

Does He Who Pays the Piper Always Call the Tune?

Public Funds and Jewish Vocational Services

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This article takes an historical perspective as it examines the effect of public funds on Jewish Vocational Service agencies. The discussion addresses not only the specific issues of agency mission and agency relationships with the Jewish community and the broader community but also focuses on some new conceptual underpinnings. The critical question is whether the short-term benefits of receiving large amounts of public dollars have long-term risks for the Jewish community. There are no easy answers, but the question must be asked.

The JVS field has long navigated the shoals of using public funds while still maintaining its basic mission to the Jewish community. Besides receiving needed dollars for programs which benefit Jewish clients, the community relations assets which accrue from giving services to the general community should not be overlooked.

Coun (1983, p. 55).

In the 1960s new federal legislation was passed that made possible extensive contracting between the federal government and nonprofit organizations. In the field of Jewish communal service, the JVS system was unique in that it had already had experience with public funding, made available by the Vocational Rehabilitation Act of 1954. By 1967, enough time had elapsed for there to be a history of experience with these public funds. The value of the JVS experience was therefore great, and my doctoral study provided early research findings (Perlmutter, 1969, 1971).

The use of public funding was a topic of central interest to Ron Coun. His writings in this *Journal*, as shown in the opening

quotation, reflect these concerns. It is now 40 years later, and this tribute to Coun provides an opportunity to examine the same issues not only in a new policy context but also in terms of the historical development of the JVS agencies that have used public funds. This exploration also serves as an opportunity to raise questions and suggest challenges for the future. Of special interest is the recognition that a new development has occurred among the JVS agencies that is of most importance to both Jewish identity and public policy issues.

JVS: THE PUBLIC POLICY CONTEXT

The 1954 amendments (Pub.L.83-565) to the Vocational Rehabilitation Act represented a major expansion of the federal government's role in funding services for vocational guidance, training, occupational adjustment services, and job placement. The act authorized research and demonstration grants, extension and improvement grants, and funds for facility development.

However, the relationship between the public sector (i.e., federal, state, and county government) and local nonprofit organiza-

tions did not become a major and ongoing policy theme until the 1960s when large sums of public money became available to local private agencies as a result of the 1962 amendments to the Social Security Act and the Economic Opportunity Act of 1964. The relevant authorizing legislation for those funding streams, in the areas of job training and vocational rehabilitation, saw numerous shifts as there was much tinkering and adjusting of the programs to make at-risk populations more self-sufficient. Subsequent amendments in 1965, 1973, 1986, and 1992 expanded the share of federal matching funds to states, broadened the categories of consumers to be served to include more severely disabled populations, and placed a greater emphasis on consumer involvement and community integration.

In large part, this legislation emerged in response to economic or social concerns related to the needs of low-income and impoverished communities. Although job training and manpower legislation were first introduced as a response to specific kinds of unemployment and the recessions of the late 1950s and early 1960s, by the late 1960s job training was viewed as part of the larger effort to address poverty, guided by the realization that the causes of chronic poverty were rooted in more than economic factors.

These were indeed massive changes. Initially, the general community of nonprofit agencies was wary about accepting public funds, with their attendant government-imposed restrictions. The literature contained cogent discussions about these issues. In this *Journal* in 1963, Selig et al. wrote an article entitled "The Challenge of Public Funds to Private Agencies," in which they raised the issue of the potential danger of distorting an agency's mission if it accepted too much money from public sources. Kramer (1966) described how agencies at that time were focused on determining a desirable public/private balance in their funding. He cited two examples of attempts to set a fixed percentage of public funding: one children's agency set a 20%

limit on the amount of public funds it would accept in relation to its total budget, whereas public hearings on the 1962 Public Welfare Amendments suggested a maximum of 50%.

Berkowitz (1963) focused on community planning as he raised the issue of whether voluntary planning agencies (e.g., United Ways or Federations) could determine the future of the nonprofit service-providing agencies whose philanthropic source of income was declining. This concern proved a harbinger of things to come as the community planning function has, in fact, diminished over time.

