

CITIZENS LEAGUE REPORT

**OVERCOMING
OBSTACLES
TO THE
PURCHASE OF SERVICE**

... 1974 government receptive to purchasing social
services and to encourage more vendors to appear

CITIZENS LEAGUE REPORT

OVERCOMING
OBSTACLES
TO THE
PURCHASE OF SERVICE

Proposals to make government receptive to
purchasing social services and to
encourage more vendors to appear

Prepared by the
Citizens League Committee on
New Approaches to the Delivery of Social Services

Wayne Popham, Chairman

Approved by
Citizens League Board of Directors
January 14, 1974

Citizens League
84 South 6th Street
Minneapolis, Minnesota 55402
Telephone: 338-0791

T A B L E O F C O N T E N T S

	Page
INTRODUCTION	1
MAJOR IDEAS IN OUR REPORT	2
FINDINGS.	5
CONCLUSIONS	19
RECOMMENDATIONS	21
WORK OF THE COMMITTEE	25

INTRODUCTION

One of the most rapidly growing activities of the public sector is the provision of a wide variety of services to people with economic, behavioral and health problems. In the Twin Cities area these 'social service' programs more than doubled from 1967-72 under the stimulus of open-ended federal support.

A broad reappraisal of these programs is now under way after Congress placed a lid on a major source of funds. One of the major issues under discussion is how services are delivered and the difference this can make in stimulating effectiveness, responsiveness and accountability. This report primarily deals with this question. It recognizes, but does not address, other issues such as the level of funding, financing arrangements, the governmental organization of services, how to determine the need for services and the coordination of them in assisting a single individual or family.

In our earlier report, "Why Not Buy Service?", we concluded that the purchase of service in various forms is a technique that offers considerable potential for improving them. As services are purchased, competition between a variety of vendors is likely to sharpen their purpose and stimulate new and better ways of delivering a service more effectively, efficiently and responsively. This report goes beyond our earlier one, however, by detailing the process used to buy many social services in the past few years and evaluating experience with these. It further identifies some of the problems and obstacles presented by these arrangements. Unless these are overcome, it will be difficult to attract the potential providers necessary to test the opportunities purchase of service presents and to move toward services supported by the results they achieve.

Finally, the report charts some social services that might be purchased in an experimental program concerned with ways of improving services and their delivery. Additional work must follow to explore various arrangements for individual services and the packaging of some of them in a program directed to achieving certain results such as continuous employment, sobriety or maintenance outside of institutions.

M A J O R I D E A S

Better ways of providing social services are more likely to emerge when a variety of potential vendors are competing to deliver such services. This can happen as greater use is made of two techniques: The purchase of service by new kinds of performance contracts, and indirect purchase by consumers. They offer many possibilities for sharpening the purpose of services and improving their effectiveness and responsiveness in achieving desired results.

The purchase of services is nothing new. It has been under way for a number of years with federal assistance. However, the way this has been done has made these "contracts" appear more like grants. A number of basic problems with the process used to date must be overcome if we are to look for improvements that may come from purchase of service. These problems include:

- * The difficulty in expecting that the same government bureau or department which now delivers a service itself to evaluate--on an equal basis--the alternative of purchasing the service from someone else.
- * Lack of measurable performance objectives for the service and for vendors, which makes the contract resemble a grant.
- * Limited solicitation of potential vendors and therefore few takers.
- * Rules of compensation that constitute a no-profit, possible-loss arrangement for vendors. If a vendor's actual cost is less than the agreed-upon contract price, he won't be paid more than his actual cost. Or, if his cost exceeds the contract price, he won't be paid more than the contract price.
- * Frequent changes to the terms of a contract. . .sometimes without adjustments in compensation so that the contract does not bind both parties.
- * A negotiation process which requires the vendor to disclose all of his unit costs and to justify their reasonableness rather than to focus on the total cost and results from the service. This practice discourages potential vendors from entering the market and removes incentives for better service, as they must reveal the details of their internal management and operation.
- * Limitations of some services to only non-profit vendors, which limits the possible competition.

. I N O U R R E P O R T

Opportunities for experimenting with various purchase arrangements exist. A number of services which appear to be well suited include financial counseling, chore services (housecleaning, shopping, errands, etc.), homemaker skill development, hot meal services, alcoholism rehabilitation, and day care.

A number of steps need to be taken to overcome existing obstacles and to test a variety of purchase arrangements.

Specifically, we recommend governmental policy bodies that are responsible for overseeing the delivery of social services:

- A. Make the choice between whether a service should be directly delivered by their own organization or purchased. This should apply by resolution when new or expanded services are proposed and to existing ones following an evaluation of their potential purchase.
- B. Establish a central social service purchasing office with the necessary contracting capability and responsibility for proposing a program to experiment with a variety of different purchase arrangements in a number of services. A number of contracting skills need to be acquired by this central office including developing detailed specifications, soliciting requests for vendors, negotiating the terms of a contract or awarding of bids, and evaluating contractor performance.
- C. Use a variety of techniques to evaluate contractor performance and results from a service. These include recipient interviews, recipient selection of the vendor and objective measurements. As contracting proceeds, the art of evaluation must be further developed. . . work which can also proceed by a program of experimental contracts.
- D. Adopt several changes to the rules and terms for contracting. Federal and state legislative changes needed include: Lengthening the time of contracts, making for-profit as well as non-profit vendors eligible, permitting a waiver of standard-setting regulations when public governmental bodies propose to contract for a service with specified results, and adopting compensation rules which pay the vendor the amount agreed upon if he is responsible for the outcome of the service or the vendor's actual cost.

FINDINGS

I. ONLY NOW CAN WE SEE THE DRAMATIC EXPANSION IN PUBLIC RESPONSIBILITY AND FUNDING FOR SOCIAL SERVICES AND CHANGES IN THE ORGANIZATION OF THEIR DELIVERY.

A. The past decade was a period of unprecedented growth in the quantity and variety of publicly supported health and social services.

Some of the people who received these services include recipients of public financial assistance, notably the growing numbers receiving Aid to Families with Dependent Children (AFDC) and Aid to the Disabled (AD); people who are retarded, mentally or emotionally ill, physically handicapped, chemically dependent or unemployed; unmarried mothers and guardians of the state; people with low incomes who need food, shelter or health care; and the elderly.

The types of services are many and diverse. A few of them include counseling of parents, children, unwed mothers or the unemployed; providing day activity centers for the retarded, sheltered workshops for the handicapped, day care for children, housekeeping assistance to the physically disabled or residential care of the emotionally disturbed; intervening and caring for children and adults in danger of neglect, abuse or exploitation; and providing health care to people with low incomes.

It is difficult to chart the actual total growth in the quantity of services due to changing definitions and the way programs are organized. Some indication of the increase in the past decade, however, is provided by looking at the expenditures for other than financial and medical assistance to recipients and payments for residential or foster care of children by Hennepin and Ramsey County Welfare Departments and other county social service agencies.

