

SELF-SUPPORT WORK IN CHICAGO¹

By M. J. KARPf

In 1919 when the writer took charge of the Relief Department of the Jewish Aid Society in Chicago, there was prevalent a very pessimistic outlook upon the work and the possibilities of the Self-Support Department, which established dependent families in business in order to make them independent. At first, it was difficult to trace this discouragement to its cause, because it was observable in board and staff members alike. Later it was found to be largely due to a special audit of the financial standing of the department initiated by the president of the organization who wanted an accurate picture of the situation. This audit was completed about the time of Miss Taussig's leaving, so that the auditor did not have the necessary guidance in the interpretation and evaluation of the findings. The results were very discouraging, to say the least.

In 1920 the writer undertook a careful study of the work of the department for the period of 1917 to 1920 inclusive. The findings of this study showed that there was no cause for alarm or uneasiness, but, on the contrary, the organization had every reason to be satisfied with the accomplishments. This study was made from two standpoints: first, the effect of the work on the families established, and second, the financial returns or savings to the organization. With regard to the first item, it was found that the work had the best possible effect upon the families. The real value of the work lay in the fact that instead of fostering or allowing a spirit of dependence to be developed in the families, there was evident a very wholesome spirit of independence, so much so that families, which were making payments to the organization on the loans advanced them, preferred to pay for their medical

¹The evaluation of the work of the Self-Support Department of the Jewish Aid Society in Chicago and the criteria upon which such evaluation is based will appear as a section of "A Social Audit",—a review of Jewish welfare activities prepared by Mr. Karpf for the Chicago J. A. S. This constructive review will be published in the near future but will not be available for general distribution. The problems and activities discussed in Mr. Karpf's "Audit", the balances that he strikes in each section after careful analyses of facts and results, while dealing with the Jewish Community in Chicago, are of universal interest to Jewish social workers. The data and the statistical figures alone are confined to local activities,—the nature and the solutions of the various problems are essentially alike in almost every Jewish community. It is for this reason that we avail ourselves of the privilege given us by the author of printing this section of his "Audit" before the publication of the book.—*Editor.*

service instead of getting the service from the dispensary which they could obtain free or for a very nominal fee. However, the effect of independence as compared with dependence on the morale of a family and its individual members is too well-known to need either description or argument here. That which is not so well-known, namely the financial savings which work of this kind usually brings to an organization, deserves consideration in greater detail.

Each family handled by the department was studied in relation to the probable relief expenditure which would have been necessary for the family during the period. Due allowances were made for the changes in budget which would have taken place because of the varying standards in the organization and the difference in cost and earning capacity of the members of the family. All of these items were determined on the basis of the conditions which were known to exist, doubtful situations were counted against rather than for the department. While there undoubtedly is an element of error in these calculations, it is extremely small because of the conservative manner in which the figures were compiled. This gave a total probable relief expenditure, for a group of twenty families established during this period, of \$25,946. We deducted from this sum the actual relief granted the families during the period as indicated by the individual family ledgers. This item amounted to \$2,196. The gross saving in relief was therefore \$23,750. We next calculated the total amount invested in establishments from the Self-Support fund, \$10,622, and subtracted from this the total amount repaid at the time of the study, \$3,426, which left a balance due us from the families of \$7,196. Even if we were to consider this entire balance a dead loss and deduct the entire amount from the gross saving in relief, we would still have a net saving of \$16,554 in relief on twenty families in a period of about three years. However, the showing is much better because another phase of this study showed that about 73% of the repayments were made as agreed upon, and we can therefore add at least this portion of the unpaid balance to the net savings in relief, bringing this item up to \$21,707.

A study of the rate of repayments was also made and it was found that during this period 73% of the repayments were made as agreed upon, and 27% were delinquent. When it is borne in mind that these loans are made without any guarantors, the organization frequently having no more than a chattel mortgage or a judgment note which cannot be enforced, the showing with regard to the repayment seems truly remarkable.

