EMERGING TRENDS, CHALLENGES AND CHANGE IN
HAWAI‘I’S NONPROFIT HEALTH AND HUMAN SERVICE
DELIVERY ORGANIZATIONS

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ABSTRACT

This dissertation explores what thirty-eight of Hawai‘i’s top health and human service delivery organization leaders think are the trends, challenges and changes that affect the ability of their respective organizations to provide services to families.

This study systematically attempts to apply qualitative methodology to understand the phenomenon of shared and unique experiences of nonprofit chief executive officers and board chairs governing selected organizations. In addition to traditional literature review, the methodology involves extensive interviews to develop a database thereby supporting analysis to go beyond the anecdotal experiences of the health and human service nonprofits. This study aims to share the findings with crucial decision-makers to help assure the viability of the safety net by applying these data to future capacity-building activities and initiatives in Hawai‘i. By strengthening the statewide health and human service nonprofit organizations, strengthening the safety net may be achieved.

The two main areas of literature review involve leadership and change theory and the historical and contemporary evolution of health and human service organizations and their models of governance.

Key findings involve: 1) the daily challenge to promotion and to protection of organizational resources as a major function of leadership, thus allowing less time and emphasis on advocacy and public policy; 2) the insufficiency of future leadership; 3) the ongoing need for organizations to structurally address change; and 4) the need to educate the public on the value of health and human service nonprofit organizations.

Given the trend analysis, the conclusion depicts Hawai‘i’s future safety net, as one comprised of fewer but larger organizations providing fewer services. The study
recommends that health and human service nonprofit leadership and government entities coalesce their energies to create a formal structure to dialogue, strategically-plan and create a safety net that is adequate and appropriate for Hawai‘i’s unique culture and unique health and human service needs.
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INTRODUCTION: CHALLENGES AND CHANGE, THE LIFE OF HEALTH AND HUMAN SERVICE DELIVERY NONPROFITS

In 1998, I accepted a position as the Chief Executive Officer (CEO) of Hawai‘i’s largest health and human service private nonprofit organization, Child and Family Service (CFS). While I had no direct experience in the management of social and health and human service delivery, I felt that my many years in private nonprofit senior management provided me with the background and skills to serve capably. I was wrong. The scope of challenges and change in delivering health and human services through nonprofit organizations is difficult to comprehend based on theory alone.

After completing my first month as the new CEO for CFS, I was lost. My instinct was to turn to the governing boards and CEOs of similar organizations to get advice on what resources were available to me to learn quickly about the health and human services nonprofit sector in Hawai‘i. What I found was an impressive dearth of any kind of systematically collected data on type, status, scope and description of the nonprofit health and human services sector. More importantly, there was no forum to compile and discuss the issues, challenges and changes in health and human service delivery.

As a baseline, and to understand more fully the evolving issues of health and human services, in May of 1998 I commissioned an outside inquiry to identify the most pressing issues facing children and families in Hawai‘i. This inquiry formed the starting point for a two-year strategic planning effort requested by the CFS Board of Directors.

1 For the purpose of this dissertation, “health and human service delivery nonprofits” includes certain medical services such as primary and preventive care, and behavioral health services.
Information was collected through individual telephone interviews of over 40 key informants, as well as a cursory review of published and unpublished local literature. Key areas relating to families and children were identified as having experienced significant change during the past two to three years. Most of these trends pointed to the "downward spiraling health" of Hawai'i's families. The stagnation of state and international economies coupled with the stagnation of new, innovative, or effective state and federal social policies were taking their toll. These issues were identified by the informants as contributing to increased homelessness and unemployment in Hawai'i. Economic indicators in 1998 stated that one in six children lived in poverty (currently one in four). Compounding the poverty was the perception by stakeholders of an increase in drug use, especially "ice" or crystal methamphetamine. Based on the most current data, the lifetime prevalence of illicit drug use and tobacco had gradually increased in Hawai'i since 1987. Compounding these health and human service trends were the increasing competition for private and state funds and increasing demands being placed on agencies to collaborate and innovate.²

In addition to the disturbing trends affecting the health of our client populations, the subtext highlighted a more pressing crisis impacting the health and human service nonprofits in Hawai'i: the lack of leadership throughout the health and human service delivery system. Most notably, the study articulated the inability of health and human service agencies to cope with change in the environment. Respondents pointed to an

² "Trends and Issues in Health and Human Services" was compiled by consultant Karen Palmer at the request of Child and Family Service in 1998.
alarming trend of increased financial and regulatory pressure and its effect on the number of health and human service agencies willing and able to provide a response to health and human service needs. In many cases, the informants pointed to strong, dedicated and innovative leadership, but there also existed a preoccupation with responding to the “crisis mode” of health and human service issues and a pervasive lack of resources. The report noted less interagency collaboration, and an absence of effective statewide, “big picture” leadership in terms of planning, community capacity building and the systemic support to implementing new and supporting existing programs in response to mounting challenges. The mood of the report appeared bleak. Although consensus among the participants showed that health and human service agencies needed help to cope, there was little consensus of the priorities, strategies and resources needed to effect change.

