Notes

Chapter 1   Social Administration: An Overview

1. It might be noted that the continuing influence of policy devolution makes national resource issues somewhat less central today than they appeared in 1978. This is, however, a matter of degree rather than kind.

2. The title of Slavin's 1978 book, *Social Administration: The Management of the Social Services,* is a reflection of the ambiguity over the terms *administration* and *management.* Though the term *management* has become the more popular summary term in recent years, we believe there is value in restricting it to more technical and internal organizational perspectives and in distinguishing management from other identifiable aspects of social administration, such as leadership, policy making, and institution building.

3. Many major decisions made by social administrators involve issues of social policy, and much of this component of social administration fits together easily with existing and emerging policy practice models. However, to avoid additional confusion and because we highlight slightly different aspects of administrative decision making from those of greatest concern to policy practice writers, we choose not to refer to this component of social administration as policy making. Students and instructors who choose to speak of policy making will not go far astray. Does social administration thus equate or reduce to social policy? No, in the very explicit sense that social policy is concerned not only with how policy is made in and for organizations but also for nonorganiza-

543

tional policy (e.g., policies affecting individuals directly, such as tax policy) and with the substance, content, and implications of policies made.

4. Weber's (1947, 1968) model of bureaucracy, which is discussed in detail in chapter 4, was part of a critique of modern society. He was concerned that modern humans were trapped in an "iron cage" of rationality from which Weber saw no escape. This view would almost certainly apply to the efficient, effective delivery of social services by professionals working in formal organizations to provide (albeit more effectively, perhaps) the types of assistance that were the traditional province of family, friends, neighbors, and other "natural helpers." Wilensky's (1965) model of organized social service as a product of the social forces of urbanization and industrialization and Etzioni's (1969) model of the emergence of social work and other occupations as "semi-professions" have also had major impact on the self-definition of social work as a provider of organized social services.

5. In general, we prefer the term *commercial* to the frequently used but less concise *for-profit*.

6. Recent work in social history keeps pushing back the boundaries of our understanding. Brodman (1998), for example, is one of a number of recent works that deal extensively with administrative issues in medieval charitable institutions, some as early as the twelfth century and earlier.

7. For a more complete discussion of these and other curriculum questions regarding the role of administration in social work curricula, see Skidmore (1995, pp. 7–13).

8. All writing about social work must eventually encounter the problem of a generic label encompassing the many varieties of working face-to-face with individual clients. The adjective *direct* practice is unacceptable, for reasons noted later in the chapter. In general, we shall refer to such efforts as *clinical*.

9. Addams was president and head resident of Hull House from its founding until her death in 1935. She gave up the treasurer position after ten years.

10. In defining *administration in social work,* Barker (1995) states, "For social work administrators, implementation of administrative methods is informed by professional values and ethics with the expectation that these methods will enable social workers to provide effective and humane services to clients" (p. 8). This definition fails to offer any insight into why in a pluralistic world social agency administration should be informed by the values of the social work profession or where the expectations of indirect practice arise from. Once that question is examined more closely, it becomes obvious that there can be nothing at all indirect about such concerns.

11. Among the definitions of *indirect* in the *Random House Dictionary* is "devious, crooked, not straightforward." For a more positive slant on indirect clinical practice, see Johnson (1999).

PART I   The Ecology of Social Administration

1. For an article that treats the weaknesses of the indirect practice notion but approaches the issue very differently than the approach taken here, see Johnson (1999).

Chapter 2   Social Administration and Community

1. This approach is indebted to Max Weber's (1958) simple but accurate definition of a city as a population settlement with a market. Weber's concern was essentially comparative and sought to embrace all the communities of human history. Because our approach is considerably more limited, we believe we are justified in adding in additional dimensions.

2. The notion of proximate objectives is an important feature of the strategic theory that figures large in this work.

3. One sign of this resurgence is the publication since 1994 of the *Journal of Community Practice.*

4. For a more thorough introduction to the history of social administration and its community component, see Austin (2000).

5. For fuller discussions of some of the essential work in community studies, see Germain and Gitterman (1996, Pt. 3) and Robbins, Chatterjee, and Canda (1998, chaps. 2–4).

6. For a thorough and systematic restatement of Warren's structural–functional view of communities and the place of community service delivery systems, see Netting, Kettner, and McMurtry (1993).

