 5 |
| 6. (Russell) | 9 | 5 | 12 | 6 |
| 7. (Bernardi) | 2 | 1 | 2 | 1 |
| 8. (Farrell) | 13 | 7 | 20 | 10 |
| 9. (Lindsay) | 6 | 3 | 18 | 9 |
| 10. (Cunningham) | 20 | 10 | 16 | 8 |
| 11. (Braude) | 1 | .5 | 3 | 1.5 |
| 12. (Wilkinson) | 1 | .5 | 1 | .5 |
| 13. (Stevenson) | 6 | 3 | 5 | 2.5 |
| 14. (Snyder) | 6 | 3 | 4 | 2 |
| 15. (Gibson) | 1 | .5 | 5 | 2.5 |
| SUB-TOTAL (All Council Dists.) | 87 | 44 | 125 | 64 |
| ADDRESSES OUTSIDE L.A. CITY | 62 | 32 | 39 | 20 |
| ADDRESSES UNKNOWN | 47 | 24 | 32 | 16 |
| GRAND TOTAL | 196 | 100 | 196 | 100 |

SUMMERTHING (B)

In April, 1968, Mayor Kevin White assigned his special assistant, Katharine Kane, to organize a city-wide summer arts festival in Boston's neighborhoods [see Summerthing (A)]. Kane was given an allocation of \$114,000 by the city and was committed to a program format that included major and minor performances in the neighborhoods plus local arts workshops. Except for her secretary, there were, as yet, no other paid employees working on the project. She described her early activities as follows:

What I did was "simultaneous" meetings -- with arts groups, theatre groups, music groups -- to get a sense of who they were and what kind of programs they could offer. I knew a lot of them anyway.

At the same time, I began to make contact with the neighborhoods. The neighborhoods were fairly clearly organized. I spent a great deal of time in April going out to the neighborhoods and trying to pull together arts councils. I wanted each neighborhood to select a coordinator. I started in the neighborhoods that I knew in my district, the North End and the South End. We had done this kind of organizing in the clean-up campaign, so I already had contacts. I worked very closely with the APACs, and many of the early coordinators came out of the APACs. In some cases, the APACs would call community meetings which included other groups -- people on their boards, church groups, multiservice center workers. There were usually twenty to twenty-five people there. I explained the whole concept. I explained it because I was the only one in the beginning. I told them there would be tiny amounts of money for the neighborhoods (not knowing what could be raised privately), maybe \$2,000 or \$3,000, that they could use for teachers and small performances and events. We would program other major events centrally. It was crucial that I could say, "The small budgets will be controlled by the neighborhoods. It's not very much, but we want you to get an arts council going, and select a coordinator."

This case was prepared by Delia O'Connor, Research Assistant, under the supervision of Professor John R. Russell of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

And I said, "I want suggestions from this group." In some cases, the APAC said it would provide one of its staff people, which was fine, if everyone thought that it was fine. In other cases, someone suggested a person from the area, or someone volunteered. In the North End, the APAC wasn't the dominant force, so we dealt with another local group. We kept after the neighborhood groups to pick their coordinators. I'd call back whoever was the contact and say, "Where are your names? Every other group is ahead of you!"

I went out every night to neighborhood meetings. I went to everything. There was no one else.

On April 10, Kane attended a meeting at the Roxbury APAC office to explain the arts festival to a group of people from the Roxbury, North Dorchester community. She made her presentation, pointing out that cultural events would no longer be the exclusive preserve of the rich and emphasizing that the festival, guided by the neighborhoods, could bring performers and workshops to Roxbury. As she finished speaking, some of the residents hollered, "We need jobs and housing." Others insisted that Roxbury, one of the city's poorest communities, should get a particularly large share of the festival budget. More than half an hour of acrimonious discussion ensued before Vincent Haynes, a seasoned Roxbury APAC leader, who had worked with Kane, succeeded in getting the meeting back on track. Kane repeated that the money for the festival was available, immediately, for the community to spend in its own way. The group chose Haynes to chair its arts council, which went on to pick a coordinator for the neighborhood festival. Kane elaborated:

The neighborhood arts councils sent their prospective coordinators to city hall, and they were reviewed by Gastrel Riley, who was hired as workshop coordinator after Adele Seronde recommended him.¹ We wanted each coordinator to be someone from the community, whoever they felt would work out. We weren't very picky. Almost all were connected one way or another with the APAC.

The coordinators were a mix. Mike Mansfield, in Charlestown, had lived there all his life. He had a wife and children and a background in recreation. For the first time in his life, he had to learn something about ballet.

¹Riley was a black in his early 30s who had worked as assistant director of the Upward Bound Program at Boston College.

Peggy McLeod at Columbia Point was a young social worker, lent to the festival by the APAC. George Davis, at 19 the youngest coordinator, lived in the Fenway where he was an arts student at Northeastern.

After the coordinators were chosen and put on the payroll at \$125 a week, they began to meet regularly at city hall -- gatherings at which major festival planning was done.

Kane realized that the structure she had chosen risked short-changing those neighborhoods that chose less effective coordinators. She watched these weaker coordinators closely and tried, through her own efforts, to make their programs as rich as the others.

During April, Kane hired several people, in addition to Gastrel Riley, for her central staff. Kal Novak, director of the South End Music Center, agreed to coordinate the selection and scheduling of groups for "major" performing arts events. John Sdoucos, director of Sdoucos Productions, Inc., a booking agency, was contracted to arrange the popular music performances at a fee of \$125 a week. Adele Seronde, assisted by Drew Hyde, would handle visual arts. Finally, a young man, Peter Golden, was brought aboard to manage the logistic details of lighting, sound, security, and so forth.

Festival Steering Committee

In addition to filling slots on her central staff, Kane also organized a festival steering committee made up of several city department heads. Many were chosen for reasons of tact and conciliation: It was not Kane's intent that the committee would play a very active role in selecting the festival's central staff, making crucial policy decisions, or helping with public relations or organizing neighborhoods. The committee included: Parks and Recreation Commissioner Tierney and his assistant for cultural events, Robert Gordon; Youth Opportunity Program Coordinator, Clarence (Jeep) Jones; the public relations director from the Office of Public Services (Neighborhood Service Centers), John Cloud; and the mayor's director of public celebrations, Nancy Huntington. Said Kane:

It was important to have total city support. I met with Commissioner Tierney, and we made arrangements to program the two showmobiles. So we knew we had some stages. We also agreed on scheduling the Children's Theatre as part of the festival. The assistant to the commissioner for cultural affairs was fired soon after we started. We didn't work with him much. He was disruptive and difficult. Nancy Huntington was very helpful in the beginning, but she had to leave for the summer.

In response to requests and cajolery from Kane and Kevin White's executive assistant Barney Frank, most city departments proved very cooperative. The coordinators were allowed to use a park department building and other municipal buildings and APAC offices, where they had access to free telephone and secretarial services, mimeograph machines, and supplies. The Metropolitan District Commission agreed to permit events at MDC skating rinks and parks without charge. The Police Department offered help in planning security for large events. Schools and churches in the communities agreed to house workshops.