By way of comparison, data collected by the Aloha United Way (AUW) in 1998 painted a similar picture. AUW’s “United Way State of Caring Index” compared Hawai‘i to the national success indicators of other United Way affiliates. In the study, Hawai‘i ranked the lowest in a 10-year span from 1988-1999 or 30th in indicators measuring affordability of rental housing. This particular indicator is arrived at by measuring the hourly wage a full-time worker would need to earn to afford a two-bedroom apartment. The study further indicated that between 1988 and 1999, Hawai‘i fared worse in median household income, unemployment rate, test scores of 11th graders, percentage of children and adults who are medically-underinsured, teen birthrate, low birthrate and 12th-grader drug and cigarette abuse.
With external reports corroborating the CFS trend report, the document was formally incorporated into the deliberations of the CFS Board of Directors. It was clear that the Board of Directors viewed the crisis of leadership in the nonprofit health and human service sector as a pivotal opportunity for CFS. Included in their deliberations was the desire to step forward as the largest, most comprehensive health and human service organization and to assist other nonprofits. At the end of the Board’s strategic planning meeting in September 1998, the emergence of a broad direction and mandate solidified. The governing leadership of CFS made a plan to try to assist other health and human service nonprofits during this self-identified difficult time.

Through that decision, as the CEO of CFS, I had been given the clear mandate and Board support to spend considerable time learning as much as possible about Hawai‘i’s nonprofit health and human service system and addressing their unmet needs. I did not succeed. I did not know that the everyday challenge of running a nonprofit health and human service organization left little time to focus on any issue outside the immediate, internal operational challenges. I spent the following years learning on the job with the help of CEO mentors who were willing to share their experience, wisdom, mistakes and advice with me. My mentors were from both large and small nonprofit health and human service agencies.

Three years into my tenure, I was fortunate to be accepted into the Weinberg Fellows Program for Nonprofit Directors. Two gifts of that program were the relationships and networking of Weinberg Fellows in similar work situations and the

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3 Child and Family Service Board of Directors Minutes September 1998.
director of that program, Holly Henderson. Through that experience, I pieced together valuable and critical insights into the world of Hawai`i’s nonprofit health and human service system. Although I found a wealth of professional camaraderie, essential information, and additional skills to manage nonprofit information, the approach to identifying trends and issues for further consideration specific to Hawai`i was informal and anecdotal.

What was evident and dramatic in my experience was the extent to which the leaders of these organizations grappled daily with unpredictable external variables and unceasing change. What was also evident was the vulnerability of the fiscal integrity of these organizations. Social policy, funder policy, federal and state regulation and rules changed dramatically and, in some cases, daily. Despite these challenges, I was impressed with the stamina and flexibility of nonprofit leaders and their commitment to the social issues facing Hawai`i.

From that experience I compiled the following list of assumptions about nonprofit health and human service organizations in Hawai`i.

- Significant challenges, issues and trends exist that are changing the way Hawai`i’s health and human service nonprofits are managing the delivery of health and human services.

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4 The Weinberg Fellowship Program is an 11-day intensive workshop that has been in existence in Hawai`i for 14 years. The program is geared towards new executive directors in their first year of employment. In the period of fourteen years, over 200 executive directors are Weinberg Fellows and continue to be active in nonprofit management.
• A body of information about these changes can be gleaned from the leadership of these health and human service nonprofits and documented in a meaningful way for present and future leadership to use in planning for effective change.

• Access to the thinking and the problem solving in relationship to these changes improves all organizations’ ability to plan strategically and lead effectively.

• Strong leadership of governing bodies of nonprofit organizations (the chair) and the staff of nonprofit organizations (the CEO) is the most common structure of leadership within most nonprofits. These two positions are essential in leading organizations through difficult times.

• The best source of knowledge in understanding the challenges and changes in Hawai‘i nonprofit service organizations lies in the experiences and knowledge of the chair of the board and the CEO of the organization.