7. The four-sector model of community presented in this chapter closely follows that presented in Lohmann (1992).

8. In one well-known definition, Robert Payton defines philanthropy as the private pursuit of public goods.

9. The term *commons* is generally preferred to the more ambiguous *third sector* for reasons spelled out in Lohmann (1992, 1993). The term is not intended to suggest that all forms of third sector organization conform in all respects to the ideal type of the commons, but rather that the archetype of the commons (voluntary participation of individuals pursuing common, joint, or shared purposes, with common or shared resources, experiencing a sense of mutuality, community, or communion and feeling bound by an indigenous sense of justice) exercises a strong normative, or moral, constraint on all activity within this sector. Thus, nonprofit social services or educational or health administrators acting in an excessively entrepreneurial manner will, at some point, come under criticism for being "too commercial."

10. Exchange theory here refers to a body of conceptual and theoretical approaches to personal behavior and social organization grounded in an economic metaphor of production and exchange. Traceable ultimately to the economic theories of Adam Smith, modern social ex-

change theory was developed by George Homans (1961) and came into social administration through the organizational theorizing of Peter Blau and colleagues (1967). Less clearly articulated models of social exchange emphasizing the tit-for-tat qualities of interaction and norms of reciprocity have long been part of the administrative conventional wisdom. Also important is the dualistic nature of exchange theory that divides most reality into matched pairs of concepts (e.g., buyers and sellers, production and consumption, gains and losses, burdens and benefits, etc.).

Chapter 3   The Social Agency

1. Gulick and Urwick (1937) defined the management function of organizing as "the establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated for the defined objective" (p. 12).
2. Republicanism in this sense is no more associated with a particular political party than is democracy.
3. The English language is rich with expressions for this condition: thinking for yourself, maintaining your independence, getting along on your own, etc.
4. Though this point may seem obvious, indeed self-evident, to some readers, it is important to note that it has not always been thus. Office-based service delivery is, in fact, a relatively recent phenomenon. It may have rendered at least some older forms of institutionalized residential care obsolete. For example, orphanages and mental hospitals have generally been in decline in the face of community-based services. Moreover, the impact of forces as diverse as the growth of private practice, managed care, and the Internet all have major potential for undermining the social work office as it has been known in recent decades.
5. Portions of this section were published previously in Lohmann (1996).
6. The very idea of an "outside world" only makes sense in the context of an office-based conception of the social agency. The distinction it implies makes little sense to the street-based community organizer, for example, who is always "on the outside."
7. Students may not be aware of the range of other options for nonprofit organization under the tax code, but there are nearly a dozen options in addition to (c)(3) charitable organizations defined under section 501(c). Three of the most relevant of these that are also tax exempt are 501(c)(4), social welfare organizations (e.g., civic leagues, United Ways); 501(c)(6), business leagues (trade associations, like the National Association of Social Workers); and 501(c)(7), social clubs or membership organizations. For a very useful summary of all the nonprofit tax categories, see the Internal Revenue Service Web site at www.irs.gov /prod/bus_info/eo/eo-types.html.

8. The term *prosumption* here refers to the simultaneous production and consumption of an economic good or service. It is a unique characteristic of some types of service (including most social services) that the producer of the service and its consumer must be co-present with one another in order for the service to occur. Such services cannot be either produced or consumed independently. They cannot be warehoused or transported or inventoried. They can only be prosumed. Since the late 1960s, the notion of service delivery has been used to connote many aspects of the idea of service prosumption.

9. In the theory of the commons, common goods are set forth as a third category of goods along with public goods (which either benefit everyone or they benefit no one) and private goods (which can be "alienated"; benefiting from them means in part that others are not benefiting). Thus, the interstate highway is a public good in that either we can all drive on it or no one can. In contrast, your driveway is a private good, in that you can "alienate it" or restrict its use to whomever you choose. Church, synagogue, and mosque parking lots are often common goods, in that any member of the congregation planning to enter the sanctuary can park there, but others, including members seeking to park for other reasons like going shopping or going to work, cannot.

10. As we saw with the quotations from Arthur Dunham (1958, 1970) and Sue Spencer (1970), earlier social administrators unfailingly defined community in this triadic manner: a commons, as it were, of patrons, clients, and professional agents of community who are engaged in pursuit of a common good. The earlier chapters of Jane Addams's (1930) *My Twenty Years at Hull-House* and, just as important, histories of the Toynbee Hall in London, which served as Addams's model for Hull House, are very revealing here.