The de-emphasis on training in the Personal Responsibility and Work Opportunity Reconciliation Act, PL 104-93 (PRWORA) of 1996 was a retreat from the idea that job training, rather than simply *a job*, is key to an individual's path to economic self-sufficiency. The legislation also decentralized program authority by shifting authority from the federal level to state and local governments.

The charitable choice section (104) of PRWORA introduced a new wrinkle: it allows federal funds to be given to faith-based organizations for the provision of social services (Cnaan & Boddie, 2002; Cnaan & Milofsky, 1997; Gronbejerg & Nelson, 1995). Interestingly, what was meant by "faith based" was unclear because "neither the legislation nor the White House Office of Faith-Based and Community Initiatives has defined what 'faith based' means for the purposes of charitable choice" (Kennedy & Bielefeld, 2002, p. 5). This definition is explored later in this article.

Kennedy and Bielefeld (2002) raise a variety of issues in their paper, reflected in the title of their analysis: "Government Shekels Without Government Shackles? The Administrative Challenges of Charitable Choice." They focus on the necessity for evaluation to assure "evenhandedness in awarding and monitoring contracts" (p. 10). And the U.S. General Accounting Office reported that "the effectiveness of FBOs [faith based organizations] as social

service providers has not been rigorously examined by the research community” (p. 2).

Chambre, in a trenchant review article, also decries the lack of research as she notes that the charitable choice initiative is “long on rhetoric and short on empirical data” (2003, p. 470). She reviews the work of Bartkowski and Regis (2003) who call attention to the historical relationship among religion, advocacy, and charitable organizations (p. 470). Cnaan and colleagues (2002), in their empirical work, examine religious congregations and find that congregations, in their social service activity, focus on the material products being delivered and not the “spiritual and moral acts.” An important contribution to the field, not yet available, is a book edited by Boddie and Cnaan (2007), which discusses methods and findings regarding the effectiveness of faith-based services.

The human service system of the Jewish community and Jewish Vocational Service agencies in particular have certainly been actively involved in obtaining support from the public sector. There is a dilemma, however, to be noted: while the Jewish community human service system sees benefits from the legislation, does it also see the risks? In addition to worrying about governmental restrictions on nonprofits in general, sectarian agencies historically have also been concerned with the constitutional issue of separation of church and state (Coughlin, 1965; Tussman, 1962).

This constitutional issue remains an active concern to this very day, reflected in the current jurisdictional question before the Supreme Court as to “whether taxpayers who object to the way the White House Office of Faith-Based and Community Initiatives spends its money can get into federal court to make their case” (Greenhouse, 2007, p. A11). Although this is a jurisdictional and not a substantive question before the Court, it is certainly a substantive matter in the view of the plaintiffs for this case.

The critical question is whether the short-term benefits of receiving large amounts of

public dollars have long-term risks for the Jewish community. There are no easy answers, but the question must be asked.

Faith-Based versus Faith-Related Agencies

Smith and Sosin (2001) call attention to the distinction between faith-based and faith-related agencies, a distinction of importance to this discussion. They cite Jeavons’ (1994, 1997) studies of faith-based agencies and note that the delivery of services is intimately related to the expression of faith, and that “these agencies’ effectiveness is directly related to their faith connection” (p. 652). Whereas faith-based agencies tend to be small, informal organizations, by contrast, faith-related agencies are linked more tangentially to their religious base and are more focused on their service delivery mission. They tend to be larger organizations that are bureaucratically structured, primarily professional, and generally secular in their service orientation. JVS agencies are in this faith-related grouping.

A THEORETICAL FRAMEWORK

A major result of my early study of JVS agencies was the finding that they could be grouped into three distinct categories. This led to the formulation of a theoretical model which categorized the agencies into three types: Type 1. Self-Interest; Type 2. Professionalism; and Type 3. Social Interest.