Expenditures for Social Services and Administration
in Hennepin and Ramsey Counties - 1963, 1968 and 1972 *

	<u>1963</u>	<u>1968</u>	<u>1972</u>
Hennepin County	\$3,843,343	\$ 7,976,615	\$19,834,864
Ramsey County	<u>2,299,025</u>	<u>4,087,522</u>	<u>10,466,532</u>
Totals	\$6,142,368	\$12,064,137	\$30,311,396

* These figures are only approximations of the total amount spent for social services. They overstate the actual expenditures for social services, as they include the cost of administering all welfare department programs. They also include the expenditures for other county programs such as mental health/mental retardation and alcohol and inebriety, which were largely added in the past decade. Hennepin County expenditures by these newer agencies in 1972 totaled \$5,080,630.

B. Expansion of social services took place due to an increase in the number of recipients of established programs, the addition of new programs by Congress and the Legislature, and steps that made established and new programs available to large-new groups of people for the first time.

1. *The number of recipients of some established welfare assistance programs increased significantly in the late 1960s. These increases resulted from a number of factors including: rising divorce rates, the advocacy of new community organizations, the militancy of recipients, and judicial decisions dropping residency requirements. Legislative decisions to extend coverage of programs such as AFDC to families with unemployed fathers, and liberalized definitions of a disabled person, also contributed to an increase in the number of recipients and an expansion of traditional social services.*

In two programs -- AFDC and Aid to the Disabled -- for example, the number of recipients tripled from 1963 to 1972 in Hennepin County. The number of persons receiving AFDC increased 31,677, or 200%, from 14,756 in 1963 to 46,433 in 1972. Increases in the number of persons in other programs included 2,491, or 200%, in Aid to the Disabled; 460, or 54%, in mentally ill; 421, or 45%, in unmarried mothers; 442, or 17%, in mentally retarded; and 420, or 19%, in child protection cases.

2. *Congress and the Minnesota Legislature added some new programs - such as work training for welfare recipients, family planning, and chemical dependency rehabilitation - and expanded existing health, mental health clinics and retardation programs. These new or expanded services were created in an effort to assist current recipients to become independent of financial assistance or institutional care and to prevent potential recipients from becoming dependent or to enable them to function outside of institutions.*

Federal and state funding which accompanied these new or expanded programs had by 1972 provided health care through Medicaid to 5,876 persons with low incomes in Hennepin County, and funded the creation or expansion of 21 day care centers, 19 halfway houses for the chemically dependent or mentally ill, and 41 day activity centers in Hennepin and Ramsey Counties.

3. *New-large groups of people -- beyond the current welfare recipients -- were made eligible to receive many social services, thereby significantly increasing the number of consumers and demands for services. Congress in 1962 and again in 1967 opened up social services by broadening eligibility for them. Instead of being limited to current recipients, these services after 1967 could be made available to people who had up to two years before been recipients, to those who potentially in the next five years might become recipients, and to all residents of designated communities containing a large proportion of low-income people. These designated areas included the 136,000 residents of Pilot City and Model Neighborhood in Minneapolis and the Model City area of St. Paul. This meant that all residents of these areas were entitled to receive services such as day care.*

II. ONE FEDERAL PROGRAM - THE 1967 TITLE IV-A AMENDMENT TO THE SOCIAL SECURITY ACT - STOOD AS A MAJOR DEPARTURE TO THE DELIVERY PATTERN AND FUNDING ARRANGEMENTS FOR SOCIAL SERVICES UNTIL A LID WAS PLACED ON IT IN 1972.

- A. Title IV-A not only was a major source of dollars for social services in an open-ended fund, but also introduced the option for use of private funds to match public funds and the use of a new approach to their delivery by the purchase of them.

Unlimited funds were made available for social services in 1967 in an open-ended account set up by the child-family services (Title IV-A) amendments and the adult services (Titles I, X, XIV and XVI) amendments to the Social Security Act. The largest of these was Title IV-A. The federal government with this legislation essentially agreed to match all state and local public or private funds for social services in a state plan on a 3 to 1 basis.

The $\frac{1}{4}$ matching funds most often came from state and local governments, but significant private funds also were used . . . largely from the United Way or non-profit associations. In Hennepin County, for example, 84% of the non-federal share in 1971 and 1972 came from the state, county, and Minneapolis city and school district funds. The remaining 16% of non-governmental funds were equally from the United Way and Day Activity Centers.

Apart from increasing the funding of services, the 1967 amendments also permitted services to be purchased from others. As programs increased, many private organizations such as the day activity centers for the retarded were able to expand their existing programs - while others such as day care centers started to deliver a number of services under a purchase agreement with the counties. In many cases this approach had the effect of tripling the quantity of a given service an organization could provide.

By 1972, both Hennepin and Ramsey Counties purchased a number of social services from private providers and other units of government largely with these new federal funds. Some of these included:

1. Day care for children from 21 day care centers.
2. Camping experiences for children from 35 private agencies.
3. Day activity for the retarded from 27 day activity centers.
4. Senior citizen activities from one senior citizen organization.
5. Marital, family, individual and debt counseling from 4 private agencies.
6. Child counseling from the Minneapolis Public Schools.
7. Primary rehabilitation for individual welfare recipients from a number of centers and halfway house services for the chemically dependent from 18 organizations.
8. Halfway house services for the mentally ill from 3 organizations.
9. Institutional child care of the emotionally disturbed from a number of residential providers.

- B. The federal government slammed the brakes on this new major source of funding for social services in the fall of 1972 due to its rapid escalation and increasing concern about the effectiveness of many programs.

States and counties had reached into the Title IV-A program as a way of simply shifting many of their existing expenditures to the federal treasury

and using it as a form of revenue sharing. The numbers of newly eligible recipients receiving services also contributed to the rapid growth in expenditures. It was stopped when the automatic drain on the federal treasury grew from \$354 million in 1969 to \$1.7 billion in 1972, and when estimates indicated it would have reached \$4.7 billion in 1973. Locally, the funding of services by Title IV-A grew from \$900,000 in 1970 to \$11,282,000 in 1972 in Hennepin County, Ramsey County's program similarly increased from \$703,000 in 1970 to \$3,318,000 in 1972.

Concern was also growing in Congress and elsewhere about proliferation of social service programs and their effectiveness. Through the period of escalation, little thought was given to what were the results of delivering these services, their responsiveness to consumers, or the possible effect of the method of delivery on these.

III. A BROAD REAPPRAISAL OF SOCIAL SERVICE PROGRAMS IS NOW UNDER WAY, WHILE MUCH OF THEIR EXPANSION HAS BEEN HELD UP.

A. The reappraisal - or a call for one - is coming from all the parties currently funding, delivering and receiving services.