Special Resource People

Crucial to the beginning of the festival were the special resource people who signed on during April and May. Elma Lewis, Director of the Elma Lewis School of Fine Arts, became an advisor, after Kane and Novak went to her house for several meetings. She agreed to loan the Playhouse in the Park as a site for major performances in return for a flag grant of \$5,000. Seronde began contacting other artists by mailing out her City as a Museum proposal with a cover letter (see Exhibit 1). Kane's personal friend, Smokey Bacon, continued to recruit and train scores of suburban volunteers to work on the craftsmobile. According to Kane, the festival was fueled by volunteers, and publicity (see Exhibit 2):

People just appeared. A film center was developed by David Pradell, a teacher in the Brookline public schools who had taught film-making for Upward Bound. There was a lot of publicity about the festival, so people just appeared. That was the way a lot of it developed.

If someone came in and wanted to do a puppet show, we'd present it to the coordinators; and they'd decide if they wanted to pick up on it. The plantmobile started like that; the idea of doing plants in the neighborhoods -- having window boxes. Likewise the African Theatre. The Theatre Company came up with the proposal to run it, working with black kids. The man who ran the jazzwagon, which was a super success, Joe Reiner, was somebody who volunteered his time. He came out of the South End APAC. Another person was the free-lance professional photographer, Dan McKain. He read a newspaper article in Cincinnati, where he lived, and offered to donate some equipment. He ended up teaching a workshop all summer. Muriel Kasden, whom I had known for years and who was involved in the White campaign, worked with me all summer on fund raising. She had a lot of contacts and a gift for scrounging. She got cameras and equipment donated from Polaroid and Kodak. Ruth Slavek really did wander in. She's somebody else I knew. She was interested in taking paintings out to the neighborhoods, so we tied that in with the craftsmobile.

There were an awful lot of people willing to do things for little or no money. There was a lot of volunteering. All the craftsmobile was volunteer. We were very receptive, because we wanted as much to happen as possible.

Teachers for the workshops were chosen by the neighborhood coordinators and the local arts councils and screened by Castrel Riley. Some neighborhoods like Brighton, Columbia Point, and Parker Hill eventually had over fifty volunteer teachers.

Public Relations

Lew Carter of Arthur Monks Associates, Inc., an old friend of Kane's from the clean-up campaign, was hired for a \$6,000 fee and given a budget of \$4,000 for the cost of materials. Monks set forth his strategy for a public relations effort in a memo to the festival's Media Advisory Committee (see Exhibit 3). The committee consisted of public relations directors from business and broadcasting. It met once to approve the contract with Monks and to endorse the festival name he had proposed to the coordinators -- "Summerthing." It was the end of April, and Kane's festival had a staff, a neighborhood organization, and a name.

Kane's Activities

Throughout April and May, Kane was involved in everything concerning the festival, from major decisions to the details of workshop planning and technical arrangements for stage productions. Questions occurred to her at any moment -- as she fell asleep, on the way to work -- and she wrote notes to her staff asking for the answers. She put a high premium on having information. Sometimes she wrote twenty notes in one day and left them on Castrel Riley's or secretary Lois Kuinian's desks. Staff members often answered in informal notes as well. Everyone used whatever method seemed quick and efficient. Occasionally, Kane prepared and distributed lists of the tasks each person was working on (see Exhibit 4).

Kane, Kuinian, Riley, and Novak all sat at desks within a few feet of one another. They talked over problems as they arose during the day, and the staff used Kane for everything from philosophical guidance to political muscle. This physical proximity also allowed Kane to maintain close control over the way in which her instructions were carried out. She never left the office without clearing her "In" box.

Neighborhood coordinators and community residents called Kane directly and frequently. She was the person they had seen first and the only one in the organization many of them trusted. Some of the coordinators spent much of their working time in the festival office. And at least every two weeks, all the coordinators and the control staff gathered at city hall for an official meeting.

Programming

By the end of May, planning for Summerthing's programs was well underway (see Exhibit 5). Arrangements were complete for "stationary" visual and performing arts workshops in nearly all the neighborhoods. Private donations and professional assistance had been pledged to support centrally-located workshops in film making and Black theatre. Participants in both would receive stipends from the Neighborhood Youth Corps. "Mobile" workshops (the plantmobile and the crafts-mobile) had been arranged, and Adele Seronde's murals program was ready to begin.

Kal Novak and John Sdoucas had scheduled forty "major" performances (one a week for eight weeks in five different locations). In addition to popular music, these performances would include shows by the Boston Ballet and Boston Philharmonia and a production of the Threepenny Opera by the Charles Playhouse. Smaller local events and performances were being selected by the neighborhood coordinators from a "menu" supplied by the central staff (see Exhibit 6) or from ideas generated by the communities, themselves. Said Kane:

John Sdoucas set up the big performances. The Boston Ballet I had meetings with because I was on their board. The ballet was an easy one. They would be using the five major sites. I contacted and met with the Philharmonia Orchestra to explain the concept. The Philharmonia agreed to do five performances at the major sites. Kal Novak was on the board of the Cambridge Opera Workshop, so he could talk to them. I had been on the board of the Charles Playhouse, too.

Fund Raising

With the help of Boston's corporation counsel, Herbert Gleason, Kane established the Boston Foundation as a vehicle for accepting contributions to Summerthing and giving them tax free status. She spent much of her time in April and May fund raising, visiting foundations and corporations like Polaroid. Sometimes she took Kal Novak, but she thought:

I was really the only one. I was the one with the total picture of the program.

By the end of April, she had secured pledges of \$12,500 from the Hyams Fund and \$25,000 from the Permanent Charities. Adele Seronde had won a grant of \$4,000 from the Massachusetts Council on the Arts for the murals project, and had approached the National Endowment for the Arts

with an amplified version of the City as a Museum proposal that brought in \$25,000. Other grants followed; and by the third week in June, Summerthing's "Promised or In-hand" budget stood at \$214,000 (see Exhibit 7). Seronde's friend, Muriel Kasden, had contacted many individuals who were potential donors, and Lew Carter had sent a fund solicitation letter to general mailing lists, including the names of people who had supported the old Boston Arts Festival (see Exhibit 8).

Budget

Kane developed a flexible program budget for Summerthing that could be adapted to different levels of success in fund raising (see Exhibit 9). She described the budget as follows:

We knew we were going to run for eight weeks because there wasn't time to start in June, and it seemed logical to go through July and August. The budget was open-ended; as we could see the money coming in, we were able to add on and do another couple of things. This was the kind of budget that could expand as new arts groups came in or new grants to pay for them. We could do more murals, or get 'Sam and Dave' [a popular music group] to come play. We knew what various arts groups would cost -- what it would cost to do five nights of the Ballet, or the Philharmonia. The salaries of the staff and coordinators were also fixed. The flexible parts of the budget were the neighborhood workshops and the popular music, where you could always add and cut.

The total neighborhood workshop budget of \$72,300 was allocated unequally according to population and need. There was a strong emphasis on responding to the lower income areas. We had help working out the allocation by looking at the distribution formula used by APAC. We wanted it skewed toward the inner neighborhoods.

The neighborhood budgets covered workshop teachers' salaries and workshop supplies. Coordinators were paid for centrally. Events that the neighborhoods planned locally (such as a battle of the bands or a teen dance) or requested from the menu supplied by the central staff were charged against that neighborhood's portion of the central budget for small performances. The location and times of all the small performances were determined by the coordinators. All check-writing and most payment was done by the central office, to which the neighborhood coordinators submitted vouchers.

The First Event

During the last week in June, Summerthing's workshops began to open around the city. Its major performances were scheduled to begin with a concert by the popular Motown group, "Smokey Robinson and the Miracles," on July 8. The eighth arrived; and Smokey's group, after playing for an enthusiastic, orderly crowd of 5,000 in South Boston, headed for Carter Playground in Roxbury, another of the five major sites, for the second show. Kane was also on her way there.