In this connection it should be pointed out that the reason for the poor impression of the work, which the special audit referred to above gave, was found to lie in the fact that the bad accounts were not charged off at any time since the establishment of the department in 1911, and consequently it seemed as if few repayments were being made on an investment in loans amounting to \$29,828.82 whereas, as a matter of fact, only about \$11,000 of this sum represented living accounts. When this fact was brought to the attention of the interested persons, the situations took on an entirely different aspect. At this time also the practice was established of charging off at the end of each year such losses as occurred during the year and to close out all accounts which for one reason or another should not be continued on the books. While this may ascribe a loss to one year on a business established in a previous year, it seems to be the only method available for the distribution of losses so that they may not accumulate and present a false picture of the work of the department at any given time.

Another phase of the study related to the "success" or "failure" of the various business ventures. It was found that 10% were absolute successes, meaning by this term those who had fully repaid and remained in business; 40% were probably successful, placing into this category those who were still in business and repaying as per agreement; 20% were undetermined—still in business but not paying as per agreement or requiring assistance from time to time; 15% were partially successful—those who repaid, were out of business but have not required relief because of habits or resources developed during their business venture; 15% were failures—out of business and dependent. Of these three families, two became

ill subsequent to establishment and had to give up their business, and one failed because the location chosen was a poor one. If complete independence and repayment be considered the criterion for success, about 65% of the families established were successful. *If the criterion should be accepted as rehabilitation from the standpoint of independence of spirit as well as financial independence, between 80% and 90% of the families established during this period may well be said to be successful.*

It will be clear from the above that this work represents a very hopeful and very much worthwhile effort on the part of the organization. Plans were then laid for the development of the work because the number of families handled at any one time was no more than between fifteen or twenty. However, the industrial depression, was beginning to make itself felt and the time did not seem ripe for such development. Nor did it seem wise to establish many families in business because of the critical business situation which developed, so that even the funds available for this purpose, at that time \$5,000 per year, were not entirely used up.

In September, 1922, when the business situation seemed brighter and more promising for the delayed development, a similar study was made for the five year period of September, 1917, to September, 1922, inclusive. It was found that in general the findings of this study corroborated the findings of the previous study.

The losses were considerably heavier than they were during the earlier period, but it should be remembered that this study covers the years 1920, 1921 and 1922, which saw an industrial depression during which thousands upon thousands of old establishments were forced into bankruptcy. Nevertheless, when the losses for the entire period were calculated, they were found to be only 15% of the entire investment during the period, which is very little indeed when the type of persons which the department deals with and establishes in business is considered. They are usually not keen business people and rarely possess those qualities which are required successfully to meet the competition which the neighborhood store faces.

TABLE I

SUMMARY OF FINANCIAL COSTS AND SAVINGS ON CASES ESTABLISHED IN BUSINESS, SEPTEMBER, 1917, TO SEPTEMBER, 1922

Relief necessary if not established.....	\$39,357.81	
Relief granted while in business.....	4,069.33	
<hr/>		
Saving in relief.....		\$35,288.48
Investments from S. S. F.....	24,465.65	
Repayments	11,456.47	
<hr/>		
Cost to date.....		13,009.18
<hr/>		
Net saving to J. S. S. B. on 32 cases in five years....		\$22,279.30

TABLE II

ANALYSIS OF RESULTS BY SUCCESS AND FAILURE OF CASES ESTABLISHED, SEPTEMBER, 1917, TO SEPTEMBER, 1922

1. Successful—fully repaid and self-supporting.....	7 = 22%
2. Active—success undetermined	11 = 34%
3. Partially successful.	
A. Partially repaid—out of business but self-supporting...	6 = 19%
B. Fully repaid—transferred to relief.....	3 = 9%
4. Failure—S. S. F. sustained losses and cases were transferred to relief	5 = 16%
<hr/>	
	32 = 100%