11. Jane Addams, in particular, has often been the target of such criticisms.

12. The term *office manager* is a somewhat ambiguous one. We are not speaking here of the lead clerical person or chief clerk, but rather the professional in charge of a freestanding area or district office.

13. The nondistribution constraint refers to any legal or ethical prohibition of inurement or distribution of any form of profit or capital gain to board members or stakeholders. Reimbursements for legitimate out-of-pocket expenses are, of course, allowed.

Chapter 4   Social Administration and Organization

1. Further discussion of the importance of legitimacy is taken up in connection with the discussion of authority in chapter 16.

2. More recently, some economists have sought to add economies of scope to concern for scale economies. Scope economies are those that occur when the production of a particular product reduces the production costs of a similar or related product. Thus, it could be argued that in

the social agency, co-production of resource directory information and discharge planning, for example, tends to lower the cost of both.

3. However, one should carefully avoid concluding that all problems of support and opposition can be reduced to matters of technology. There are also the intractable problems of ideology to be considered. In cases like abortion policy, for example, it is not arguments over technology (e.g., how best to carry out abortions) but fundamental issues of ideology (whether or not abortion is acceptable) that divide supporters and opponents of any particular position.

4. Peter Drucker claims that Woodward's insight had actually been discovered some time earlier. Charles R. Walker of Yale found very similar things about the role of technology in studies of workers, work, and work groups in the 1940s (Drucker, 1974, p. 273). Even if this is so, it remains the case that Woodward was the first to receive widespread recognition for work in this area.

5. For further discussion of this classification scheme, see Schmid (2000).

6. Ferdinand Tönnies (2001) is important in community theory, and Georg Simmel's formalist sociology of social groups (Ray, 1991) is behind the triadic model of exchange noted in chapter 2. For the most part, however, Weber is the major German source in management theory, which is primarily reliant on French, British, and American sources.

7. For a more detailed discussion of Barnard's place in management theory, see Wren (1994, pp. 335–45).

PART II   Elements of Social Administration

Chapter 5   Leadership and Decision-Making

1. This list is taken from among those listed in the biographies section of the latest edition of the *Encyclopedia of Social Work*. The list purposely errs on the side of caution and includes only people with significant periods of administrative experience. Charles Loring Brace was the chief executive of the Children's Aid Society of New York for almost forty years. Addams was a leader of the settlement movement for more than forty-five years. Leaders primarily identified as philanthropists, reformers, or educators are not included unless they have clear administrative credentials. Obviously many more names belong on the list as well.

2. The tension is sometimes described as the conflict between tough and tender or hard and soft. Administrative realism often has some of the hard-edge cynicism of film noir.

3. A good introduction to Follett's ideas on management and leadership is found in Graham (1995).

4. As a matter of historical interest, the use of the male pronoun "his" applies universally to all people regardless of gender in the work of pioneering female scholars like Follett.

5. Interested readers might begin with James M. Burns's (1978) fascinating volume *Leadership.*

Chapter 6   The Processes of Management

1. For some of the early writings on railroad and factory management, see Wren (1997).

2. Wren (1979, pp. 229–33) offers an excellent discussion of the origins of this question for those who are interested. He traces the problem to differences in two translations of Henri Fayol's term (*gouverner* as distinguished from *administrer*) from the original French. According to Wren, Fayol intended management (*gouverner*) to be the more general term as the overall function of conducting an enterprise toward its objective by making the best possible use of all the resources at its disposal and designated administration (*administrer*) as only one of six essential management functions: (1) technical, as in production and manufacturing; (2) commercial, or buying, selling, and exchange; (3) financial, or the search for and optimum use of capital; (4) security, or the protection of property and persons; (5) accounting, or financial reporting; and (6) administration, or planning, organizing, command, coordination, and control. Obviously, the multiple homonyms involved between the French and the English complicate this question enormously. *Gouverner* looks very much like the English term *governor; administrer* resembles the English *administrator;* and there is apparently no French homonym for the English *manager*, even though that English term comes closest to Fayol's intent. However, because of the hundreds of variable usages of these terms since Fayol, the task of sorting out any exact meaning has been rendered impossible. All anyone can do in this context is to state the meanings they associate with particular terms and attempt to be consistent in their use of them. Any attempts to argue that one or the other is the proper term, or that one is subordinate to the other, must deal, among other things, with nearly a century of similar (and unsuccessful) efforts at clarification.