I could hear the crowd as we approached. You could hear it from blocks away, and I thought, my God, what is this? We hadn't realized we had reached so many people. Radio station WILD (with a primarily black audience) had played it up, and there was word of mouth. Masses of people came, about 20,000. We didn't have snow fences to keep them away from the stage, and the barricade lasted about two seconds. Then they were right up against our showmobile. The sound equipment wasn't adequate. The sound was traveling about twenty feet, and nothing is more maddening than not being able to hear. The kids just overran the stage, and we didn't have the security we needed. We whisked Smokey Robinson away.

Next morning, Boston's Herald-American reported:

Boston's "Summerthing" venture into culture opened with a bang last night in Roxbury -- five patrolmen were hurt, a civilian was run down by young toughs, buses were stoned, seven were arrested, at least one liquor store was looted, and windows were caved in here and there. It was the second successive night of unrest. Police placed much of the blame on roving gangs of teenage hoodlums who broke the quiet of a festival wrapup in Carter Playground, Columbus Ave. and Camden St.

And Mayor White commented:

If this is going to be the response [to Summerthing], it's going to be curtailed.

Exhibit 1

SUMMERTHING (B)

Adele Seronde's Letter

BOSTON SUMMER NEIGHBORHOOD ARTS FESTIVAL
MAYOR'S OFFICE CITY HALL
BOSTON, MASSACHUSETTS

Dear Artist:

If you are interested in the concepts of the enclosed "The City As A Museum" Proposal (which was offered to the BRA in January of this year), perhaps you would like to help us implement them this summer through the Boston Neighborhood Arts Festival. This will be a two-month Festival (July-August) in 14 neighborhoods of the city, directed by Representative Katherine Kane, with the full cooperation of the Mayor and City Council. It will have both short- and long-range programs, specifically:

- (a) One major performance in each of the performing arts in each of five city parks once a week.
- (b) Workshops for younger children in visual arts and crafts.
- (c) Community planned playgrounds--with help from Park and Recreation Departments--vest-pocket parks, with teenagers and older people making the playground equipment, benches, flower gardens and borders. Some teenagers are eligible for OEO funds when constructing specifically for the community.
- (d) Community planned projects, such as welding old cars into junk sculpture, and painting high wall murals.
- (e) Workshops in music, theatre, and dance.

We would be most grateful if you can contribute in any way. Please state your talents, what time you could be available, and at which places you would prefer to work, whether you can work as a volunteer or not.

Your response and imagination can pave the way for making exciting "total environments" in direct relation to dire community needs.

Sincerely,

Adele H. Seronde
Visual Arts Coordinator

May 10, 1968

Exhibit 1 (continued)

NAME _____

ADDRESS _____

TELEPHONE _____

PAID TEACHER (approximately \$100 a week) _____

VOLUNTEER _____

CAPACITY:

Painter: Indoor crafts _____
Outdoor murals _____
Other _____
Sculpture: Welder _____
Carpenter _____
Mason _____
Other _____

TIME AVAILABLE _____

PREFERRED NEIGHBORHOODS:

| | | | |
|-----------------|--------------------|----------------|----------------------|
| Charlestown () | Columbia Point () | Dorchester () | Roslindale () |
| East Boston () | South End () | Mattapan () | Jamaica Plain () |
| North End () | Roxbury () | Hyde Park () | Aliston-Brighton () |
| | West Roxbury () | | Downtown Boston () |

RETURN TO: BOSTON NEIGHBORHOOD ARTS FESTIVAL, c/o MRS. EMANUEL MIREL
12 Elba Street, Brookline, Massachusetts 02146

Exhibit 2

SUMMERTHING (B)

Excerpts from Boston Herald Traveler, May 27, 1968

HIRSCH ON THEATER

Lady Dynamo Masterminding Neighborhood Arts Festivals
By Samuel Hirsch, Drama Editor

Boston's visual and performing arts will be celebrated this summer in a unique series of neighborhood festivals sponsored by the city. For eight weeks, July 8 to August 31, mural painting, plays, folk, rock, and jazz, dance performances, block dances, opera, and pops will originate in local workshops and tour 14 neighborhoods in an effort to prove that the arts can make life more beautiful for summer city-dwellers.

Masterminding the implementation of Mayor White's plan is a slim, intense young woman with a prodigious amount of energy, idealism, and ability.

KATHERINE D. KANE, mother of three children ranging in age from six and a half to ten, is serving as a part-time assistant to the Mayor, working as Director of what they call the Boston Summer Neighborhood Arts Festival. She is also an elected representative from the Third Suffolk district and has served four years.

"I would like to stress that this is not a cool-it program for Boston, but a help-the-city-come-alive program," she said, looking chic and serious in a pastel spring suit at a luncheon in the Ritz-Carlton coffee shop. . . .

Exhibit 3

SUMMERTHING (B)

Proposal from Arthur Monks Associates, Inc.

20 May 68

TO: Public Affairs Advisory Committee

FROM: Arthur Monks

We are very pleased to have been selected public relations counsel to the Summer Neighborhood Arts Festival and look forward to the task because we believe strongly in the project itself and the good will it is sure to generate.

Here is roughly what we have in mind for a public relations approach to the festival at this preliminary stage.

Our most important job is to get the people to participate in the festival using the well-accepted means and tools of our trade for the dissemination of information. Secondly, because self-help is emphasized as an important aspect of this festival, we think that this should apply to public relations as well as the other areas within the program, and that the public relations firm should act as a guide and a teacher.

In terms of organization, we suggest: (1) we assign a staff person full-time to serve as over-all public relations coordinator-administrator; (2) a representative from each of Boston's participating neighborhood organizations be designated as Neighborhood Public Relations Coordinator; (3) formation of a committee of all such neighborhood coordinators to determine public relations goals and policies.

Areas of responsibility would be as follows: the Neighborhood Public Relations Coordinator would be responsible for executing a public information effort within his community to the extent of his ability. He would, of course, be aided by us whenever and however needed. His job would include promotion of all activities which affect his community only.

Our responsibility would include supervision of all public relations efforts but with emphasis on those projects that affect more than one neighborhood; promotion in the metropolitan, state, and national media of the festival; supervision and direct execution of public relations activities involving the city as a whole; and instruction, guidance, and support to the extent needed by the local coordinators. There are other areas of service; but we believe that these are the major ones.

I hope you agree with this preliminary approach and that we can count on your counsel and active support from time to time. We look forward to working with you all.

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Exhibit 4

SUMMERTHING (B)

Sample Task List

TO: Everyone

June 2, 1968

FROM: Kathy

We are all so swamped with work that I have been trying to see my way through to write down who is doing what. I also thought it might be helpful to you to see what everyone else is doing.

I. Kathy

1. Summerthing public relations, with Lew Carter. Opening press release, press conference June 4 at Franklin Sq. House.
2. Summerthing fund raising, including writing foundation proposals with Adele Seronde.
3. Summerthing Book (fund raising). Festival pictures and names of contributors.
4. Neighborhood coordinators.
5. Charles Playhouse.
6. Miscellaneous - whatever!

II. Kal

1. Contracts, arrangements with performing groups.
2. Musical instruments, rental.
3. Cambridge Opera Workshop.
4. Negotiations with Musicians Union.
5. Tickets for neighborhoods to performances.
6. New England Conservatory of Music

III. Gastrel

1. Review of workshop teachers.
2. Community requests.
3. New workshop ideas.
4. Neighborhood meetings.
5. Workshop materials.