Smith and Sosin (2001) offer a parallel framework in which they discuss “degrees of coupling.” Coupling is defined by the tightness of the formal affiliation with the religious body and its authority structure. Our Type 3 Social Interest agencies are similar to Smith and Sosin’s notion of “loose coupling” by which agencies “tend to consider themselves cultural rather than religiously oriented agencies (and thus may be borderline faith-related agencies)” (p. 661). “Moderate coupling” is similar to our Type 2 Professionalism agencies, which

have closer ties to their faith orientations. In our population of 27 JVS agencies there are no “tightly coupled” agencies that require the direct sponsorship of the agency by a religious body, although our Type 1 Self-Interest agencies are certainly closer to that definition.

All three types are directly related to and dependent on the definition of agency mission, which helped explain a central finding that agencies retained their sectarian identity whether they accepted public money or not. In organizational terms, it was the clear definition of “institutional mission” (Selznick, 1957) that determined the character of the agency, and not its use of public funds.

Specifically, in 1967, agencies accepted public dollars only if those funds supported the specific goals of the agency. Thus, Type 1 agencies focused on their relationship to the Jewish community over and above all else and did not even apply for public funds, at the expense of their professional growth and development. This is best illustrated in the language of an executive director of a Type 1 agency:

I am selfish enough to feel that we Jews have special problems in terms of college education and job placement. I want our agencies to retain their Jewish identity . . . and concentrate on helping our own. . . . Jewish agencies may have to accept that fact that there may be practical limitations on the scope and extensiveness of their programs.

By contrast, Type 2 agencies focused on high standards of professionalism and technical competence. As one CEO commented at that time, “The role of the private agency in general and the JVS in particular is . . . innovative, seeking to break new grounds . . . to make service available to our own constituency and the general community’s related constituency.”

Programs developed by Type 2 agencies using public funds were related to special needs in the Jewish community. For example the hearing impaired benefited from the development of programs that were stimulated by the needs of the Jewish com-

munity and then made available to the community at large. Similarly a special program serving Jewish prisoners was started with public dollars and then broadened to serve all eligible prisoners.

It is important to emphasize that, although the value of sectarianism was explicitly stated, the quest for higher standards of service by Type 2 agencies stimulated the judicious application for public funds to serve a broader rehabilitative function than was possible with the limited Jewish funds available. Even though the service was now available on a nonsectarian basis, the quest for professionalism was the informing value, and not the desire to serve the broader community.

Reflecting a broader definition of agency mission, Type 3 agencies had as their central thrust the objective of involvement with the social problems of the broader community: “Our Jewish leadership is becoming more conscious of the needs of the general community, and there is some thinking of the value of being a community service but with a sectarian identity.” Furthermore, the executive directors of Type 3 agencies were conscious of the public recognition these agencies received through the demonstration programs.

You are committed to a social problem and not a population. . . . A change is needed philosophically. The Jewish community must lessen its selfish concern of helping its own, and must strengthen its ability to contribute to the whole. A sectarian identity can be maintained though the contribution as Jews, regardless of the identity of who gets it. . . . It is essential to get as much money as possible to serve all in need!

Interestingly, one agency, the JVS of Pittsburgh, left the Jewish fold because it sought more flexibility than its Federation would allow and so became an independent nonsectarian agency. Subsequently, the Jewish Federation of Pittsburgh, in response to the closing of the steel mills and related businesses, started a service that replaced the original JVS and folded it into the Jewish Family and Children Service.

This Career Development Center became a member of the International Association of Jewish Vocational Services (IAJVS).

Regardless of agency type, the executives shared a strong identification with the Jewish community and a commitment to their Jewish roots, as illustrated by their discussions at their annual national meetings and the completely Jewish identity of their boards. In addition, all the executives, who came from either the field of rehabilitation or Jewish communal service, were themselves Jewish.