3. Since a human relations study of worker performance at a Westinghouse plant in Hawthorne, New York, concluded that the action of studying assembly workers resulted in an increase in their morale, any instance in which social research intrudes upon behavior being observed or changes eventual outcomes can be referred to as a *Hawthorne effect.*

4. This interpretation comes from Perrow (1972).

Chapter 7   Management Models

1. For a detailed intellectual assessment of Drucker's contributions to management thinking, see Beatty (1998) and Guy and Hitchcock (2000).

2. The quartet refers to psychiatrists, nurses, psychologists, and social workers.

3. This approach has produced a vast outpouring of work. A selected list includes Association for Systems Management (1971), Carroll and Tosi (1973), Chakraborty (1976), Coppa & Avery Consultants (1982), Deegan (1977), Granvold (1978), Humble (1970), Jun (1973), Laczko (1993), Morrisey (1970, 1976), Musgrave and Elster (1974), Odiorne (1965), Olsson (1968), Raider (1977), Remion (1995), Ryan (1976), Santora (1982), Siegel and U.S. Civil Service (1978), Spillane and Levenson (1978), Tarter (1974), Tosi et al. (1976), U.S. Office of Personnel Management (1985), Varney (1979), and Wiehe (1974, 1978).

PART III   The Processes of Institutionalization

1. See also the brief discussion in Hasenfeld (2000, pp. 99–100).

2. Lester Ward first introduced the notion of social telesis. Ward was the first American sociologist who also had a strong interest in social reform. For Ward, social telesis refers to "the conscious control and direction of social development by the human mind" (Martindale, 1960, p. 71).

3. Advanced students wishing to pursue this point may wish to take on Karl Popper's two-volume *The Open Society and its Enemies* (1966) and his earlier *The Poverty of Historicism* (1957).

Chapter 8   Policy, Institutions, and Strategic Action

1. That these three assertions are related is a principal point of chapters 1 and 2 of this work.

2. During the 1960s, there was an explicit national-level debate of the most effective ways of dealing with poverty. Most economists and remaining members of the old left generally supported an income strategy on the grounds that poverty was primarily a matter of lack of money, and therefore the wisest course of action was to increase the incomes of the poor. Tax deductions and credits, money payments, and food stamps are all examples of such an income strategy. Advocates of a services strategy in social work and elsewhere argued consistently that the problems of the poor began with the lack of money, but were more complex than the income strategists would acknowledge. Certainly, the poor needed increased incomes, but they also needed assorted social services to assist them in dealing with the daily challenges that poverty presented. Like most issues in American social policy, this one wasn't so much settled as it was set aside.

3. Initially, the community mental health centers approach was adopted by the Kennedy administration as a full-blown strategy for approaching

the problems of mental illness at the community level. Independent living for the mentally ill, which was a major feature of deinstitution-alization a decade later, was a major feature of this model.

4. In the Economic Opportunity Act, and the earlier Grey Areas Project, the theory that what the poor needed most fundamentally was oppor-tunities to escape poverty represented a completely new, third theory of poverty. The issue was neither money nor services, but instead the opportunities represented by education, training, and eventually affir-mative action.

5. A great many of such proposals still fall within the postwar incremental welfare state paradigm dominant in the second half of the twentieth century and call for incremental additions to the service cafeteria backed up by federal financial support.

6. Again, as we saw earlier, a reductionist interpretation of the social ser-vice triad, in which social workers may either be interested in their clients or in professional development, but not in both, is the key to this interpretation.

7. These comments are certainly not original with the authors. The prob-lem is well understood, and the leadership of the National Association of Social Workers and the Council on Social Work Education has made efforts to address the problem of an up-to-date vision for social work and social service. The CSWE Millennium Project is just one of several such ventures that could be cited. The point is that a new vision for the field is, at this writing, only slowly beginning to evolve.