TABLE III

FINANCIAL ANALYSIS OF FAILURE OF CASES ESTABLISHED, SEPTEMBER, 1917, TO SEPTEMBER, 1922

Relief necessary on 8 cases referred for relief if not established	\$ 4,151.23	
Relief granted while in business.....	603.79	
<hr/>		
Saving in relief		\$ 3,547.44
Investments from S. S. F. on 8 cases referred for relief	1,908.87	
Repayments	1,357.69	
<hr/>		
Loss		551.18
<hr/>		
Net saving to J. S. S. B. on 8 cases.....		\$ 2,996.26

TABLE IV

ANALYSIS OF FAILURES BY CAUSES OF CASES ESTABLISHED, SEPTEMBER, 1917, TO SEPTEMBER, 1922

Sickness after Establishment.....	3
Failure of business due to deterioration in neighborhood.....	1
Death	1
<hr/>	
Total	5

TABLE V

RELATION OF LOSS TO INVESTMENT ON ESTABLISHMENTS, SEPTEMBER, 1917, TO SEPTEMBER, 1922

Total Investment—Sept. 1917, to Sept. 1922.....	\$24,465.65
Total Loss—Sept. 1917, to Sept. 1922.....	3,688.78
Ratio of Loss to Investment.....	15.07%

TABLE VI

DISTRIBUTION OF NUMBER OF CASES ESTABLISHED AND COSTS BY YEARS, SEPTEMBER, 1917, TO SEPTEMBER, 1922

	1917	1918	1919	1920	1921	1922
1.	\$200.00	\$ 76.70	\$1531.00	\$ 330.00	\$ 648.56	\$ 930.00
2.	38.09	900.00	56.35	2064.80	392.00	2118.00
3.		225.50	950.00	2100.00	1150.00	1550.00
4.		179.17	861.00	125.00		65.00
5.		818.15	372.69	365.00		2001.33
6.		770.75		535.00		50.00
7.		63.35		566.72		
8.		1445.43				
9.		986.31				
Totals	\$238.09	\$5456.11	\$3771.04	\$6086.52	\$2190.56	\$6714.33

TABLE VII

FREQUENCY DISTRIBUTION OF CASES ESTABLISHED BY TYPES OF BUSINESS, SEPTEMBER, 1917, TO SEPTEMBER, 1922

Type of Business	No. Established	No. Successful	No. Active Success undetermined	No. Failure
News Stands	16	7 (Note 1-2)	7	2
Shoe repairing	3	1 (Note 2)	2	
Grocery	3	2 (Note 1)		1
Tailor	2	1 (Note 1)		1
Dry Goods	2	2 (Note 1-2)		
Cigar Store	1	1 (Note 1)		
Bookbinder	1	1		
Optician	1		1	
Jewelry Peddler	1			1
Fruit Peddler	1		1	
Soda Water Stand	1	1 (Note 2)		

Note 1—One of this group is only partially successful—i.e., partially repaid—out of business—self-supporting.

Note 2—One of this group partially successful—fully repaid—transferred to relief.

TABLE VIII

DISTRIBUTION OF LOSSES BY YEAR OF CLOSING OF CASES ESTABLISHED, SEPTEMBER, 1917, TO SEPTEMBER, 1922

No. of Cases Closed	1917	1918	1919	1920	1921	1922
		\$ 68.70	\$ 54.35	\$1320.89	\$ 139.28	
		110.00	292.78	7.39	964.88	
			25.35	635.65		
			69.51			
Totals		\$ 178.70	\$ 441.99	\$1963.93	\$1104.16	

The findings were presented to Mr. Max Adler, Vice-President of Sears, Roebuck & Co., a long-time friend of self-support work, and who, more than anyone else, has made the work possible by providing funds for it. He studied the records and reviewed the findings carefully, declared himself well satisfied with the results of the work, and offered a special donation to the Associated Jewish Charities for the department. This was accepted, and more money was made available for this work during 1923 than ever before. Unfortunately we found that conditions over which we had no control were thus far not conducive to the quantitative development of this particular branch of our work. In order to outline the reasons for this, some of the guiding principles which have been formulated and adopted by the organizations for self-support work must now be presented.