Congress and executive agencies are in the midst of considerable turmoil in reshaping social service programs. Funding has been held back to a level of \$1.8 billion instead of the \$2.5 billion authorized. There are proposals to increase it. The Department of Health, Education and Welfare proposed new rules and then changed them a number of times in the past year. Currently, for example, the rules limit services to only former recipients of the past six months and potential recipients in the next two years. All residents of low-income communities no longer are eligible. Numerous proposals are also currently under study in Congress to reformulate basic welfare programs, to change the funding for social services, and to increase the amount of funding.

State governments are also engaged in looking at the future direction of a number of social welfare programs. In Minnesota this discussion is occurring in the Legislature, the State Planning Agency, and the State Public Welfare and Corrections Departments. Much of the discussion focuses on the state role in delivering services, the movement away from state-operated institutions to local programs for corrections, the mentally ill and the retarded, and the reorganization of existing state agencies into a single human resources organization.

County boards, welfare departments, mental health boards, court service agencies and the general county administrators who live under a blanket of federal and state rules and regulations are looking at the organization of their programs and the various possibilities for funding services which they believe are needed or requested by clients and others not covered by existing programs.

Numerous professionals, including social workers, rehabilitation and health care workers who deliver many of the social services to clients, are calling for changes to existing programs. Their experience and professional views have contributed to defining a number of problems such as the overlap of services to individual recipients. Many of them have

called for changes to existing programs, for use of different ways for treating various conditions, proposed new services and for the funding of these.

The voice of recipients increasingly is heard calling for changes to existing programs and for the creation of new ones through recently created advisory organizations to agencies responsible for social services. Growing numbers of groups organized around recipients or supporters of individual programs also are involved in these efforts - sometimes even to the point of setting up their own services such as drop-in and crisis centers for young people.

The private social service agencies and the United Way (a major source of funding for them) are also appraising their role and priorities in delivering many services. As the public moves to provide an increasing number of services, serious questions are being raised about the direction of these historic major providers of services - whether they should become contractors; their ability to maintain and direct their individual programs in light of future funding and of possible contracting. This discussion is occurring in each agency, in organizations of agencies, and in the planning, research and priority allocation arms of the United Way.

Finally, citizens, who may only begin to perceive what is happening, are questioning the purpose of various services and their implications for future taxes.

B, A growing concern about many programs . . . their purpose, organization, delivery and funding - and proposals for changes by both public agencies and groups outside - have contributed to the present wide-ranging national and local appraisal.

1. *Increased attention is now focused on the outcome of work performed by many people in welfare departments - particularly those whose jobs in the future will consist only of delivering social services. Traditionally, many services were delivered to welfare recipients by a social case-worker who determined whether applicants were eligible for financial assistance, the amount of assistance they should receive, what social services they needed, and how these could be obtained. Some social services such as debt counseling might even be delivered by this social worker. The job of eligibility determination and income or financial assistance, however, was recently separated from delivery of social services due to federal direction in the 1967 amendments to the Social Security Act. As a consequence, a new group of employees (eligibility technicians) now handles part of the previous job of social workers, thereby freeing them to deliver social services.*
2. *Many public agencies and professionals have expressed concern about the coordination of numerous services in handling the problems of a single person or family and the inaccessibility of many of them. These concerns are expressed in efforts to coordinate and integrate a variety of fractionalized services provided by various agencies and in the decentralization of their delivery to local service centers. Steps have already been taken in Minnesota to establish single state and county human resources agencies from the currently separate welfare, corrections, chemical dependency and mental health agencies. Experiments are also under way to establish neighborhood or community multi-service centers where publicly provided social services can be delivered.*

3. *Increases in the number of public employees and the size of public payrolls required to directly deliver numerous services have been a growing concern of many public officials, administrators and citizens.* This factor alone, some fear, could become a real constraint on the expansion of social services. The purchase of services from outside providers has been suggested as an alternative on its merits to their direct delivery as services are reorganized and expanded. This technique was extensively used to expand services in the past three to five years. The approach, however, raises a number of, as yet, unanswered questions due to the unevaluated experience from this short period of time.
4. *Serious questions about the responsiveness and effectiveness of traditionally delivered services are raised in observing the growth in the past few years of as many as 400 new programs outside the regular health and welfare system in the Twin Cities Metropolitan area.* Increasingly vocal consumers of services are advocating changes to existing programs and looking for ways to make them more responsive. Some professionals and consumers suggest the best way to handle these services is simply to guarantee people a minimum income and/or to give recipients the money and then let them buy the services they believe are needed from whomever they select.

IV. AMIDST MANY SIGNIFICANT ISSUES WE BELIEVE IT IS IMPORTANT DURING THE PERIOD OF REAPPRAISAL TO FOCUS ON THE TECHNIQUE USED TO DELIVER SERVICES - PARTICULARLY THEIR PURCHASE - TO DETERMINE WHAT THIS MAY OFFER IN ADDRESSING CONCERNS ABOUT THESE PROGRAMS.

A. We recognize there are major issues about the funding, planning and organization of social services which lie beyond the scope of this report.

Public policy bodies at all levels of government must make some difficult choices about the future funding and delivery of social services. Some of the big questions facing them and the public include:

- * What social services are needed? How can this best be determined?
- * What can reasonably be accomplished by expanding various programs?
- * How can services best be organized to improve their delivery?
- * What are the best arrangements for funding services, e.g., categorical grants, block grants or special revenue sharing?
- * What amount of funds can be spent from each level of government?

Decisions about the amount of funding and the way it is provided -- whether by federal categorical grants, block grants, special or general revenue sharing, state or local funds -- will have a substantial influence on social services. Obviously, they will determine the amount of services that are publicly provided and the numbers of people receiving them. In addition, however, these choices can influence who will deliver the services and the degree outcomes rather than inputs are emphasized in delivering a service.

Experimentation with answers to some of these questions, such as the organization of services, is already under way. While Congress has postponed consideration of reorganization proposals such as the Allied Services Act, Minnesota and its counties are proceeding to undertake an experiment in coordinating various agencies in a multi-county area human resources board. These experiments are very important. They hold the promise of packaging a variety of now separate services delivered to a single recipient or family for various conditions or behavior patterns. They may also contribute to the possibility of achieving specified results for complex cases where a combination of different training, counseling, education and rehabilitation services may be employed.

- B. We concluded that the purchase of services in various forms, as an alternative to direct delivery of them by public agencies, is a technique that offers many possibilities for sharpening the purpose of services and improving their effectiveness and responsiveness.
1. *There are a variety of techniques which can be used in providing services.* Conceptually, these techniques and some of their characteristics include:
 - a. Direct provision -- Services provided directly by governmental employees working for a governmental agency. Funding is provided by appropriation in a budget for a particular service. The program objectives in such a program are usually not clearly defined unless revenues are earmarked, but the type of service which is to be consumed is designated. Such appropriations may take the form of grants-in-aid under which the governmental agency indicates it will provide a given number of dollars for a program to a specified number of recipients. It is then up to the agency administering such programs to determine what inputs, standards, etc. will be required in directing the program.
 - b. Direct purchase by government -- A governmental agency, rather than deliver its services directly with its own employees, may provide for delivery by agencies with which it has agreements or contracts. Two distinctively different types of agreements or contracts exist:
 - 1) Input-oriented contracts -- Under this approach, a governmental agency signs a contract with a firm to provide service at a fixed cost. An input-oriented contract must contain specifications about what service will be delivered, i.e., the inputs and standards that must be met. In the field of education, for example, the specifications could include pupil-teacher ratios, the use of para-professionals, which textbooks to use, the time spent on subject matter, the time of classes, the amount of time students are in the school, etc. This type of contract requires specifications indicating what type of service will be provided and how it will be delivered. The amount paid to the vendor for delivering this service is frequently based on a mutual agreement between the vendor and the public agency over fixed costs.