8. It might be possible to identify at least a dozen other perspectives on strategy in addition to Quinn, who was chosen in large part because of the affinity of his ideas to those of Lindblom, Simon, and others. The question always in a work of this sort is whether to present brief sum-mary comments on a number of perspectives or to concentrate in depth on one perspective. Because of the relative novelty of strategic thinking in social services, we thought the latter was the wiser choice in this case. A number of summary overviews have been published (see Moore [1992]).

9. The present federal policy on grants to nonprofit community organi-zations is largely spelled out in OMB Circular A-121 and the standard forms accompanying any federal grant application.

10. It is tempting, but misleading, to place the burden for the relative anonymity of crisis services and other community mental health insti-tutions on the professional responsibility to preserve confidentiality. However, a great many community institutions (including the public schools) are highly recognized in communities while preserving the confidentiality of crucial participants.

11. One of the interesting aspects of institutions in this sense is the bridge that they offer out of the morass of self-interest. With genuine institu-

tions (e.g., Grand Central Terminal or Sesame Street or thousands of more limited local examples), people tend to express interest and concern whether or not they stand to benefit directly.

Chapter 9   Administrative Planning

1. This is actually a simplified version of a definition offered in the early 1960s by Yeheskel Dror (1963). The full definition is "preparing a set of decisions for action in the future directed at achieving goals by optimal means." Planning, in Dror's sense, had four principal facets: environment, subject matter, planning unit, and form of the plan.

Chapter 10   Implementation

1. *Tarasoff* v. *The Regents of the University of California* was decided by the California Supreme Court in 1976 and dealt with the duty of therapists to warn both local authorities and a potential victim about a patient's threat to harm a third party.

Chapter 11   Operations

1. Max Weber made this one of the universal characteristics of organizations in his ideal type of bureaucracy.
2. See www.datawarehouse.org and www.datamining.org.
3. For a discussion of Gantt's contributions to management theory and practice, see Wren (1994, pp. 134–41).

Chapter 12   Accountability

1. See Greenlee (1998) for a current perspective on this issue.
2. Governments also use business accounting data as the basis for determining the taxes owed by businesses.
3. The cost of goods sold is a standard business calculation of how much it costs the seller to make or purchase the products sold. The cost of goods sold is deducted from total sales revenues to determine the level of gross profit. The cost of goods sold represents the direct costs of production—that is, the costs that can be directly attributed to the production of that particular good.
4. Ferdinand Braudel (1986) says, "When Luca Pacioli published his *De Arithmetica* in Venice in 1496, he was summarizing what had long been known about double-entry bookkeeping (it had been used in Florence since the late thirteenth century). When Jacob Fugger visited Florence, he studied double-entry bookkeeping there and brought the technique

back to Augsburg with him. One way or another, it ended up by spreading to a large part of trading Europe" (p. 555).

5. Many of the governments of Europe, for example, had little idea of where they stood financially for much of the period from 1500 to 1800. See Kennedy (1987, especially pp. 73–86).

6. This section is excerpted from Lohmann (1995a).

7. See Anthony (1978) for a discussion of some of the issues involved.

8. Much of the theory of nonprofit accountability arose from the British Statute of Charitable Uses, adopted by Parliament the same year as the Elizabethan Poor Laws, 1601.

9. The philosopher of science Abraham Kaplan distinguishes "logic in use" from "reconstructive logic," which is how people may reconstruct the process of what actually happened both before and after a problem-solving episode. This is the essential problem of decision-making practice that concerned Herbert Simon, Charles Lindblom, and others discussed earlier in this book. Can we create models of how people actually make decisions or policy, rather than relying upon the models of enlightenment rationality for how eighteenth-century French philosophers in the wake of Rene Descartes thought they ought to?

Chapter 13   Program Evaluation

1. The reader is referred to a research methodology text for a fuller discussion of the methods used to evaluate programs. Specialized reviews of this area, such as Wholey, Hatry, and Newcomer (1994), provide more detailed discussions of methodology.

2. The remainder of this paragraph and the next two paragraphs are a modified version of content appearing in Lohmann (1991).

3. The complete survey results may be accessed at http://www.omb watch.org/www/ombw/gpra/aspen/.

4. The plan may be accessed at http://aspe.os.dhhs.gov/hhsplan/intro .htm#contents.

5. The reader is referred to any of the many available texts on research methods for a more complete discussion of the issues of validity and reliability.

6. See Campbell and Stanley (1963) for what is viewed as a classic discussion of experimental and quasi-experimental design.