Given the enormous and increasing percentage of public moneys accepted by the JVS agencies, and the comparatively small percentage available from their local Federations, the current question of interest is whether this strong Jewish identification on the part of all the agency directors, evident earlier in their mission statements and in their board compositions, still holds today.

RENEWAL: THE CURRENT PICTURE

A funny thing happened en route to this article. It seems that the earlier model of three social agency types is not adequate to explain the further development of the JVS agencies. It became clear in my interviews with the CEOs that there is a new look, a new approach, a new commitment reflective of the current environment and experience and that the theoretical model needs to be revised to reflect current realities. This led me to conceptualize a new category, a Type 4 agency, which I call *Renewal*, which is reflective not only of the language used but especially of the strategies used in planning, fundraising, and service delivery.

Agency Mission

As stated earlier, among Type 3 Social Interest agencies in the 1967 study, a major expansion of agency programs and services was related to a commitment to the broader community and its social problems. This fo-

cus was stimulated by the new public dollars available in the domain of the JVS service agenda of training, employment, and rehabilitation. And although the executive directors of the Type 3 Social Interest agencies all affirmed the Jewish identity of their agencies, the energy expended by those agencies was in the direction of new programs, new populations, and new demonstrations—all in line with the public agenda of the 1960s.

The scenario today is dramatically different. JVS agencies have become major players in the broader social service community. Yet all, in different ways, are very aware of and focused on their Jewish identity, illustrated by several aspects.

First, it is of particular interest to note that these agencies have all chosen to retain their Jewish identity in their agency's name. And Chambre (2007) notes that "an organization's name is its most obvious quality. It is an important part of its identity, its image, and, for well known nonprofits, its 'brand.'"

Second, the current mission statements are of importance as they reflect the dual priorities among the agencies. There are three types of mission statements: (1) those that refer to the agency's Jewish tradition or value; (2) those that focus totally on the agency's professional goals; and (3) those of agencies that have merged with a Jewish Family Service agency and operate within the larger context of a Jewish setting.

Third, Jewish money is used strategically, often to provide leverage for getting public funds or to serve Jews where no public money is available. Further, many of the agencies make efforts to ensure that their Jewish clients receive the public entitlements for which they are eligible.

Many agencies discuss Jewish tradition and/or values in their mission statement. For example, the Los Angeles JVS mission statement states that "JVS' commitment to helping people help themselves is rooted in the Jewish tradition of caring in a way that supports human dignity and respects each individual's capabilities and poten-

tial.” The Boston mission statement states, “Jewish Vocational Service gives shape and substance to Judaic teachings regarding social justice and the dignity and value of work. . . .”

By contrast, other mission statements address only professional goals without mention of their Jewish base. Thus FEGS Health and Human Services System of New York City has, as its mission, “to respond to our community’s needs, helping each and every individual achieve the highest level of success in school, in the community and at work, while helping business meet its ever-changing needs.” The breadth of FEGS’ domain is certainly evident here: it uniquely includes both the individual as well as the world of business as its charge. And the Philadelphia agency highlights its nonsectarian identity: “JEVS Human Services is a not-for-profit, nonsectarian social service agency that benefits the community by enhancing the employability and self-sufficiency of the people it serves through a broad range of education, training, health and rehabilitation programs.”

Those JVS agencies that have been combined with Jewish Family Service agencies are in a different category in which the merged mission is clearly a Jewish one, as illustrated by the JVS of South Florida: “JCS of South Florida will provide exemplary social services in South Florida on behalf of the Jewish community which promote the quality of life and the maximum achievement of potential within that community and the community as a whole.” And in Pittsburgh, the mission is “to improve the quality of life of individuals and families in the Jewish and general community by providing psychological, employment, and social services.”

The third indicator of the Jewish identity of these agencies is that the CEOs are all Jewish, as are with very few exceptions the members on their boards. And finally, their affiliation with IAJVS further affirms this identity.