- 2) Output-oriented contracts -- Under this performance contract approach, the governmental agency agrees to pay a firm for delivering a program which achieves specified results. Such a contract leaves considerable latitude to the vendor in how the service is provided. Although the contractor must meet existing standards, he is given substantial flexibility in substituting various inputs to achieve the desired results. Performance contracting in education, for example, might apply to reading and mathematics, since these are two areas in which it is possible to prescribe performance and to measure the results. Payment under this approach more often is based on agreement about an acceptable price to be paid for delivering services.

A contract might also combine input and output requirements by, for example, requiring a service for a specified period of time which is also to achieve specified results.

- c. Indirect purchase by consumers -- Under this approach, the governmental agency would take the dollars which are appropriated for a particular function, divide them up, and give them to the recipients in the form of either regulated or unregulated vouchers. The recipients can then purchase the service from qualified vendors.
 - d. Income supplement -- This approach is the most private technique for delivering services. Cash is simply provided to supplement income, with no limitations placed upon its use.
2. *Direct delivery of services by governmental agencies, while appropriate and necessary for some services, has a number of shortcomings. (Reference: "Why Not Buy Service?"). Briefly, these include: The inertia of direct delivery bureaucracies which impedes change in the use of new approaches to solving problems; the existence of few incentives due to the inflexibility of civil service; and the lack of rewards for improved performance.*
 3. *The purchase arrangement in its various forms of input-oriented and performance contracting, or indirect purchase with a voucher, has a number of advantages over the direct delivery method. (Reference: "Why Not Buy Service?"). Briefly, these include: Improved control by managers over what is delivered and its effect; increased flexibility to test the effectiveness of various services; an ongoing process of setting objectives and evaluating performance of separate third parties who can be held accountable; and possible increases in efficiency and responsiveness to consumers due to competition between providers.*
 4. *The purchase of services also has some problems and limitations which may limit its use for some services by comparison with direct delivery. These include some services where there are responsibilities intimately associated with the public's interest, such as eligibility determination and intervention for child protection. Some services may also fail to attract outside providers and therefore may continue to be directly delivered.*

V. THE PROCESS AND ARRANGEMENT FOR PURCHASING SOCIAL SERVICES TO DATE HAVE TAKEN THE FORM ESSENTIALLY OF A GRANT FROM COUNTIES OR A STATE AGENCY TO SOME PRIVATE GROUP OR GOVERNMENTAL AGENCY IN AN ARRANGEMENT FOR SERVICES OUTLINED IN THE STATE PLAN FOR SOCIAL SERVICES.

A. There are a number of elements in the process used to purchase services under Title IV-A which result in the "contract" resembling more of a grant.

1. *The agency responsible for delivering a service is also the one responsible for purchasing it.* County welfare departments, for example, are responsible for the bulk of services that are purchased. They devise the plan for social services, handle the solicitation of vendors, develop specifications, negotiate the contract and monitor it.
2. *Specifications consist of listing inputs into the service.* Specifications for social services to date are mostly descriptive of how a service is to be delivered and the number of clients. Detail consists of standards to be met such as the personnel-client ratios, the physical requirements for licensing of facilities, hours of operation, etc.
3. *A limited number of prospective vendors are approached about submitting a proposal for contract.* Only organizations or agencies such as non-profit day care centers, family service organizations, neighborhood houses, day activity centers, etc., which already provide the desired or comparable service, are contracted to submit a proposal for a contract. There is no general advertising of requests for bid or contract, nor little cultivation of possible providers. Vendors in part are also limited in one of the arrangements for funding. This occurs where the United Way provides the local match with the understanding that one of its affiliated agencies will deliver the specified service or where one of the private agencies goes directly to the county with the local match in return for the contract.

Some contracts - in mental health, for example - resulted from suggestions for a contract from churches, halfway houses, and organizations interested in services for the mentally retarded. The mental health agencies in turn were receptive to these, as they were in the process of expanding their operation to include a larger number of recipients.

A few agencies desiring to purchase services, such as the State Division of Vocational Rehabilitation, directly encouraged people interested in a service--such as work training for the physically or mentally disabled--to organize an agency to deliver a sheltered workshop service where one did not exist.

4. *The contracting process exclusively relies upon an input-oriented contract, with the key terms--such as prices paid--arrived at by negotiation over the costs of individual items.* All contracts under Title IV-A were of the fixed-charges type, in which the contractor agreed to deliver a service meeting certain standards to a given number of recipients at a price acceptable to the contracting agency following analysis and acceptance of the cost of individual items. This contrasts with a performance-type contract, where results are specified and payment is made on the basis of a price submitted by the vendor and accepted in open bidding or adjusted in negotiations.

- a. A process of negotiation between the prospective vendor and the contracting agency determines the basic dollar amount of the contract or the per-unit cost. Compensation for delivering a service is largely determined as the parties proceed through a number of steps. It begins with: (1) The public agency, such as the welfare department, requesting the prospective vendor (e.g., a day care center) to prepare a budget for a type of service to a given number of clients for the coming year; (2) The budget is then submitted to the public agency for its review and scrutiny; (3) Negotiations proceed over items in the budget such as personnel, equipment, facilities, etc., with the agency determining which ones to accept and their amounts. At this point the agency may question and request justification for the dollar amount of various proposed items, such as personnel. It may also decide to exclude, reduce or upgrade some items such as staffing levels, or the qualifications of personnel based on federal and state rules; (4) When both the parties agree, the contract negotiations are concluded and the contract signed, subject to approval by a public policy body, if necessary.
- b. Contracts are limited to one year. Although there may be provision for renewal of a contract based on satisfactory performance, the contract extends for only one year. Assurance of future contracts is not provided.
- c. Capital facilities are largely leased or already owned by vendors. Expenses for a building or equipment are paid either fully or in part on whether they are owned or leased by the provider. The public agency recognizes expenditures for the leasing of plant and equipment and payment for part of any debt incurred in purchasing these in accordance with amortization schedules. One of the items negotiated, however, is the reasonableness of these schedules and whether an item of equipment, such as toys for a day care center, should be viewed as a direct yearly expenditure or one whose payment should be phased over a number of years. The facilities used for social services under Title IV-A were either leased, as with many day care centers, or already owned and financed by the vendors as part of their existing programs.
- d. Change orders to the contract are frequent - often without accompanying adjustments in compensation. Change orders to the contracts consist largely of reductions in the number of clients or consumers or a lengthening of amortization schedules for capital expenditures. These occurred with some frequency - particularly after the freeze was placed on Title IV-A funds and as federal and state rules changed. As change orders were made, however, adjustments in compensation due to higher per diem costs were late in coming. Some changes such as lengthening the amortization of toys for a day care center required vendors to absorb the added cost.
- e. Payment to the vendor is made on the basis of actual cost or the agreed-upon negotiated unit cost, whichever is lower. The vendor, each month, is required to present a bill detailing the cost of providing the service. Payment then follows in accordance with federal and state rules calling for compensation only for cost up to the amount agreed upon by the parties as the unit cost.