PART IV   Communications and Information

Chapter 14   Administrative Communication

1. A reference public is any collection of persons, who may or may not be known to one another, who are not members of an organization but who make matters of organizational communication their concern.

2. Foundation documents are documents (such as articles of incorporation and the original by-laws) instrumental in creation or founding of an organization.

3. Lawyers in administrative law frequently refer to such memoranda as "contemporaneous notes." They commonly have an advantage over unassisted mental recollections in hearings and such because they were made at or close to the time of the events described or recalled, and thus have a presumed greater likelihood of accuracy.

4. A communication event is defined here as a deliberate or planned occasion for convening a group whose primary purpose includes some form of expected or anticipated communication (someone communicating something for some deliberate purpose or reason with some more-or-less expected result).

5. For applications to social administration, see Elshtain (1996), Quinn (1996), Taylor et al. (1996), and Yankelovich, 1999.

Chapter 15   Administrative Information Systems

1. This is precisely the sense in which the Declaration of Independence speaks of "unalienable" rights: the right of free speech can be exercised by anyone without "alienating" it or removing or denying it from others.

2. www.ecommerce.gov/emerging.htm.

3. *Government Technology Review,* June 1998, p. 11.

4. This section is adapted from Lohmann and Lohmann (1995).

PART V   Empowerment

Chapter 16   Administrative Authority

1. Perhaps the ultimate statement of this view came from the American railroad tycoon George F. Baer, who said in 1889, "The rights and interests of the laboring men will be protected and cared for, not by labor agitators, but by the Christian men to whom God in his infinite wisdom has given control of the property interests of the country." In fourteenth-century Europe, such an assertion of authority from a bishop or church leader might have gone unchallenged. The unsuccessful efforts of nineteenth-century capitalists to abrogate for themselves the authority of divine representatives, must be seen, however, as one element in what Robert Nisbet (1975) termed "the twilight of authority." It may have been this sense of the problematic nature of authority in the industrial age that led Max Weber to his classical consideration of authority, discussed later in the chapter.

2. "They" in this case is the ubiquitous paranoid administrative "they" one hears commonly in organizations, an indefinite pronoun referring to

sinister and diabolical forces somewhere further up in the organizational hierarchy.

3. This work appeared in German following Weber's death in 1922 and was first translated into English by Hans Gerth in 1953.

Chapter 17   Power and Influence

1. See the discussion of this issue in Hasenfeld (2000, pp. 106–8).
2. Some of this is evident in the early chapters of Jane Addams's *Twenty Years at Hull-House,* and the other side comes out in Addams's conflict with the "low politics" of the neighborhood saloonkeepers.
3. There is, of course, a wonderfully ironic ambivalence in the latter phrase of this statement that should not be lost on those who are prone to cynical and conspiratorial interpretations of power in particular. The wording of the phrase "and you look wonderful" could mean "and my idea has even more advantages for you than it does for me" or just as likely is the possibility that it is a completely unrelated compliment tacked on as an afterthought: "Oh, and by the way, even though this has nothing to do with what I'm proposing, you're looking wonderful today."

PART VI   Human and Financial Capital

Chapter 19   Personnel Systems

1. Anthony Downs's (Downs & Rand Corporation, 1967) model of five ideal types of organizational role performers is an example of this literature.

Chapter 20   Human Resources

1. Human resources can be divided into two basic types of human capital. There are the personal skills repertories of individuals called human capital and the social relationships or social capital. See chapter 21 for a further discussion of the forms of capital.
2. *Accommodation* is related to the provisions of the Americans with Disabilities Act and is discussed more fully in chapter 26.
3. In some instances, references may be reluctant to provide more than confirmation that a candidate was employed by their organization and the dates of employment. Such responses are more often found when checking on the references of someone who has worked for a commercial business, and are intended to avoid a lawsuit about the nature of the reference provided.
4. Sources like Perlmutter, Bailey, and Netting (2000) provide very practical information about supervision.

Chapter 21   Financial Management

1. The sliding fee scale is one in which the fee charged for a particular service varies, usually in accord with the consumer's or client's ability to pay. Thus, a client with an income of $20,000 may pay only a fraction of the amount for the same service paid by a client with an income of $100,000.

2. See www.aicpa.org for further information.

3. A chart of accounts identifies the categories in which financial data will be reported and drives all the financial records of the organization.