Exploring Jewish and Broader Communal Ties

Because a dual awareness is clearly at play among the various agencies that have grants and/or contracts with the public sector, agency relationships with Federation as well as with the broader community are topics of importance. The JVS agencies are clearly active in the larger community arena in Washington, DC, at the state level, and at local, county levels. They also still remain active and a part of the Jewish communal system, as part of Federation.

Although Federation funding has diminished over the years, the JVS agencies are no longer viewed as inconsequential in the Jewish network of agencies. Their competence in the field of employment and rehabilitation has given them a presence at a time when these service areas are in the ascendancy. And it is apparent that the Jewish community has benefited from the breadth of the publicly supported programs.

At the same time, agencies are wary of their great dependence on public policy and programs because public dollars constitute such a large proportion of their budgets. Thus, FEGS in New York City, the largest member of the JVS network, has an annual budget of \$230 million; 95% is from public funds (federal, state, and local) and only 2% is from Federation. Philadelphia’s JEVS has a budget of \$70 million; 90% is public money, with less than 1% from Federation. In Chicago, 70% of its \$13.6 million budget is from public money and 17% is from Federation, and in Los Angeles, a \$12 million agency receives 50% of its funding from public sources and 6% from Federation. It is certainly a reality that these agencies and their programs are very tied to the public sector. And, understandably this is a cause for apprehension because of the ebbs and flows both in public policy and public funding.

A new strategy has now appeared on the horizon, one clearly underpinning the notion of a Type 4 Renewal. This is the iden-

tification of service needs that are particularly Jewish and the development of new programs that serve a targeted Jewish population. Federation funding is no longer viewed as the main route to travel. Instead a quest for diversification of funds—not putting all one’s eggs in one basket—is a top priority. A concerted effort is being made to develop endowments, to seek private funds and corporate funding, and to develop programs with targeted Jewish money dedicated to Jewish population needs.

Interestingly, this quest for greater balance does not address the issue of the separation of church and state. Not one CEO raised this as a concern or as a dilemma; the total focus appears to be on the benefits at the service delivery level. Yet, national advocacy agencies in the Jewish community remain concerned about this constitutional issue.

In summary, Type 4 agencies appear to have returned to a focus on their roots, a thread lost in the heady years of government expansion of public grants and contracts to nonprofits. Consequently, there is now a commonality among all the agencies, be they Type 1, 2, or 3, regardless of the extent of their coupling. This commonality suggests that a new phase has evolved.

FINAL COMMENTS AND QUESTIONS

In this discussion I have attempted to summarize the historical relationship of Jewish Vocational Services and public funds and to understand the current status of Jewish Vocational Services. As a consequence, I wish to raise two major questions and challenges for the field.

First, the identification of a new configuration among the JVS agencies, which I have Type 4: Renewal, is most interesting and important in organizational terms. It serves to unite the historically identified groups of JVS agencies as it addresses Jewish communal interests and goals. However, this appears to be largely based on the Jew-

ish identification of both the CEOs and the members of the agency boards. As the field becomes more complex, as leadership challenges become greater, as non-Jewish CEOs and/or board members become part of the JVS system, will the Jewish connection be sustained? Will any of these agencies leave the family fold of the JVS field and become nonsectarian, as the Pittsburgh agency did? Or will a new type evolve?

Second, these agencies have certainly benefited from public money as their services have expanded and become more diversified, as have the populations served. The question still remains regarding the important constitutional provision for the separation of church and state. These are questions still to be wrestled with by these agencies, by Federations, and by Jewish advocacy groups involved with this issue.

And finally, the agencies are constantly fine tuning their response to and involvement with both the Jewish community and the public sector. Networking and involvement in public policy activities at the federal, state, and local levels are a major focus of the CEOs.

Retaining active ties with Federations and other Jewish agencies in their local communities, regardless of the amount of money received, is also a major thrust.

In answer to the question, “does he who pays the piper always call the tune,” our conclusion is, not in this case. While an array of new programs are made possible, it is the agency that still calls the tune.

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