IV. Adele & Drew

1. Playground at Columbus and Mass. Ave. Mural by Dana Chandler and Gary Rickson.
2. Follow-up on responses from volunteer artists.
3. Assistance to neighborhoods on arts projects/murals.
4. Children's murals.
5. Foundation proposals.
6. Museum of Fine Arts. Light show in garden?
7. Equipment from Boston Edison. Scaffolding.
8. Craftsmobile. Traveling art exhibit.

Exhibit 4 (continued)

V. Peter

1. Smokey Robinson concert, July 8. Equipment, traffic.
2. Showmobiles from Parks department. Maintenance. Spare parts.
3. Back-up technical crew. Addresses and home phone numbers.
4. Sound system and lighting for Summerthing events. Security.

VI. Lois

1. Office.
2. Books and budget/annual report.
3. Personnel records/insurance, etc.
4. Public inquiries.
5. City Hall exhibit.
6. Summerthing thank-yous.

VII. Lew

1. Newsletter.
2. Releases, contacts.
3. Public service announcements.
4. Slide show.
5. Posters/flyers, neighborhood support.
6. New African Theatre publicity.
7. Summerthing Book (fund raising).
8. Press inquiries.

To Sum Up

- I. Opening press release, press conference (Mayor) and Jazz Wagon performance - Kathy, Lew, Peter, Kal
- II. July 8, Smokey Robinson concert - Peter, John (Sdoucos), Kathy, Lew
- III. Fund raising - Kathy, Lew, (Murial Kasden)
- IV. Public Relations - Lew, Kathy
- V. Neighborhood programs/Workshops/Teachers - Gastrel, Kathy
- VI. Personnel - Lois
- VII. Vehicles and Technical - Peter, John
- VIII. Art - Adele, Drew
- IX. Photography and Film - Kathy
- X. Opera, Ballet, Philharmonia - Kal, Kathy
- XI. Charles Playhouse, Theatre Company - Kathy
- XII. Music groups/performers - Kal

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Exhibit 5

SUMMERTHING (B)

Partial Schedule of Events

The Boston Ballet: Mendelssohn's "Scotch Symphony" and the pas de deux from John Philip Sousa's "Stars and Stripes."

July 9 at Rogers Field, Brighton, 8 p.m.

July 12 at Blackstone Park, South End, 8 p.m.

July 14 at Playhouse in the Park, Franklin Park, Roxbury, 8 p.m.

The Boston Philharmonia Promenade Orchestra: Milhaud's "The Creation of the World" (jazzy), Strauss' "Emperor Waltz," and selections from "Porgy and Bess," "Man of La Mancha," and "The Sound of Music."

July 16 at Columbus Park, South Boston.

July 17 at American Legion Parkway, East Boston.

July 21 at Playhouse in the Park, Franklin Park, Roxbury.

The Boston Children's Theatre: "Wally's Secret Summer" and "Alice in Wonderland."

July 17 at Orchard Park Housing Project, Roxbury.

July 21 at D Street Housing Project, South Boston.

Battle of the Bands: Open to all bands. Winners receive a trophy and compete in the city-wide battle.

July 19 in Hyde Park.

Square Dancing:

July 10 at MDC rink, V.F.W. Parkway, West Roxbury.

Joe Williams: Jazz concert.

July 21 at Carter Field, South End.

Joan Baez: Folk concert.

July 30 in the Fenway.

Museum of Fine Arts Gala: Entertainment by "Indigoes," soul group which performs at Boston night spots. Sound and light show (strobe). Hundreds of helium balloons painted with dayglo paints.

July 31 at the parking lot near the museum's new wing, 8:30 p.m.

Charles Playhouse: Brecht's "Threepenny Opera." Modern, satirical play about transgressions of the moral code. The poor are organized into a beggars' union whose members are taught to act disabled and pitiful.

August 13 in South Boston.

August 15 in East Boston.

August 17 in the South End.

Boston Musicians' Band: Band concert.

August 14 at Townsend Street and Humbolt Avenue, Roxbury.

Exhibit 5 (continued)

Cambridge Opera Workshop: Kurt Weill's American opera, "Street Scene,"
about tenement families in New York City in the 1920s.

August 16 at Rogers Park, Brighton.

August 17 at American Legion Parkway, East Boston.

Boston Police: Canine unit exhibition.

August 17 at Postlindale Municipal Building, West Roxbury.

Barney Piper's Banjo Band: Old Timers' night.

August 17 at Harvard Mall, Charlestown.

New African Theatre: Play "Black is Beautiful."

August 19 in the Fenway.

Murals Project: Black artists Dana Chandler and Gary Rickson will
solicit neighborhood help in constructing a playground and painting
a mural. The mural will depict a white man hanging by the neck,
and black youths holding Molotov cocktails in a pictorial repre-
sentation of black pride and strong males.

July through August at the corner of Columbus Avenue and
Massachusetts Avenue, South End.

Drama Workshop: Presenting playlets "Here Come De Judge," "Cinderlouis,"
and "Cowboys, Indians, and Colored People."

July through August at the Orchard Park Housing Project, Roxbury.

SUMMERTHING (B)

Notice of Available Resources

CITY OF BOSTON
OFFICE OF THE MAYOR
CITY HALL BOSTON



KEVIN H. WHITE
MAYOR

3 June 1968

To: Neighborhood Coordinators

From: Katharine D. Kane

About: Other performances available for Neighborhood Art Councils to book, and other information on SummerThing (Festival)

1. Military Bands : Contact Col. Thomas Wright, National Guard Headquarters, Commonwealth Avenue, Boston
 - a) a National Guard Band is available on the following dates:
June 8, 9, 15, 16, 23, 29, and 30
August 3, 4, 10, 11, 17, 18, 24, and 25
 - b) A U. S. Army Band is available on the following dates:
July 21 and 28
September 7 and 27

I assume these bands are free, and will make their own arrangements for transportation and staging, but that should be checked by you if you want a band concert.

2. Ballet Demonstrations -- by the Boston Ballet Company
The Ballet Company will be presenting the major Festival performances the week starting July 9, and thus will be rehearsing the previous week. It would cost around \$100 to \$125 to have a ballet demonstration with perhaps 4 dancers the week of July 1st and possibly the week of July 8. At other times during the summer, some dancers may be available at about \$250-\$300 a performance. Contact us if you are interested. The Ballet Co. stresses that a demonstration the week before the big performance would be good, as a preparation.
3. Dancing demonstrations: Square Dancing or Ethnic Dances
Callers (teachers) will provide their own music which may consist of a fiddle or a three piece group, and may cost from nothing to \$100. Square dancing would be fun for block dances, and most of the dances can be learned easily. Other dances could be demonstrated. Contact Susan Andrews, La 3-5100, ext. 261, 262, for information.
4. Calypso Singer from Trinidad ..also sings ballads and folk rock
Makes up stories or audience suggests stories and he will sing them. Good for audience participation. Backed up by three instrumentalists. Steve Quashie. Contact Susan Andrews, La 3-5100, ext. 261, 262
5. The Calypsonians
Group of Calypsona singers. Contact Carl Drayton, 61 Rutland St., 262-7777 or at The Bridge, 531 Mass. Ave., 266-0924.
6. Steel Band Contact Carl Drayton, see above, for information,

Exhibit 6 (continued)