It is only within the last two years that several other sources of information have emerged to respond to this vacuum of knowledge. These sources include: 1) recent studies by the Hawai‘i Community Foundation that include Hawai‘i-specific data: “Daring to Lead: Nonprofit Executive Directors and Their Work Experience,” published in 2001; “Hawai‘i Nonprofits: A Study of the State’s Silent Economic Partner,” also published in 2001; “The Giving Study,” published in 2001; and “Mergers, Consolidations and Partnerships: A Look at Strategic Restructuring in Hawai‘i,” published in 2002; 2) a study commissioned through a legislative grant-in-aid in 2002 with the scope described as “related to assessing the State of Hawai‘i’s policy and procedural system and its
effects on local nonprofit organizations”; and 3) “Zeus,” a database project being
developed by the Aloha United Way created specifically to capture information on its 64
member agencies. This baseline data includes: total revenues, total expenses, and number
of facilities, employees and programs. Zeus will also be utilized to collect program
information, including program theory, goals, outcomes, indicators, outputs, activities,
inputs and program beneficiaries.

**Purpose of the Study**

The effort of this dissertation is the first step in providing the Hawai‘i health and
human service nonprofit organizations with their own specific data detailing their
challenges and changes. What similar trends and issues are they facing with what has
already been identified by the field of health and human service delivery at large? What
changes are they seeing? What actions and solutions are the leadership of the leading
health and human service organizations in Hawai‘i employing? Specifically, what actions
and solutions are the CEOs and boards of directors undertaking to meet these challenges?
And, once we collect this data, then what?

The implications of this study are three-fold. First, the study systematically
attempts to apply qualitative methodology to understand the phenomenon of common and
unique experiences of health and human service nonprofit leaders in Hawai‘i. Second,
this study will attempt to lend validity to what health and human service nonprofits are
experiencing and to share those experiences with crucial decision-makers. Entities such
as government agency contractors, funders, federal and state legislation and regulation
makers, individual donors, foundations and philanthropists, and recipients of the services
will have a clearer picture of the challenges, issues and trends. In addition, these entities will understand what they can do to assure the viability of the safety net including capacity building, resource and funding structure, and public law and policy changes.

Third, and most importantly, the study will attempt to provide health and human service leaders with issues, information and data in order to assist in their planning and effective response to the issues and challenges of the future.

Change and leadership are intertwined. Theories of change and leadership today call for advanced strategies and transformational leaders. In Kouzes and Posner, *The Leadership Challenge* (1995), five areas of focus are explored: 1) challenge the process, 2) inspire a shared vision, 3) enable others to act, 4) model the way, and 5) encourage the heart. Their theory of intrinsic motivation, contrary to the hierarchical theory of motivation, embraces the belief that it is possible to excel even when fighting for survival. “We believe that what is rewarding gets done. We can never pay people enough to care – to care about their products, services, communities, or families or even the bottom line. True leaders tap into peoples’ hearts and minds, not merely their hands and wallets.” (Kouzes and Posner, 1995, p. 40)

In Peters and Wolfred, *Daring to Lead: Nonprofit Executive Directors and Their Work Experience* (2001), the most significant challenges of the executive role are high stress and long hours, anxiety about agency finances, fundraising, and managing people. Executive directors rely heavily upon their work colleagues and peers for both information and support and rely less on formal supports such as coaching and college-based course work. Longer tenured executive directors and those leading larger agencies
perceive their boards to be more supportive and helpful than executives projecting shorter tenures for themselves or heading smaller agencies (Peters and Wolfred, 2001).

This qualitative study will attempt to glean information through direct interviews with the leading nonprofit health and human services agencies in Hawai‘i (taken from the agency members of Aloha United Way) and their leadership (specifically for this study, the chair of the board of directors, and the CEO). This study will attempt to identify the challenges, issues, trends, and ways in which the boards of directors and CEOs are responding to these challenges, issues and trends.
CHAPTER 1: 
NONPROFIT SERVICE SECTOR – WHY SHOULD WE CARE?

1.1 The Breadth of Scope, Reach and Definition

In April 2002, the Hawai‘i Community Foundation disseminated a first of its kind study of the breadth and depth of the nonprofit world in Hawai‘i. In its report, “Hawai‘i Nonprofits 2001: A Study of the State’s Silent Economic Partner”, the following facts were revealed about Hawai‘i’s nonprofits with revenues greater than $25,000:

- Employed about 41,000 full-time and part-time workers;
- Accounted for approximately $1 billion in total wages;
- Received support from about 18,000 long-term volunteers and 29,000 periodic volunteers; and,
- Three quarters of the agencies operating in Hawai‘i have been present in the state for 10-plus years.