There are at least two ways in which Self-Support may be looked upon, and there are naturally corresponding criteria for judging the success of the work. The first of these is to look upon it as another form of relief work, where the investment is looked upon by client and agency as a grant rather than a loan and where no repayment is expected. All that can be expected from such establishment is that the family so established will have a rather uncertain income, that it will be subject to the fluctuations of the seasons, and that it will be obliged to return to the agency for assistance from time to time, if indeed continuous supplementation will not be necessary while the family is in business. While this is frequently advisable and even necessary in certain types of cases where the business ability of the person involved is doubted and where a large investment is therefore inadvisable in the beginning, or where the person is ill and his span of life or activity is uncertain, it seemed best that this type of work and the hazards of such investments should not be charged up against a department which requires the strictest kind of follow-up and a clear comprehension of and adherence to business principles and procedure. It was found that mingling this type of work with the other higher type of business establishment tended to lower the standards of work and follow-up for the other cases.

It was, therefore, decided to keep this group of cases within the jurisdiction of the family case work departments, the cost of establishment being charged against the general funds of the organization, although the self-support worker was available to the case worker in all matters where her particular experience or skill was helpful or necessary. The responsibility, as far as the business enterprise is concerned, is jointly carried by both workers, although the responsibility for the policies rests with the case work districts. Incidentally it might be pointed out that there is a triple advantage in this arrangement. Not only are the limited funds of the Self-Support Department not depleted by a type of work which is another form of relief work, and not only does this arrangement safeguard the standards of business supervision and follow-up by the department, but it also has the effect of bringing to the case-worker the benefits of learning something of business methods, thinking and procedure. To the self-support worker it brings an opportunity of being in continuous contact with case-work thinking and processes so that her own work is subject to the mellowing influence of case work considerations. It hardly needs to be pointed out that this type of business establishment is rarely productive of the highest success from the standpoint of inducing those attitudes of independence and self-reliance which are perhaps the greatest compensation in self-support work. Unless the financial transactions, such as income and expenditures, profit and loss, are carefully controlled, there are all the elements for developing an attitude of dependence with all the accompanying effects upon the family.

The second type of self-support work is the legitimate establishment of a handicapped person in business for the purpose of complete independence. In this category are usually included persons who are handicapped either physically, through industrial accident and disease, or socially,—by too large a family for the maximum earnings possible under the best condition in one's trade, etc. This type of person usually requires and responds to a carefully conceived business relationship. Our procedure is somewhat as follows.

The type of business is decided upon on the basis of physi-

cal condition,* as determined by careful medical examination, previous work and business experience, interest and capacity, ability to establish and maintain pleasant contacts and personal relationships, availability of other members of family for assistance, etc. The desirable standard of living for the family is then decided upon and its cost determined. Our own practice is to calculate this standard as about one-third higher than the relief budget necessary for the family. The approximate necessary income can then be determined and the approximate investment arrived at. We usually figured repayments to be completed in forty months. 1/40 of the approximate investment is then added to the necessary living expenses, and these, together with the current expenses for the business, provide a rough idea of the necessary income from the business.

During the last three or four years we accepted the principle of repayment as a necessary part of self-support work. First, because for obvious reasons, we deem it essential to the morale of the family; second, because the investments per family are usually so large and the amount available for the work proportionately so small that we could reach but few families unless we have the additional income and the accumulated capital from repayments for reinvestments.** However, perhaps the most important argument for repayments is the margin of safety which they provide for the business. While the principle of repayment is important because of the financial returns to the agency, we believe that it is much more important to insure the success of the enterprise by providing that the income from the business should be greater than the immediate needs of the family require. This makes it possible for the family to look forward to the time when they will have the entire income from the business for themselves which will enable them to raise their standard of living, an ambition and incentive which are of consider-

*Persons suffering from, or at one time afflicted with, contagious disease, should be kept away from handling foodstuffs; cardiacs should not be expected to do strenuous work, etc.