7. Traveling Zoo from Franklin Park Zoo
It is free. Can visit two sites in one day remaining at each one about two hours. Comprised of one trailer with a corral, 8 small cages, and one large cage. An attendant handles the animals and gives a presentation. Contact Mr. Walter Stone, 522-0900. Call soon as he is making schedule now. Area needed: 20' by 40'.
8. Zoomobile Contact Mrs. Cooper, 742-2668, Boston Zoological Society, 6 Long Wharf.
It costs \$75 for two hours. Is based at the Children's Zoo. Has two animal handlers who lecture and demonstrate; 8 to 12 animals; motion picture and slide projector for wild life movies and slides; cages and a corral. Each performance lasts an hour; two could be scheduled.
9. Modern dance demonstrations
The Dance Circle of Boston dancers will probably be available for performances, ranging from \$100 to \$300. Contact us for details.
10. A Philippine Dance Troupe might be available July 25-July 31st. 22 dancers, 4 musicians. They are the Cultural Representatives of the Philippine Government for 1968. For information, call Father Jerome Does, St. Gabriel's Monastery, 159 Washington St., Brighton... St 2-4220. We are not sure of the price yet.
11. The New England Conservatory has offered to provide teachers for workshops and performances.
Workshops: (1) Children would be introduced to basic musical techniques in classes held twice a week for an hour a group. They would be introduced to wind, brass, string, and percussion instruments. At the end of the month children showing interest in specific instruments would have group classes on the instrument of their choice. Private lessons might be possible, in the summer or continuing throughout the year. Instruments could be sax, clarinet, oboe, flute, bassoon; trumpet, trombone, french horn, tuba; violin, viola, cello; piano; guitar; percussion. Instruments could be rented by the Neighborhood Arts Council, and the cost of rental applied to purchasing if the Council or a student wanted to buy the instrument later. Instructors would be paid \$6 an hour.
(2) Older youngsters and adults could do a "musical stage" workshop, doing short scenes and leading to a production of a musical comedy. Jazz bands could be formed.
(3) Performances offered: let us know if you are interested.
(a) "The Broadway Scene" - songs from Broadway shows like My Fair Lady, Porgy and Bess, etc. 4 or 5 singers, pianist, drummer. (b) A History of Jazz - piano, bass, drums, sax, trumpet, singer. (c) Folk Music - pianist, clarinetist, cellist, violinist.
(d) Chamber Music - pianist, clarinetist, cellist, violinist.
(e) production of pinocchio in a modern fashion, with original jazz score; each character is represented by a different jazz style. 4 or 5 singers, pianist, bass, drums, sax, and narrator. These performances are NOT DEFINITE; the Conservatory wants to know if there is enough interest from the Neighborhood Councils for them to go ahead. We will set prices, which will depend on the number of performances desired.

Exhibit 7

SUMMERTHING (B)

Income Budget as of June 24, 1968

| | |
|---------------------------------------------------------------------------------|---------------|
| City: Special order City Council for "SUMMERTHING" | \$ 100,000 |
| City: Public celebrations | 15,000 |
| City: To match Musicians Union | 8,000 |
| Musicians Union: Recording Industries Trust Fund (Possibly more) | 4,500 |
| State: Mass. Council of the Arts | 10,000 |
| State: Mass. Council of the Arts, Special Visual Arts grant | 4,000 |
| Federal: National Endowment for the Arts - for workshops - to be matched 2 to 1 | 25,000 |
| Permanent Charities Fund | 25,000 |
| Blanchard Fund | 5,000 |
| Hyams Fund | 12,500 |
| Old Colony Trust | 2,500 |
| Fuller Foundation | 1,000 |
| Other contributions so far | approx: 2,000 |
| TOTAL: | \$ 214,000 |

Rest: up to [228,000] or [300,000] from
-[214,500] -[214,500]
[13,500] [85,500]
private sources: Business, foundations, the public.

suggested fundraising letter - SUMMERTHING

Dear _____:

As you are aware, SUMMERTHING, Boston's Neighborhood Festival, is this city's exciting new approach to the summer arts festival. It is a series of top-quality free performances designed to delight and stimulate all of Boston's neighborhoods with a cultural pot-pourri of drama, opera, symphony, jazz, rock and other kinds of music.

Almost every night this summer, top names and local talent are appearing at neighborhood performances for residents of the city and its suburbs. In addition, 14 Neighborhood Arts Councils have planned summer-long programs aimed at their own special interests. Children, teenagers and adults will be participating in workshops for drama, music, arts, crafts, photography, etc., coordinated by the neighborhoods and sponsored by the city. A visual arts program aimed at beautifying Boston with vest pocket parks and wall murals is also in progress.

To be the success that it must, the festival needs everyone's involvement, enthusiasm and support. It is being financed partially by funds from city, state and federal governments. However the festival needs support from the business community -- businesses like yours.

Our minimum operating budget is \$250,000. Of this amount we are seeking \$100,000 from the business community and also from individuals. Won't you and your company help us and send donations of money and equipment?

Tax exempt contributions can be made out to the Boston Foundation, Inc., and sent to Room 603, City Hall Annex, Boston 02108. Only with your help can Summerthing become an every summer thing.

Cordially yours,

Kevin H. White, Mayor

P.S. A printed piece is being planned for distribution in the fall at the opening of the new City Hall. There will be space for your proper acknowledgement.

cc: Katharine D. Kane
Summerthing Director
523-3159

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SUMMERTHING (B)

Projected Budget

(Summertime, Boston's Neighborhood Festival, is a unique summer venture, sponsored by the City of Boston, with financial assistance from The Massachusetts Council on the Arts and Humanities, the National Endowment for the Arts, local foundations and businesses, and interested citizens.)

I. Neighborhoods

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| A. <u>Workshops</u> (teachers and supplies) and <u>Small Performances</u> in local playgrounds such as popular music, jazz, theater, children's shows, etc. Funds are divided between Boston's 14 neighborhoods according to size and need. | \$ 86,000- 131,000* |
| B. <u>Neighborhood Coordinators</u> -- one coordinator per neighborhood (two for larger neighborhoods) at \$100 to \$150 per week. Coordinators are hired and chosen by Neighborhood Arts Councils and all are residents of the neighborhoods. | 23,000 |
| C. <u>Special Projects in Visual Arts</u> such as: | |
| 1) wall murals painted by paid local artists. | |
| 2) designing and planting of city community gardens planned by neighborhood residents. (costs for #1 and 2 include artists, paints, flowers, materials, etc.) | \$8,000 |
| 3) traveling art exhibit to neighborhoods one day a week. | |
| 4) craftsmobile with volunteer leaders to move around different neighborhoods four days a week. (Costs for 3 and 4 are included in the figure at the right.) | <u>2,000</u> |
| | 10,000 |
| D. <u>Children's Theater Stage wagon</u> travels to different neighborhoods giving two performances a day for eight weeks. | |
| 1) Stage wagon, lights, sound, driver, tractor, people to help (partially contributed by the Parks and Recreation Department). | 4,000 |
| 2) Performances -- contributed by Parks and Recreation Department. | 4,200 |
| 3) Portable stage with sound equipment for neighborhoods at their request. | <u>800</u> |
| | 9,000 |
| E. <u>Public Relations</u> including publicity materials, posters, fliers, advertisements, photography, and other materials in addition to full-time public relations services. | <u>10,000</u> |

SUB-TOTAL

305

\$138,000-
183,000*

II. Mass audience Events (40)

A. Weekly events in each of five parks for eight weeks including:

- 1) Boston Ballet Company
- 2) Boston Philharmonia Promenade Orchestra
- 3) Charles Playhouse (16 performances)
- 4) Popular Music -- many evenings of nationally known figures and groups in jazz, rhythm & blues, soul music, folk music, opera and dance. Local talent will be used also.