4. Break-even analysis focuses on the ability of the organization to break even, a condition in which its income equals its expenditures.

5. A cash accounting reporting system reports only the cash actually received and/or paid out at the time of the statement. An accural accounting system would report both amounts that were due to be paid out and amounts that were owed and due to be paid to the organization.

6. *Prosumption* is a coined term that describes the delivery of social services in which the act of production occurs simultaneously with and is inevitably linked with the act of consumption. Additional aspects of the prosumption of services are described in chapters 23 and 24.

7. The issue of the way in which social services are simultaneously produced and consumed, or prosumed, is discussed in chapter 3.

8. Collections, a third type also discussed by Lohmann (1992), are less important in social service organizations than, for example, in churches and museums and will not be discussed here.

9. A capitation payment is a fee based on assumptions about the average cost to an agency to deliver a service. A firm, for example, may contract with an employee assistance program (EAP) to pay a fee of x dollars for each employee who receives services, regardless of the cost of service for any particular employee. The assumption is that there will be some lost cost cases on which the EAP makes more than the cost of the treatment and that they will be balanced by some more costly cases on which it makes less than the cost of service delivered.

Chapter 22   Financial Inflows

1. Nonprofit donatories are the type of organization most likely to deal with donations. Although donations are not unheard of in public and commercial QUANGOs and even commercial corporations, it is important to note that only donations to 501(c)(3) tax-exempt nonprofits would be legally tax deductible.

2. For this and other fund-raising questions, Kelly (1998) is an excellent source.

3. See Brilliant (1991) for more on these developments. The United Way web site is located at www.unitedway.org.

4. For more information, see the National Committee for Responsive Philanthropy Web site at www.ncrp.org.
5. See Kelly (1998), Sharpe (1988), Hopkins (1996), Howe (1991), Huntsinger (1987), Mixer (1993), Murray (1991), Rosso et al. (1991), Rose-Ackerman (1982), Booth, Higgins, and Cornelius (1989), Baer (1992), Lindahl (1992), Burlingame and Hulse (1991), Turner (1995), Christian (1992), and Chang and Tuckman (1994).
6. See, for example, White (1975), Lauffer (1997), and the forty-eight-page guide on program and proposal writing published by the Grantsmanship Center, which is available through its Web site, www.tgci.com.
7. http://foundationcenter.org.
8. See OMB Circular A-102 or A-122 (http://www.pr.doe.gov/omb2.html) and Standard Form 424 (http://www.acf.dhhs.gov/programs/ofs/grants/form.htm) for current application information.
9. Michael Wyland, E-mail to ARNOVA-L discussion list.
10. When all clients (or third parties) are paying fixed and comparable fees, this increase (or decrease) will be directly proportional to the amount (hours) of the service increase (or decrease). When some portion of clients are paying sliding-scale fees, both the portion of the new services supported by sliding-scale fees and the portions of fees paid will have to be taken into account.

Chapter 23 Budgeting

1. The historical discussion in the rest of this section is from Wren (1994, pp. 209–10).
2. This is not the same as suggesting that nothing is known. Although details may be sketchy at times, there are some interesting exceptions. For example, Brodman (1998) provides a fairly detailed discussion of the financial management of medieval hospitals and related facilities in medieval Catalonia from the eleventh to the sixteenth century.
3. Prosumption, as noted in an earlier chapter, is the simultaneous production and consumption of services. By their very nature, social services are consumed by clients simultaneously as they are produced by workers. There can be no gap of the type, which in goods production is the concern of transportation, arbitrage, storage, or inventory. (Try producing one unit of service this afternoon for a client who is coming in tomorrow, so that you can take the day off, and you get the idea. It can't be done.)
4. What most American economists don't appear to understand is that the conventional microeconomic equations invoking supply and demand, although allowing more precise calculations, do not address the central issues and concerns of budget decision making. That may explain why budget decision makers are often willing to forego the greater accuracy of microeconomic models for the greater relevance of the break-even models derived from Hess's discovery.