** In 1923, the Board of Directors adopted the principle of the general fund reimbursing the self-support fund at the same rate as the client pays until the combined repayments of the client and the general fund are equal to the original investment at which time repayments from the general fund are discontinued. The aim of this arrangement was to distribute the burden of the large investments so that the limited fund of the Self-Support Department would be replenished at a greater rate than the small repayments made possible.

able importance to the morale of the family. But it has the added advantage that if the business should suffer a set-back for whatever reason, the family does not need to resort to relief or borrowing in order to maintain its necessary standard, because it simply discontinues its repayments for the time being. If it did not have this margin it could not withstand the slightest reverses without going back to a relief basis,—a procedure which would be fraught with the greatest danger to the spirit of independence which is the greatest asset in the work.

In view of the above this principle was accepted by the organization and all establishments were made on this basis. A review of the current cases leaves no doubt that, if not for this practice, a comparatively large number of the families now independent would have been forced back to a relief basis during the depression, whereas, the margin provided by the repayments makes it possible for them to maintain themselves without making all the payments agreed upon. It cannot even be argued that the organization is the loser in the application of this principle because otherwise it would be obliged to give in relief what it now loses in repayments. That the latter is the less costly socially, no person who is at all familiar with the dangers of relief giving will have the slightest doubt.

Recent experiences seem to indicate a need for re-examining this policy. The reason for this lies not in any inherent weakness which has suddenly been discovered, but in the fact that it is very difficult to find the types of business at the amounts which the organization is willing to invest per family, the income of which should be sufficient to enable the family to live on the accepted standard and to make the necessary repayments. This is due to the fact that industrial conditions have been so bad the last year or so that owners are unwilling to sell a paying business at a time when the industrial situation is such as to make it unsafe for them to do so because of the difficulty of securing employment. Where they are willing to sell, the amount asked for is usually out of reach of the organization, (although in some instances more than \$3,000 has been invested for a single family!), or the price is

out of proportion to the income, or the income is not sufficient to meet the needs of the family and the necessary repayments. The case workers, fully appreciative of the dangers and effects of relief, have recently urged the abandonment of the principle of repayment because that would reduce the necessary income and would make establishment easier. They agree that the principle is sound and that the practice is desirable; they also agree that if the margin provided by repayments is eliminated, the dangers of families being forced to revert to relief would be greatly increased. However, they feel that the plight of families eligible for establishment and their disappointments at not being established after waiting for months, are sufficient cause to modify the policy. Whether they are right or wrong, the problem presents a real challenge and must be carefully considered.

Another factor which has contributed to the reduction of the number of self-support establishments is the availability of our Industrial Shops as an outlet. Until July, 1923, when the shops were established on the present basis of operation, the only resource open to the case worker was self-support. Now a good many persons who would have been considered for self-support are sent to the shops either for re-training or try-out employment before a business is thought of. It is quite proper that this be so and this possibility was thought of when the shops were contemplated even to the extent of joining the Self-Support Department with the Shops. However, while the shops will care for certain types, and while they offer a tremendously important additional facility to the case worker, self-support still remains the most constructive and satisfying solution for a good many problems.

One other problem should be mentioned in this connection, and that is the advantage of buying an established business as compared with starting a new one. It has been suggested that the problem of finding establishments suitable for our purpose might be solved by renting stores and setting up our clients in them with new stock and fixtures and allowing them to build up the business from the bottom. While this may be possible in some cases, it seems unwise as a general practice for the following reasons:

1. Most of our clients, and for that matter most clients coming to social agencies for this type of help, do not possess the necessary business ability to develop a business from the beginning. They may have the ability to carry on what has already been established and organized, but they usually do not have the ability to begin at the bottom.

2. The hazards would be much greater than in purchasing "going" establishments for, at best, the worker would have little more than a more or less intelligent guess as a guide in the selection of locations.