\$ 70,000-
100,000*

B. Showmobiles -- one for staging the major performances; the other to be used by the neighborhoods as requested by their art councils. The showmobiles, drivers and tractor are contributed by the Parks and Recreation Department.

C. Showmobile Lighting and Sound Equipment.

2,500

D. Showmobile Staff of teenagers recruited from neighborhoods from low-income families and supervised by expert electrical and sound technicians.

4,000

E. Miscellaneous such as vehicles, insurance, chairs, etc.

2,500

\$ 79,000-
109,000*

SUB-TOTAL

III. Festival Personnel

A. Central Staff:

- Mrs. Katharine D. Kane, special assistant to Mayor assigned to direct Summerthing
- Gastrel L. Riley, assistant director for workshops
- Kalman Novak, consultant
- Peter Golden, production director
- Richard R. Chamberlain, Jr., technical director
- Mrs. Phyllis Stevens, secretary
- Mrs. Lois Kunian, secretary

11,000

B. Volunteers:

- Mrs. Adele Seronde, visual arts advisor
- John Sdoucos, popular music advisor
- Mrs. Muriel Kasden, fundraising and photography
- Miss Alma Lewis, advisor
- Mrs. Augusta Bailey, community garden coordinator
- Mrs. Ruth Foster, landscape consultant
- and many others

306

11,000

SUB-TOTAL

TOTAL \$228,000-
303,000*

*These two sets of figures represent (1) minimum projected budget; and (2) projected budget for maximum accomplishment. No performances or activities will be scheduled without pledged or real monies in hand.

SUMMERTHING (C)

The night of the Carter Playground fiasco [see Summerthing (B)], Kane called Mayor White, who had been present for much of the disturbance and had witnessed a car being set afire:

I said, "We're sorry about this; we'll look into it; and it will be corrected." He was really pretty good. He didn't say, "We're closing down this whole thing." We immediately started having more meetings with the police, to plan security.

I thought I was exercising okay control over Peter Golden, but I guess not. He had been so extraordinarily inefficient. He was the kind of person who said he had things in order, and was very convincing, but he didn't have them ready at all. I fired Peter and gave John Sdoucos entire responsibility for the popular music operation, not just the bookings.

After that, Summerthing moved along much as planned with only a few more hitches. The Boston Philharmonia Orchestra was pelted with stones at one of its first appearances, an incident that confirmed some of the musicians worst fears about performing in the hinterlands to local audiences; the Charles Playhouse performances of "Threepenny Opera" were met by catcalls and hooting at some locations; and things did not always go like clockwork for the plantmobile. Said one plantmobile volunteer:

You never knew how many people would show up, or if any would show up, or how old they'd be. You never knew whether it would rain. We learned how to work around any situation -- from rabid dogs to pigeon invasions. One time in the South End, some girls wanted to plant our rose bushes in a peace symbol on a vacant lot. We didn't mind pulling out all the bricks in the lot, but the water pipes were another problem. Then we found an old woman's dress, and then a set of rosary beads, and we decided to stop digging.

This case was prepared by Delia O'Connor, Research Assistant, under the supervision of Professor John R. Russell of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

Trucks and vehicles used for the productions broke down frequently, and the technical budget soared to an unanticipated \$40,000. Sound systems were frequently inadequate, due to the range of performances and crowd sizes, as well as a lack of expertise by the coordinators. Moreover, as enthusiasm in the neighborhoods grew during August, coordinators planned too many events for the same night, and could not get the equipment they needed. A generator caught fire at one concert, and some equipment was burned up; other equipment was stolen.

Another public embarrassment was caused by Elma Lewis who complained bitterly that Summerthing had undercut her own fund-raising efforts for the Playhouse in the Park and demanded that Kane issue an announcement clarifying the separateness of the two organizations.

The mural at the corner of Massachusetts and Columbus Avenues also caused some distress. The site, at the edge of the black community, was one that many white drivers passed on their way into the city. The mural incorporated what some considered disturbingly anti-white images, including black youths poised with Molotov cocktails, and a white man hanging by his neck. A newspaper article brought scores of critical letters to the festival and to the mayor. Said artist Rickson:

Of course some people took it personally, but actually it was the riot times from '64 to '68, and things were boiling. The murals were functional for letting off steam.

Seronde wrote a letter of explanation to Mayor White and personally answered all the angry mail.

Despite its difficulties, the murals project was a great success. Drew Hyde, three M.I.T. students, and about six black artists spent long hours at the sites erecting scaffolding and preparing playgrounds for heavy construction work. By the end of August, there were three adult murals and twelve painted by children across the city. Mayor White had instructed BRA Director Hale Champion to give the artists any BRA walls they wanted. Hyde organized the scavenging of materials, calling businesses and identifying himself as "from the mayor's office." Summerthing was given telephone poles for the mural-playgrounds by Boston Edison, free use of the company's backhoes, free black-top by a contractor, and cut rates on the 90 feet of scaffolding that was erected. Without these donations and discounts, the major playground-mural project at Columbus Avenue and Massachusetts Avenue, alone, would have cost \$25,000 instead of the \$2,000 that was actually spent.

Summerthing ended with a successful concert by Joan Baez on August 27. The festival had spent \$249,118, ending with a surplus of \$14,780. Its 93 paid workshop teachers had received \$31,000; 260 others had volunteered. Summerthing had offered over 500 concerts and other

events, plus workshops on everything from rug-making and hairstyling to ballet, in neighborhoods as diverse as Roxbury and Charlestown. More than 750,000 people had watched the outdoor performances, and an estimated 8,000 children, teenagers, and adults had participated in workshops. The workshops had done what Kane had hoped -- made contact with the imagination of ordinary people in the city. The titles of the films made in the film workshop included: "The Theft," "Misfire," "The Junkie," "The Bust," and "The Brush-Off."

The craftsmobile had journeyed into each neighborhood, drawing from 25 to 300 people wherever it stopped. Volunteers presented one of four programs: puppets, collages, painting, and musical instruments. When the truck arrived, workers set up three long tables while brown wrapping paper was unrolled on the ground for children to paint murals with magic markers. The children's work was hung on nearby fences in an "art show" that always attracted passersby. After costumes and musical instruments were made, the children paraded with them through the playground. Then each child made up a story to go with his or her puppet and acted it out on a stage made from a refrigerator carton.

So Kane's festival had actually taken place, to the hurrahs of neighborhood groups, artists, and politicians. City officials across the country were asking for a blueprint of how Boston had done it, so they could duplicate the success themselves. One survey revealed that over eighty percent of those interviewed knew about Summerthing, considered it a success, and attributed it to Mayor White's administration. Kane was pleased:

We were all committed to the idea that it was terribly important for people to have the arts in their communities. This was a "yea-saying." The murals and the rest represented a kind of "I am here . . . life is important."

Between February and June, I was out every night going to the neighborhoods. And once it was going, I was still out every night. I went to every single event. I toured the neighborhoods and dropped in to workshops to get a sense of what was going on. I visited the craftsmobile and the jazzwagon. I worked six days a week, twelve to fifteen hours; but then, I always have.