- f. Monitoring of services is largely accomplished in response to complaints and by the licensing inspections of facilities.
 - g. Rewriting of specifications in the second round of contracting follows the same process as the first one.
5. *Evaluation of services in terms of the performance of the vendor in achieving intended results is only slightly done.* Apart from some financial auditing by the county, this responsibility is largely left to the contractor as part of a self-appraisal. Difficulties in measuring results and the lack of results-oriented performance standards contributed to little evaluation of services provided under Title IV-A by public agencies.

The problem of evaluation based on measurement or even recipient assessment is at the heart of both the lack of clear direction in specifications and the difficulty of determining vendor performance.

- B. Some social and health care services are purchased by a process or form which differs from that used in Title IV-A programs. They use a form of indirect purchase or they identify an end product or result to be achieved from direct purchase of a service.

The State Division of Vocational Rehabilitation has long been involved in the purchase of many services. Such services, however, are outcome-oriented. They are evaluated on whether they contribute to getting the client a job and keeping the person employed. The agency started working toward this objective with physically disabled persons and in recent years began to work with the emotionally disabled as well. In the process of assisting a client in obtaining employment they purchase a number of services the DVR counselor determines may be needed from various providers. These may include physical therapy, job interviewing, skill training, education or sheltered workshop experiences.

The purchase of health care for persons receiving medical assistance is also different from what is used under Title IV-A. Health care -- the largest single service purchased by the county -- is obtained essentially by an indirect purchase by the recipient. Each eligible recipient has a free choice of physician, dentist and hospital, and may go to whoever is licensed to provide these services. The provider, in turn, determines what specific services will be delivered, provides them, and sends the bill to the county for payment. The county then reviews the bill and may disallow some items or, for cause, may drop the license of the vendor.

VI. THE PURCHASE ALTERNATIVE TO DELIVERY OF SOCIAL SERVICES IS BESET BY A NUMBER OF BASIC POLICY, ADMINISTRATIVE AND VENDOR PROBLEMS. UNLESS THESE ARE OVERCOME, THE OPPORTUNITY THAT PURCHASE OF SERVICE OFFERS WILL NOT BE REALIZED, AND LITTLE USE WILL BE MADE OF IT.

- A. Public policy obstacles contained in present laws and rules create considerable funding uncertainty, limit purchases to only some types of vendors, and result in numerous changes to the contracts for delivery of services. These obstacles include:

1. *Funding uncertainty has contributed to many basic-frequent adjustments in existing contracts.* Annual - even monthly - changes to contracts are made due to federal, state and county decisions about the funding of programs. These shifting decisions result in short-term annual contracts, frequent changes in rules about who is eligible to receive the service, which services will be provided, and even changes to the terms of outstanding contracts such as the rules on amortization.
 2. *Funding sources have heavily influenced which services are delivered and who are the vendors.* Decisions by the county on whether to use their own public funds for the local match or to seek these outside have skewed not only what services are purchased but also who delivers them. Rather than beginning with an assessment of the need for and purpose of certain services, then determining whether to directly deliver or purchase them and finally how to fund them, the process has tended to begin at the opposite end. The funding source, such as a federal categorical program or even Title IV-A with its rules and regulations, has contributed to limiting eligibility, to selection of the types of services delivered, and indirectly to the selection of vendors which may be at variance with the assessment and choices that otherwise would be made in the local area.
 3. *Vendors sometimes are limited to only non-profit providers.* Federal law limits the range of vendors to non-profit organizations in the delivery of a few services, such as home health care and elderly nutrition programs. This action limits the field of potential vendors and of competition by excluding proprietary vendors who may have equal or better abilities to manage a service.
- B. The process for purchasing services is beset by obstacles including conflicts in organizational responsibilities, the exclusive use of input-oriented, fixed-cost contracts, and compensation rules which leave a vendor with many risks and few incentives to improve a service.
1. *Conflict has been built into the social services programs by expecting the same agency to make the decision about purchasing a service that may now deliver it.* Such agencies may also lack a significant, ongoing expertise in contracting and have few incentives to develop this competence.
 2. *Contracts for services lack measurable objectives.* This situation makes contracting for services resemble a grant more than a contract. As a consequence, little more is expected of the contractor than of the government agencies directly delivering the service. The contract approach, however, implies a set of specifications and encourages efforts to develop better and more specific ones each time the contract is renewed.
 3. *The rules for compensation constitute a no-win, possible-loss arrangement for vendors.* The contractor is not allowed to profit but is required to absorb the risk of losses. Compensation is paid only for actual costs - not the unit cost budgeted if these are higher than actual costs, and never more than the budgeted unit cost even if these are lower than the actual costs. This no-profit but possible-loss method of compensation will only discourage potential vendors from developing a capability and may well encourage present providers over the long run to leave the market.

4. *Exclusive use of input-oriented contracts and the lack of confidentiality implicit in negotiating to fixed costs in this type of contract will discourage some potential providers from entering the market.*

The use of this form of contracting--short of specifications based on results and performance--may be necessary for some services. However, this approach to contracting lacks positive incentives for the public agency to determine what results are desired, or to ascertain whether these are achieved. It also takes incentives away from the contractor to do a responsible job. Basically, in the fixed-cost contract the public agency focuses on the licensing and input standards, such as personnel-recipient ratios, hours of service, physical layout and condition of capital facilities. The government then looks at these elements, throws out long-term capital facilities, and proceeds to examine the contractor's costs of labor and equipment, develops a unit charge, and agrees to pay this. If the contractor spends less, then the public agency recovers the dollars.

5. *The government keeps changing the terms every time it feels like it without equivalent adjustments in the per-unit cost.* Many social service contracts simply have not been contracts, as one of the parties--the government--is not legally bound to comply with the terms or to seek compensatory adjustments. It is unrealistic to expect vendors to be attracted or even to continue if this condition is not changed.

6. *New capital facilities which may be necessary to house some services cannot be provided by vendors based on revenue from social service contracts.* The uncertainty about funding, the limited length of contracts, and the exclusion of capital costs beyond a yearly amount for amortization will not provide a stream of revenue to retire any long-term debt. Some other means must be found to develop them.