3. The ability, capacity, and reliability of a client could never be adequately gauged because there would be no basis of comparison with previous earnings of the particular business.

4. Relief would be necessary during the period of development so that the family would be subjected to all the dangers of dependency and loss of initiative during the period.

5. There would be no saving for the agency because what would be saved in the purchase price would be more than offset by the relief which would be necessary, especially since most purchases are made on the basis of inventory with a definite sum for "good will."

6. Last, but by no means least, should be mentioned the danger of discouragement which is likely to come to the client due to failure. This danger can hardly be overestimated, especially when the high rate of mortality of small neighborhood stores is taken into account.

In light of the above it does not seem that this offers a solution to the problem of finding the right kind of businesses at a reasonable cost. We can only hope that the situation will improve with the general improvement of industrial conditions.

In October, 1921, the Board adopted the principle of charging a small interest on loans made by the Self-Support Department. This policy was inaugurated after careful study of its desirable and undesirable features. It is looked upon purely as an additional incentive for repayment. The rate of interest is two per cent per annum for the unpaid balance

TABLE IX

TABLE OF INTEREST AT TWO PERCENT PER ANNUM ON LOAN OF \$100 REPAID IN FORTY MONTHLY INSTALMENTS

End of Month	Monthly Payment	Total Paid at end of Month	Amount on which interest is to be paid at end of month	Interest to be Paid
1	\$ 2.50	\$ 2.50	\$ 100.00	\$.16
2	2.50	5.00	97.50	.16
3	2.50	7.50	95.00	.15
4	2.50	10.00	92.50	.15
5	2.50	12.50	90.00	.15
6	2.50	15.00	87.50	.14
7	2.50	17.50	85.00	.14
8	2.50	20.00	82.50	.13
9	2.50	22.50	80.00	.13
10	2.50	25.00	77.50	.12
11	2.50	27.50	75.00	.12
12	2.50	30.00	72.50	.12
13	2.50	32.50	70.00	.11
14	2.50	35.00	67.50	.11
15	2.50	37.50	65.00	.10
16	2.50	40.00	62.50	.10
17	2.50	42.50	60.00	.10
18	2.50	45.00	57.50	.09
19	2.50	47.50	55.00	.09
20	2.50	50.00	52.50	.08
21	2.50	52.50	50.00	.08
22	2.50	55.00	47.50	.07
23	2.50	57.50	45.00	.07
24	2.50	60.00	42.50	.07
25	2.50	62.50	40.00	.06
26	2.50	65.00	37.50	.06
27	2.50	67.50	35.00	.05
28	2.50	70.00	32.50	.05
29	2.50	72.50	30.00	.05
30	2.50	75.00	27.50	.04
31	2.50	77.50	25.00	.04
32	2.50	80.00	22.50	.03
33	2.50	82.50	20.00	.03
34	2.50	85.00	17.50	.02
35	2.50	87.50	15.00	.02
36	2.50	90.00	12.50	.02
37	2.50	92.50	10.00	.01
38	2.50	95.00	7.50	.01
39	2.50	97.50	5.00	
40	2.50	100.00	2.50	

\$ 3.23

calculated monthly. Thus on a loan of \$100 to be paid in 40 monthly instalments, at the end of the first month, interest on the entire sum is charged. This is added to the monthly payment. At the end of the second month, interest is charged for the loan less the first payment if payment has been made. At the end of the third month, interest is charged for the amount of the loan less the two instalments paid, etc. The attached table of interests was prepared for easy calculation and ready reference.* It is explained to the client that he saves money by making prompt payments. An additional incentive is provided by the arrangement that the amount paid as interest is applied to the principal at the end of each year if payments are made promptly and without interruption during the year. On the larger loans this is a considerable sum so that people have been known to borrow elsewhere in order to make their payments regularly. This is, of course, not countenanced by the worker for obvious reasons. However, the effect of this new policy has been very encouraging.

* Table IX.