CINCINNATI NEIGHBORHOOD CLINICS (B)

Early in his tenure as Assistant Commissioner of the Cincinnati Health Department, Arnie Leff decided to assume an aggressive and independent posture in his relationship to the Health Commissioner, Dr. William Elsea. Leff had, at first, sought Elsea's help in achieving marginal improvements in the city clinic system, such as asking the City Council to permit the Health Department to retain reimbursements collected by it from Medicaid and other third-party sources. Elsea said he'd look into it, but nothing happened. Leff felt that the Commissioner's resistance was due partly to his philosophical commitment to "free" community medicine, partly to a general defensiveness about the status quo, and partly because he wasn't used to taking suggestions from his Assistant Commissioner for Medical Services. As a growing number of observers felt: Elsea wasn't necessarily hostile to change, but somehow he couldn't make it happen.

Leff decided he had to make it happen on his own: "Basically, I wanted to set something up that showed Elsea that he didn't know what he was doing." The "something," he decided, had to be a new neighborhood health program operated in a manner wholly differently from the existing city clinics--one which came as close as possible to achieving Leff's objectives for a primary health care system:

- (1) a stable, largely full-time staff of competent, well-trained physicians;
- (2) a mixture of subsidized and unsubsidized patients, each one having a continuing relationship to a specific physician;
- (3) clinic hours of operation to include some evening and weekend sessions, with physicians on call at all times;
- (4) an attractive, comfortable, inviting facility with the feel of a private physician's office; and
- (5) a comprehensive range of family health services, with established linkages to specialty services, and opportunities for clinic physicians to admit patients to hospitals.

This case was prepared by Professor Colin S. Diver of Boston University's Public Management Program. Funds for its development were provided by a grant from the National Training and Development Service. The case is intended to serve as a basis for class discussion, not to illustrate either effective or ineffective handling of a managerial situation.

Leff decided to use the Health Care Systems Committee as the vehicle to develop and implement the model. Its two chairmen, Ed Lotspeich and Roger Berger, represented an invaluable resource for the staff-poor Leff. Both were talented young men, large amounts of whose time had been released by their employers to help develop a group practice model. Commissioner Elsea was on record as supporting the creation of the committee and would find it difficult to publicly oppose any reasonable model which emerged from its deliberations. And a clear majority of the Board of Health were enthusiastic about the Committee's mandate and impatient for change. The problem was galvanizing the dormant committee into action:

They were sitting there trying to come up with the ideal model. They wanted to set up a Mayo Clinic in Cincinnati. I'm a pragmatist. I said to them, "Look. We've got money to remodel one of the city clinics. Here's your chance to really get something done, if you don't want to just keep talking for the next three years."

Leff had already decided, and obtained Elsea's agreement, that the remodeling funds should be spent to relocate a small and inadequate city clinic in Walnut Hills. Elsea had previously felt that the adjacent communities of Walnut Hills and Evanston should be one of the districts in his "consolidation" plan. The district contained a predominantly working-class population, about three-quarters non-white. Though there was a high concentration of families with incomes below the federal poverty level (20%), most families had some form of third-party sponsorship, including 6,750 or 20 percent who were Medicaid eligible. A tiny maternity and infant care project, set up in a church basement in 1969, had been expanded in 1971, but still provided very limited service. The Walnut Hills-Evanston Health Committee (WHEHC) was a knowledgeable, articulate, and apparently well-representative group of residents of the area. In 1972, it had submitted a \$150,000 grant proposal to private foundations for funds to establish a primary care center to be run by WHEHC. Unsuccessful in this quest, WHEHC had submitted the same request to the Board of Health in 1973, again without success.

Leff, Lotspeich, and Berger got together as an unofficial subcommittee of the Health Care Systems Committee to develop a specific, group-practice-based model for the Walnut Hills-Evanston district. Leff was convinced that the group practice model held the best hope for attracting high-quality physicians as well as a mix of patients. Most of the Department's consulting physicians had private practices, and they represented the logical starting place to assemble a group practice. Leff hoped to find one physician who would agree to take the lead in setting up the group. He felt strongly that the group would have to come together on its own, because physicians would not work together in that kind of close relationship except by their own choosing. While Leff, Lotspeich, and Berger were sounding out physicians to play this role, they also began discussion with WHEHC. The members of WHEHC were somewhat suspicious and not wholly in agreement even among themselves, as Roger Berger related:

Tom Phelps (WHEHC Chairman) was, along the spectrum, probably the most adamant and the most distrustful-- he was a good guy in the full sense of the word.

We had, at times, severe communicative problems. We had some people, because of education or because of how they felt or what have you, who said, "We just want to have more health services for our people." And we had the other side of the committee saying: "Yes, but we have to know who the docs are, be able to hire and fire, be able to have our own employees." The whole thing was going to be their operation.

Berger was particularly adamant, for his part, in opposition to community control:

We had seen the Model Cities program and the HEW programs across the country. Probably without exception these things had not worked, except by pouring money down the funnel.

We had programs in Cincinnati. They botched it. They hired people with no administrative training. You'd have 17 people pulling 14 medical records. The physicians were seeing two patients per hour, when in private practice the physician will see three-and-a-half to five. And you still got the same kind of docs. You've got docs in these centers that the City got rid of! Because the health centers can't get physicians.

Arnie Leff tended to agree.

On request from Leff, WHEHC submitted a written statement of position on November 27, 1973 (see Exhibit 1). Leff sat down with Lotspeich and Berger a few days later to decide how to respond.

Exhibit 1

CINCINNATI NEIGHBORHOOD CLINICS (B)

Position of Walnut Hills/Evanston Health Committee on
Group Practice Model For New Walnut Hills/Evanston
Health Center

The Walnut Hills/Evanston Health Committee basically supports the concept of a group practice model for the new Walnut Hills/Evanston Health Center. However, there are a number of possible variations on the group practice model, and we have set out in this paper what we want in the model. We realize that some parts of the plan may be changed as a result of negotiations with the Board of Health and the doctors group and some compromises may be reached.

1. The Board of Health funds would be given to the Health Committee which would contract directly with the doctors group.

2. The health services to be provided in the first year would be based on the amount of the Board of Health grant, unless either the Board of Health or the doctors group is willing to pay for any deficit. In other words, the Health Committee is not itself willing to take the risk in the first year that income from estimated fees and third-party payments would be insufficient to meet expenses. In the second and following years, planning could be done on the basis of third-party payments and fees because the Health Committee would have actual experience in collecting third-party payments to base the budget on.

3. The scope and kind of services, personnel needed, and hours of operations will be determined by the Health Committee. All of these items will be subjects for negotiation with the doctors group when the contract is worked out. Priorities will be determined by the Health Committee, and the scope and kinds of services will then be set on the basis of the amount of funds available.

4. The Health Committee will not accept just any doctors group. We intend to make the decision after discussions with the doctors and an assessment of their qualifications and attitudes.

5. All staff other than the doctors will be hired (and fired) by the Health Committee and will be responsible to the Health Committee. Preference in hiring will be given to Walnut Hills and Evanston residents if qualified residents are available. Special consideration would be given to any nurse, whether a community resident or not, who is brought in by a doctor from his former practice.

6. The administrator would be selected and hired by the Health Committee with approval by the doctors group. The administrator should also be a community resident if a qualified resident is available. The Administrator will be responsible to the Health Committee.

Exhibit 1 (continued)

7. A grievance procedure would be clearly set out in the contract with the doctors group. It would be for the use of patients, workers, the doctors group and the Health Committee. In the case of grievances against doctors, as well as other personnel, the Health Committee could require removal of the person from the Health Center after the grievance procedure has been followed, if the Health Committee determined that continuation of that person was contrary to the interests of the Health Center.