7. *Many potential suppliers of services presently lack the capability to deliver services that are susceptible to contracting.* Some of them, such as health and financial institutions and diversified corporations, may have the management, accounting and financial skills needed. However, they frequently lack a working knowledge about particular services, such as day care, homemaking and chemical dependency rehabilitation. Experience to date with others, such as some community organizations, however, indicated they had some service capability but lack the necessary accounting and management expertise.

VII. WHILE THE PURCHASE OF MANY SOCIAL SERVICES IS RELATIVELY NEW, GOVERNMENT HAS LONG PURCHASED HARDWARE AND STRUCTURES BY WORKABLE ARRANGEMENTS WITH A PROCESS THAT HAS SOME FEATURES WHICH ARE GENERALLY VIEWED AS DESIRABLE.

- A. Hardware and structures have been purchased for some time by government. The arrangements and process for doing this have evolved into a formal one, which encourages competition between vendors, improved products and delivery of goods which will serve their intended purpose.

Most of the goods and equipment needed by government and the roads or structures it builds are purchased from outside suppliers or contractors. The features of this process include:

- * Purchasing of hardware tends to become centralized in a single purchasing office -- usually a staff position to the general administrator. Each department -- welfare, public works, hospitals, etc. -- submits its requirements to the office for purchase.
 - * Specifications related to outcomes or results desired by the agency requesting supplies or a building are drawn up by the purchasing office including details about what the product will look like (size, shape, color), possibly how it must perform, when it is to be delivered, and others. Research is done by the purchasing office to determine what new products are available and the characteristics of them.
 - * A request for bids is advertised and the specifications are circulated to attract a maximum number of competitive vendors.
 - * The base price is determined by bidding with award of the contract to the lowest responsible bidder.
 - * The total amount paid for the merchandise is the amount bid, plus or minus any penalties for late delivery and adjustments in compensation due to agreements on subsequent change orders.
 - * Goods are inspected following delivery while continuing inspection and monitoring of work on buildings and roads is done with compensatory adjustments to ensure they result in what was intended.
 - * Legal obligations enforceable in court are attached to both parties in fulfilling the contract.
- B. The process used in contracting for hardware and structures is not without some problems which have resulted in cost overruns and a lack of competition.

The lack of clarity in specifications--particularly for buildings or roads--requires numerous change orders to the original contract if the final product is to be satisfactory. Cumulatively these changes have added considerably to the final cost of the facility.

At the other extreme, specifications have been made so limiting that only one provider is willing to bid, thereby eliminating competition and the possibility for the lowest possible cost.

- C. The public purchase of social services has not reached the level of development as the purchase of goods, since--due to its recent use in new programs--there is a lack of experience with it, problems in the evaluation of results and the clarification of objectives, and uncertainty about funding.

There are many more complexities in dealing with human behavior and measurement of this than in purchasing a visible product. The predictability of results from delivering a service--particularly for an individual--is also a major problem, as it is difficult to determine whether the service, such as counseling, made a difference or something else. Finally, there are frequently differences over objectives, as in day care, over what kind of behavioral change or skill is desired.

CONCLUSIONS

- I. DESPITE THE PROBLEMS AND DIFFICULTIES WITH PURCHASING SOCIAL SERVICES, IT SHOULD BE FURTHER PURSUED AND EXPERIMENTED WITH ON ITS MERITS.

The purchase of services holds forth the possibility for improved effectiveness and greater efficiencies in their delivery and for greater responsiveness of services to consumers.

It is reasonable to continue public purchases of social services by contract, as the process of contracting requires an effort be made each time the contract is given to specify clear objectives and to seriously consider outcomes, together with identifying the ways a contractor's performance will be measured. Use of the indirect purchase by voucher may also provide a way of measuring effectiveness and responsiveness by allowing consumer satisfaction to judge the vendors' performance and the services they receive. Both of these possibilities contrast with relying on direct delivery, where there are few incentives to specify objectives or outcomes or to measure the results of delivering a service or the performance of those who are doing this.

- II. THE PURCHASE APPROACH OUGHT TO BE IMPLEMENTED IN NUMEROUS ADDITIONAL EXISTING AND PROPOSED SOCIAL SERVICES WHICH APPEAR TO BE SUSCEPTIBLE TO THIS APPROACH AS PART OF THE EFFORT NEEDED TO EXPERIMENT WITH WAYS OF IMPROVING SERVICES.

- A. Services which may be most amenable to contracting today include those which meet the following criteria:

- * Those where specified-observable results, such as a period of sobriety, are now possible.
- * Those where a number of providers or vendors with the necessary capability already exist. These may be proprietary or non-profit organizations that deliver comparable or similar services such as financial and debt counseling.
- * New services, such as drug rehabilitation, that may be added to permit controlled experimentation and evaluation of alternative treatment techniques.
- * Services with numerous conflicting objectives, such as pre-school education, which may be most amenable to delivery by indirect purchase or voucher.

- B. There are a number of services that appear to be susceptible to contracting which are worth exploring further in terms of the possibilities and arrangements for purchasing them; the form of contracting that could best be used; and the design of possible experiments. Some of these services and the form of purchase that might be used include:

1. Financial counseling -- Money management and consumer education by a performance-type contract or voucher.
2. Chore services (housecleaning, shopping, errands, etc.) by a performance contract or voucher.
3. Homemaker skill development by a performance contract or voucher.
4. Hot meal services by a performance contract or voucher.
5. Alcoholism rehabilitation services by a performance contract.
6. Day care of children or elderly by voucher.
7. Adoption by a performance contract.
8. Legal services by a voucher.
9. Housing assistance to welfare recipients by a performance contract or voucher. The present services consist of counseling about purchase, rental and maintenance, and locating housing within the income range of recipients.

- C. As a long-term enterprise, development of a Social Service Maintenance Organization may provide an arrangement capable of packaging a number of services and directing the delivery of appropriate services to individuals of a group for certain specified outcomes.

Both the purchase of services and their direct delivery should be directed to the attainment of overall outcomes such as continuous employment or sobriety. One or more services might well be delivered or made available to an individual or family in achieving this overall objective. This approach to services, however, requires development of a new arrangement and setting for social services which would ascertain the possible difficulties or problems of the clients, the effective contribution of individual services to a variety of conditions or problems and the ability to deliver a package of services that in combination would likely achieve the desired outcome. Such an arrangement does not presently exist for most of the social services, which have either limited or poorly defined objectives or unstated ones. In moving toward this capability, the new arrangement might well present opportunities for purchase of planning and evaluation assistance, and the possible future development of Social Service Maintenance Organizations which can package and deliver a variety of services.

RECOMMENDATIONS

- I. We recommend the state and counties, as part of the present reappraisal, undertake a program to purchase the delivery of some social services they presently directly provide and others which are newly adopted.