5. We are aware that using examples from Hull House will be provocative for some social welfare historians. Our answer to them is twofold. (1) The concern here is with the Hull House organization and not the persona of Jane Addams. There has been remarkably little attention to the administrative or organizational concerns of Hull House at this level. (2) Although we agree completely that attention to other, less-celebrated turn-of-the-century social agencies would be equally interesting, the fact is also that information on such agencies is often difficult to come by and less complete than the remarkably thorough financial records in the Hull House archives. Further, as our carefully chosen examples illustrate, there is little of the hagiographic in this presentation. Hull House is an excellent example of both the best and the worst of financial practices in early social agencies.

6. For a simple demonstration of the basic idea of fungibility, take the coins out of your purse and the bills out of your wallet and spread them out on a table. Now, identify where you got each one from and for what reason. The fact that you cannot (no one can—or would want to) is what is expressed by the idea of fungibility. Money is fungible. That is, there is a fundamental break between the events and activities associated with income (or inflow) and those associated with its expenditure (or outflow). This critical arena in which inflows are translated into outflows is the arena of budgeting, and it is characterized in a fundamental way by decision making.

7. Even the word *service* means significantly different things in these two contexts. In business, the term is generally defined in terms of economic function, whereas in social services, the term ordinarily refers to a range of activities engaged in.

8. See Lohmann (1997) for a more thorough introduction to cost concepts.

9. For definitions and a further discussion, see Lohmann (1980).

10. It needs to be noted, however, that not monitoring fund-raising costs would be a breach of usual and customary accounting practice for nonprofit organizations.

PART VII   Topics In Social Administration

Chapter 24   Social Administration and Purchase of Service Contracts

1. See, for example, Gibelman (1981), Judge and Smith (1983), Kettner and Martin (1985a, 1985b, 1986, 1987, 1988, 1990, 1993a, 1993b, 1995, 1996a, 1996b), Leeman (1978), Malka (1990), Poertner and Rapp (1985), Richter and Ozawa (1983), Wedel (1974), and Willis (1984).

2. See, for example, David (1988), DeHoog (1984, 1986, 1990), Dudley (1990), Kettl (1988), MacManus (1992), Rehfuss (1989), Ross (1987), Salamon (1989), and Savas (1987).

3. See, for example, Deakin (1996), Ferris (1993), Grønbjerg (1991, 1993), Nowland-Foreman (1998), and Smith and Lipsky (1992).

4. See, for example, Davidson, Schlesinger, Dorwart, and Schnell (1991), Milligan (1998), Schmid (1993), and Vandeven (1996).

5. For example, an investigation of local government contracting by Boyne (1998) concluded that "claims that empirical studies find 'consistently' and 'without exception' that contracting is more efficient than municipal supply are demonstrably untrue." Only about half the studies located make such claims, Boyne argues, and the vast majority of those are methodologically flawed and raise serious doubts about their reliability. In the case of social services, the results are even more stark; there simply are no studies of the comparative efficiency of social services.

6. This discussion is based primarily on Arthur Schlesinger Jr.'s work *The Age of Jackson,* which is widely considered one of the classic works of American history. Schlesinger (1986/1999) himself summarized many of the key points in a shorter and more recent essay.

7. Note also, however, that this apparent decline could be due to differences between the Kettner–Martin and Wedel samples.

8. Writers in the traditional social administration literature were always well aware of the changes taking place in the nature of voluntary agency organizations and governance as a result of the entry of government. They just weren't entirely sure what to make of it. See, for example, an early article by Brown (1934). See also Vasey (1958). A later article by Kramer (1967) shows greater certainty about the nature of the changes that were taking place in the social agency, although such terminology as "voluntary sector" was maintained.

Chapter 26   Human Diversity and Administrative Justice

1. See http://www.eeoc.gov.
2. See http://www.dol.gov/dol/esa/fmla.htm.
3. See http://www.EEOC.gov/facts/fs-sex.html; last modified on January 15, 1997.
4. See http://www.shrm.org/hrnews/articles/062698.htm to gain access to the syllabus for each case. See also http://oyez.nwu.edu/cases/cases .cgi for a summary of the Burlington Industries and other gender discrimination cases.

Chapter 27   Governance Issues: Boards and Directorates

1. On the original incorporation certificate for the Hull House Association, for example, the word "Directors" is crossed out with a single line and the word "Trustees" is written over it in ink. See Lohmann (2000b) for more on this point.

2. Although the discussion addresses governance in governing boards, it should not be forgotten that advisory boards also participate in the governance process except that their role does not generally include decision-making powers. They offer advice instead.