8. Inpatient hospital care would be provided by the doctors group at one or more hospitals in the immediate area. We would like as many of the doctors as possible to have privileges at as many hospitals as possible.

9. Financing would come from third-party payments, from a sliding fee scale, and from the Board of Health grant.

10. The doctors would be paid a set fee. Excess income from operations beyond the fee would go to the Health Committee for improved or expanded services. Incentive to the doctors should be provided by the amount of the set fee and renegotiation of the fee at periodic intervals rather than through extra income for seeing more patients who can pay or who are covered by third-party payments.

11. The Health Center facility would either be leased to the Health Committee or the agreement between the Board of Health and the Health Committee could put restrictions on use of the facility without prior approval by the Health Committee.

CINCINNATI NEIGHBORHOOD CLINICS (C)

Arnie Leff, Ed Lotspeich, and Roger Berger negotiated an agreement in principle with the Walnut Hills-Evanston Health Committee which provided for a three-way relationship between the Board of Health, the WHEHC, and a physicians' group practice (see Exhibit 1). The model was approved by the Board of Health on June 18, 1974. The Board contracted with Ed Lotspeich to implement the model, including, in particular, identifying a group practice and working out the precise contractual relationships.

After discussions with many physicians, Leff and WHEHC accepted the proposal of Dr. Charles Dillard to organize a group of five local black physicians to contract with the Board and WHEHC. During the balance of 1974 and early 1975, Lotspeich, Leff, WHEHC, and Inner City Health Care, Inc. (Dillard's group) negotiated a complex three-way contract, to which the parties were the Board of Health, WHEHC, and Inner City, specifying the services to be rendered (internal medicine, OB/GYN, and pediatrics, plus specialties by contract) and the hours of operation (9-6 M & W, 1-9 T & Th, 1-6 F, 9-1:30 Sat. plus round-the-clock on-call). Changes in services or hours of operation required WHEHC approval. The City granted Inner City \$227,000 (the amount which it had expended on the old Walnut Hills Clinic) for unsponsored care, the rest of the projected \$475,000 annual budget to come from reimbursements collected by Inner City from third-party sources. If Inner City earned a surplus (income in excess of expenditures before taxes), approximately 80 percent would be applied to the operating budget for the next fiscal period and 20 percent would be retained by Inner City as profit. Inner City had authority to appoint physicians and an administrator, subject to vote by WHEHC or the Board of Health. WHEHC retained a community relations and general oversight responsibility.

By June of 1976, the Walnut Hills-Evanston Medical Center, in operation for over a year, was widely regarded as a great success, and Dr. Arnold Leff was Cincinnati Health Commissioner, his predecessor having been removed by the Board of Health late in 1974.

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Exhibit 1

CINCINNATI NEIGHBORHOOD CLINICS (C)

STATEMENT OF POSITION

GROUP PRACTICE DEVELOPMENT

ISSUED BY:

Walnut Hills-Evanston Health
Committee, Inc.

and

Committee to Consider Group
Practice for the Cincinnati
Health Department

Background of this Statement

The Walnut Hills-Evanston communities are committed to establishing a comprehensive health care capability. To meet this objective, efforts have been undertaken to develop a medical group practice which would contract with the Walnut Hills-Evanston Health Committee, Inc. for the provision of comprehensive health care services. The remodeling of an 8,000 sq. ft. Medical Center, the development of criteria for a quality health care system, the willingness of the Board of Health to provide subsidy contracts to communities, and the willingness of the community to work with and assist health professionals constitutes a substantial basis upon which the stated objective can be achieved.

The Group Practice Proposal

1. The Board of Health funds would be given to the Walnut Hills-Evanston Health Committee, Inc. (hereafter referred to as the Health Committee) pursuant to a conditional grant. The Health Committee would then contract directly with the physicians' group. This contract or any sub-contract may require approval of the Board of Health.
2. The health services to be provided in the first year would be based on the amount of the Board of Health grant (or supplemental city arrangements). In the second and following years, planning would be on the basis of third-party payment, fees, and Health Department subsidy.
3. The scope and kind of services, personnel needed, and hours of operation will be determined by negotiation and will be mutually agreeable to all parties.
4. The Health Committee will make the decision to contract or not to contract with a specific physicians' group after discussions with physicians and an assessment of their qualifications and attitudes.

Exhibit 1 (continued)

5. Medical group personnel. The physicians' group will assume responsibility for recruiting physicians and will have the right to determine who will provide services in the Medical Center subject to the following conditions:
- (a) The introduction of new physicians shall occur only if there is mutual consent of the physicians' group and the Health Committee. This procedure will allow for interview and screening methods to be undertaken by both parties prior to the inclusion of a physician in the group practice who will provide services at the Medical Center.
 - (b) If the physicians' group desires to remove one or more physicians from the group, only they have the final decision to do so, except that prior to the removal, written notification of the pending removal with an explanation of how the physicians' group plans to avoid a disruption in services, shall be given to the Health Committee. If the Health Committee is not satisfied with the way in which the group proposes to avoid a disruption of services as a result of the removal, the Health Committee may object to the removal and the question of the removal and disruption of services shall be submitted to a mutually agreed upon third party for arbitration. The arbitrator(s) may decide to stop the removal, or to require a change in the plan for continuance of services as a condition for the removal, or to allow the removal, and the decision shall be final and binding on both the Health Committee and the physicians' group.
 - (c) If the Health Committee wishes to have a physician removed from the Medical Center, the Health Committee shall notify the physicians' group in writing stating the reasons. If the physicians' group refuses to remove the physician, either party may present the disagreement to a mutually agreed upon third party arbitrator for a binding decision. The contract between the physicians' group and the Health Committee shall set forth the reasons for which a doctor may be removed from the Medical Center at the initiative of the Health Committee.
 - (d) Either the Health Committee or the physicians' group could suspend a doctor from practice in emergency situations pending discussions, investigations, and arbitration if necessary.
6. Medical Center Administrator and Other Personnel. The administrator would be hired by the Health Committee. The physicians' group would have veto power on initial hiring and renewal. The administrator could be fired only by the Health Committee. However, if the physicians' group wants the administrator fired, they may make a request for termination in writing to the Health Committee stating the reasons for the request. If the Health Committee refuses, the question of

Exhibit 1 (continued)

termination of the administrator shall be submitted for binding arbitration to a mutually agreed upon third party.

The administrator will have responsibility for hiring and firing all non-physician personnel in the Center. An employee of the Medical Center who has been fired or who has some other grievance may request an appeal of the administrator's decision to the Health Committee or its subcommittee.

All other things being equal, preference in hiring will be given to Walnut Hills-Evanston residents.

7. The Health Committee and physicians' group should explore the possibility of establishing a "Joint Administrative Council" to oversee the operations of the Medical Center. The specific responsibilities and makeup of the Council will be worked out by the Health Committee, the physicians' group, and the administrator.
8. Inpatient hospital care would be provided by the doctors' group at one or more hospitals in the immediate area. We would like as many of the doctors as possible to have privileges at as many hospitals as possible.
9. Financing would come from third-party payments, from a sliding scale, and from the Board of Health grant.
10. The physicians' group would be paid a mutually negotiated amount, subject to renegotiation at designated periodic intervals.
11. The agreement between the Board of Health and the Health Committee would include restrictions on the use of the Medical Center.