More specifically:

- * We recommend the county boards adopt resolutions directing the county chief administrators, in cooperation with the agencies responsible for social services, to evaluate all existing and anticipated social services and to propose a number of them for purchase by performance contracts or vouchers as experiments to improve their effectiveness, accountability and responsiveness to consumers. *As part of this, all proposals to create new services or expand existing ones should be reviewed by the chief administrator and policy bodies to determine whether they should be purchased or directly delivered.*
- * We suggest various approaches be used in this program to test different arrangements for purchasing services and ways of improving the outcome of their delivery.
 - A. County assesses recipients and prescribes services to be purchased under contract from profit or non-profit vendors comparable to the approach used by the Division of Vocational Rehabilitation.
 - B. County contracts for an outcome with a prime vendor for assessment of recipients and their multiple problems, the development of a treatment plan, and the delivery of services either by this vendor or by subcontractors.
 - C. County and a vendor enter into a joint venture to deliver a social service, with social service expertise provided by the county and the management-accounting skills provided by the vendor.
 - D. County provides vouchers worth a given amount to eligible recipients which may be used to purchase the service from any qualified vendor. Changes in the amount of the voucher would automatically change what is required of the vendors.

- II. We recommend the county boards assign responsibility for the work of purchasing social services to a central social service purchasing office with management, accounting and service skills, or to the chief administrator, with direction on how this process is to operate.

The central social service purchasing office should be given responsibility and the capability to:

- A. Develop and forward proposals for the contracting of specific services or programs to the county board by means of performance and fixed-cost contracts and vouchers.
- B. Design specifications with the advice of existing agencies, present and potential providers, and consumers for a variety of performance and fixed-cost contracts. Such specifications would set forth the objectives of the service, what observable change in the condition or behavior of recipients is anticipated, indicate how this service will achieve or contribute to these, and the techniques to be used in monitoring or inspecting the work of a contractor.
- C. Solicit requests for proposals or bidders to contract from existing and potential vendors by advertising and publicizing the request for them.
- D. Negotiate the terms of a fixed-cost or performance contract or award the bids. While a bidding process is desirable, in the long range it can be effectively used only when there are a number of providers for a uniform service that is clearly detailed and understood in the specifications.
- E. Evaluate the performance of contractors. This office, as part of its responsibility, might also contract for advice on measurement techniques. As detailed specifications identifying techniques to be employed in evaluation are developed, this function might also be contracted out.

- III. We recommend Congress and the Minnesota Legislature make a number of changes to the terms and conditions surrounding present contracting for social services. These changes should include:

- A. Permit contracts for social services be flexible in their length to extend for more than a single year. In any case, as change orders are made due to a cutback in funds or additions to the contract, the contractor should be treated the same way as government handles these in contracting for hardware with compensatory adjustments.
- B. Permit the waiver of state and federal rules and regulations setting standards for services upon petition of a county board proposing to contract for specific services or a package of them in an outcome-oriented program.
- C. Eliminate federal prohibitions in statutes and regulations limiting contracting to only non-profit organizations in delivering home health care and nutrition for the elderly, and avoid making any such limitations when programs are created or changed. Contracting should be open to both profit and non-profit organizations.

IV. We recommend greater use be made by public agencies of outcome-oriented, performance-type contracts or vouchers which specify observable-measurable results. Short of this, however, changes in the method used to determine costs in an input-oriented, fixed-cost contract must be made.

- A. Only when providers or the contracting agency cannot propose workable alternative performance-type contracts or voucher arrangements for delivering a service should the fixed-cost approach be used. Preference should be given to those proposing a performance contract or voucher. Continued use of the unit cost determination with negotiations over allowable items, etc. will only frustrate potential providers and continue the pattern of focusing on inputs in the delivery of services.
- B. The practice of paying only the actual costs up to those budgeted must be abandoned. Instead, compensation rules should be based on whether the vendor is responsible for the costs of delivering a service. If the vendor is responsible, he should be paid the amount agreed upon in the contract. If the vendor is not responsible, the purchasing agency should pay whatever the service costs - whether this is above or below the negotiated budget.
- C. We suggest a variety of techniques be used for evaluating performance of a contractor. These techniques, which would depend on the type of purchase, include:
 1. Recipient interviews and assessment of performance.
 2. Recipient selection of a qualified vendor in a voucher system.
 3. Objective measurement, where possible, of the degree results were achieved, by an organization other than the vendor or the agency responsible for the service. Some of these measurements for various programs include:
 - Period of time a person is sober in an alcoholism or drug addiction program.
 - Period of time without criminal offenses in a corrections program.
 - Period of continuous employment on a job in an employment program.

While evaluation techniques are important, they should not be overly stressed to the point of not proceeding to a purchase. Almost any approach to evaluating services will be better than those we now have. Part of the reason for further experimentation with purchasing service is to focus on the results of what is delivered. This must begin with the state of the art of evaluation. In time, however, efforts which must be made in experiments to develop and improve performance contracts will contribute to increasingly better techniques of evaluation.

- D. We recommend an incentive contract arrangement be explored as an experimental alternative to a regular performance contract. Such a contract would provide a vendor with a bonus for exceeding minimum performance or for introduction of innovative techniques that improve performance.

- V. We recommend contracts for services recognize the capital, developmental and operating costs to the vendor. If new capital facilities are needed, or if there are start-up costs related to a new service, these should be recognized as a reasonable cost in the contract. If a vendor, however, cannot build needed facilities, the county should assume the risk and build them and then contract for delivery of services within them.

- VI. We recommend that, in cases where a service was previously delivered by the public agency, assurances be provided the public will not go back into delivering the service for a period of time. If this threat is present for vendors who must develop a new capability, they will stay away.

- VII. We recommend the Citizens League undertake further study into ways of organizing and coordinating social services and their delivery. Such studies should include exploration of techniques, such as a Social Service Maintenance Organization, that might be used to package and deliver a number of services directed to specified outcomes in contrast with the present set of fragmented services delivered by multiple agencies.

WORK OF THE COMMITTEE

Background

This report follows on the work begun in 1972 by the Citizens League suggesting development of an alternative system for delivery of public services. In its report, "Why Not Buy Service?", the League concluded there would be many gains if many of the expanding urban services were purchased by governments from a variety of public or private suppliers, rather than produced or directly delivered by their own staffs and facilities. The area of new and growing "social services", it was suggested, might further provide many possibilities for trying and testing this hypothesis.

The Citizens League Board of Directors proceeded to follow up their report by focusing on the experience in purchasing social services - particularly programs financed by the 1967 Title IV-A amendment to the Social Security Act. They were particularly concerned about the kinds and quantity of services provided in different counties and the kinds of contracts written between the public and private bodies.

In the fall of 1972 the Board authorized formation of the "Committee on New Approaches to the Delivery of Social Services", with the following charge:

"This assignment will focus principally on the issues involved in the rapid expansion of social services for the poor and near-poor, financed under the Social Security Act. These are estimated to more than double in Minnesota in fiscal 1973 over fiscal 1972. The vast bulk of this increase is in the form of purchase-of-service contracts between county welfare boards and private organizations. We will review the Minnesota plan for social services, how it was prepared, what it says, and how it can be used; the kinds and quantity of services provided in different counties; the kinds of contracts written between the public and private bodies, and the quality of the services provided from the standpoint of the ultimate recipient."

Membership

A total of 27 members actively participated in the work of the committee. The chairman was Wayne Popham. Other members were: Jon C. Adelsman, Ralph N. Bearman, Lloyd L. Brandt, Shirley M. Buttrick, David C. Cordes, John Costello, Mervyn W. Curran, Leo J. Feider, Fred W. Joy, Kirsten Kurtz, Harold Lee, Harry Leonard, Gary Lohn, Nicholas Long, Victor E. Miller, Norma Nelson, Todd Otis, Irma Sletten, Marvin Spears, Myrtle Tenney, Fletcher C. Waller, Jr., William P. Walsh, Robert W. Walther, Esther Wattenberg, Thomas W. Wexler, and Robert W. Will.

The committee was assisted by Clarence Shallbetter, Citizens League research associate, and Jean Bosch of the clerical staff.

Committee Activity

The committee held its first meeting on November 9, 1972. A total of 27 meetings were held, most of them 2-3 hour sessions, until December 18, 1973. Detailed minutes of the meetings were prepared of presentations made to the committee.

The committee, in its initial meetings, explored the use made by government in purchasing a variety of goods and services and some of the features of this process. It then looked at the arrangement used to buy many social services including vocational rehabilitation, day care, senior citizen services, homemaker-housekeeping, mental health/mental retardation, and alcoholism treatment. In doing this, the committee became familiar with the contracting process used by public social service and welfare agencies, the plans prepared by the county and state, and the views of both purchasers and vendors about the arrangements employed and the problems with them.

Among the resource persons who met with the committee were:

John Brandl, director, School of Public Affairs, University of Minnesota.
Donald Jacobson, vice president, Cedar-Riverside Associates, Inc.
Stanley Cowle, Hennepin County Administrator.
John Catlin, director, St. Paul-Ramsey Mental Health Center.
Dale Simonson, director, Hennepin County Mental Health/Mental Retardation Program.
Robert W. Will, director, Minneapolis Rehabilitation Center.
Frank Deimel, director, Cerebral Palsy Center.
Gregory Coler, director, Greater Minneapolis Day Care Association.
Richard Conner & Gary Lohn, Control Data (sponsor of day care center).
Morris Manning, director, East Side Neighborhood Service Child Development Center.
Ira Schwartz, ass't. director, administrative services, Hennepin County Welfare Dept.
Richard Storla, director, Pilot City Services to the Elderly.
Karl Dansky, Senior Citizen Centers.
Daphne Krause, Minneapolis Age and Opportunity Center.
Barbara Bailey, Suburban Recreation Association.
William Taylor, director, Homemakers International.
Hans W. Hoel, director, social services, Hennepin County Welfare Department.
Grace Gummitt, Home Services Association.
Gary Haselhuhn, director of planning, State Department of Welfare.
Rick Nelson, assistant director of social services, State Department of Welfare.
Dr. Paul Ellwood, InterStudy.
James Edmunds, executive director, Ramsey County Welfare Department.
Robert Speltz, director of purchase of service, Ramsey County Welfare Department.
Robert Boyer, director of social services, Ramsey County Welfare Department.
Eugene Johnson, Hennepin County Welfare Department.
Edward Svetc, Hennepin County Welfare Department.
John O. Wilson, president, North Star Research & Development Institute.
Richard Pappenfus, St. Paul Mental Health Center.
James Pearson, assistant director, Hennepin County Alcoholism Program.
Phil Hansen, director, Alcoholic Treatment Center, Northwestern Hospital.
Verne Drilling, Johnson Institute.
Margaret Rudolph, exec. secy., Association of Halfway House Alcoholism Programs.
Walter C. Cullen, Metropolitan State Junior College.
Leonard Boche, executive director, Minnesota Commission on Alcohol Problems, and director of Drug Abuse Section of State Planning Agency.
Richard Broeker, president, Minnesota Social Services Association.
James L. Hetland, Jr., vice president for urban affairs, First National Bank of Mpls.
Thomas L. Olson, chairman, Hennepin County Board of Commissioners.
Frederick W. Joy, director, Hennepin County Welfare Department.
Marvin Spears, director of operations for vocational rehabilitation of the State
State Department of Education.

ABOUT THE CITIZENS LEAGUE . . .

The Citizens League, founded in 1952, is an independent, non-partisan educational organization in the Twin Cities area, with some 3,600 members, specializing in questions of government planning, finance and organization.

Citizens League reports, which provide assistance to public officials and others in finding solutions to complex problems of local government, are developed by volunteer research committees, supported by a fulltime professional staff.

Membership is open to the public. The League's annual budget is financed by annual dues of \$15 (\$25 for family memberships) and contributions from more than 500 businesses, foundations, and other organizations.

Officers

President
Peter A. Heegaard

Vice Presidents
Wayne H. Olson
Peter Seed
Mrs. Pat Davies
Francis M. Boddy
Stuart W. Rider, Jr.

Secretary
Gordon M. Donhowe

Treasurer
William J. Hempel

Directors

Newton Ablahat
Charles H. Backstrom
Dale E. Beihoffer
Mrs. Elsa Carpenter
Charles H. Clay
Mrs. Eleanor Colborn
Rollin H. Crawford
Richard J. FitzGerald
Raymond K. Frelsen
Ray Harris
James L. Hetland, Jr.
George C. Hite
Verne C. Johnson
Mrs. Geri Joseph
Mrs. Jean King
Todd Jeffrey Lefko
Arthur Naftalin
Roger Palmer
Wayne G. Popham
John W. Pulver
Leonard F. Ramberg
Allen I. Saeks
Waverly Smith
John M. Sullivan
Matthew Thayer
Douglas Wallace
James L. Weaver
George Weikert

Past Presidents

Charles H. Bellows
Francis M. Boddy
Charles H. Clay
Waite D. Durfee
John F. Finn
Richard J. FitzGerald
Walter S. Harris, Jr.
James L. Hetland, Jr.
Stuart W. Leck, Sr.
Greer E. Lockhart
John W. Mooty
Norman L. Newhall, Jr.
Wayne H. Olson
Leslie C. Park
Malcolm G. Pfunder
James R. Pratt
Leonard F. Ramberg
Charles T. Silverson
Archibald Spencer
Frank Walters
John W. Windhorst

Staff

Executive Director
Ted Kolderie

Associate Director
Paul A. Gilje

Membership Director
Calvin W. Clark

Research Associates
Clarence Shallbetter
Glen Skovholt

Research Assistant
Jon Schroeder



CITIZENS LEAGUE

530 SYNDICATE BUILDING - 338-0791
MINNEAPOLIS, MINNESOTA 55402

Nonprofit Org.
U. S. POSTAGE

PAID

Minneapolis, Minn.
Permit No. 414