In regards to the study, Kelvin Taketa, CEO of the Hawai‘i Community Foundation, writes:

“The thousands of agencies that make up this industry provide important services to all of us every day, and contribute to our quality of life in many other ways. To date, however, the purpose of these agencies continues to be overlooked. The effect of this neglect is evident in a decrease in funding from key sources, including all levels of government at a time when the need for vital community services are at an all time high. As a result, nonprofits are forced to face some pretty tough decisions, such as cutting, reducing or even closing programs and services on which so many of us depend.” (Hawai‘i Community Foundation, 2001)

The impact of nonprofit organizations on society, based purely on quantitative information, appears to be substantial. From the years 1997 to 2000, the tax-exempt
organizations by Internal Revenue Service definition rose from 1,322,505 to 1,473,062.\(^5\) The majority of organizations are clustered under the subsections of religious, charitable and similar organizations, social welfare organizations, and fraternal beneficiary societies. In total, there are 27 501(c) types of organizations organized under the tax-exempt category as well as other sections including 501 (d), (e), (f), (n), 521 and 529 categories. (Appendix A)

America has the largest nonprofit sector worldwide. The nonprofits are the third largest business sector in the country, representing 10-20 percent of all employment nationwide. England and Canada rank second and third. (Houle, 1989) These nonprofits serve a range of purposes including: health and social services, education, arts, humanities, labor advocacy, think tanks, scientific research and durable products. The presence of nonprofits in American life has had immeasurable and profound effects.

1.2 The Nonprofit Impact on Society: Historical, Sociological, Economic and Political Integration

Two significant social pioneers, Jane Addams and Dorthea Dix, can be used to illustrate the evolution of nonprofit social service leadership and the development of organizations that blended the sociological, economic and political disciplines and strategies to serve humanitarian efforts. When one examines the lives of these two leaders, a pattern begins to emerge that sets a foundation of the intricate thought and complex approaches to the social ills of society.

Jane Addams, the founder of Hull House (Chicago), found the focus for her life – the service of the poor – through religious beliefs. Hull House served as the center of

\(^5\) Table 22 IRS Code-Tax Exempt Organizations and Other Entities for Fiscal Years 1997-2000.
activity for Chicago's poorest communities in 1889, with an open door policy to any individual or family in need of help. Founding and directing house activities was one of the many roles Jane Addams learned to play to widen her scope of opportunity to do good. She became a relentless fundraiser, finding others with means and persuading them to give. She toiled arduously to rid the turn of the century sweatshops of exploited children. She engaged in social research and wrote numerous articles about her findings. She was paid nothing.

In her writings, Addams commonly stressed "the primary value of the home in shaping children's personalities." She created the beginning of the social work/sociological model of family resiliency and strengthening. Jane Addams believed that homelike qualities were to be cherished and furthered and that social institutions existed in large part "for the full development and enrichment of the family." (Stroup, 1986) Her political views embraced democracy, peace and equal opportunity for all. She used these beliefs to lobby politicians and legislators. Today, Jane Addams' Hull House may be dwarfed by the new urban campus of the University of Illinois, but it still stands proud as a symbol of her historic contribution to the beginning of the social service nonprofit sector in America.

Dorthea Dix is another historical figure critical to the development of the social service nonprofit sector. Dorthea Dix was a teacher, writer, social reformer, religious poet, nurse and friend to the poor. Among her many contributions, she is best known for her efforts to develop humane services and asylums for the mentally ill. In one instance, she teamed up with Nicholas Brown, the founder of Brown University, to urge the State
of Rhode Island to develop its first institution for the mentally ill. With a combination of private funding, legislative institutional charter, and relentless education of the populous of the need for help for the mentally ill, she continued her work in Vermont, New Hampshire and Pennsylvania. She presented her research and findings throughout the years in the states to the policymakers of England, Scotland, Italy and Russia. The eighty-five-year span of her life resulted in the foundation for the appropriate treatment of mental illness.

It was individuals like these and others like Robert Baden-Powel (Boy Scouts), Samuel Barnett (Settlement House), William Booth (The Salvation Army), Samuel Howe (worked with the blind), and Fredrick Ozanam (Society of Saint Vincent DePaul) who spurred growth in the nonprofit sector.

1.3 Emergence of the Sector: Founded on Need, Advocacy and Social Policy

The history of nonprofits, especially health and human services, began in earnest in England. The colonization of America in the 1600s by England brought with it strong remnants of the attitude and legal requirements for addressing the needs of less fortunate members of society. In America, these services were provided through a continuation of the Elizabethan Poor Law, the taxation of churches, and the intrinsic obligation of the new aristocrats to help the less fortunate. Church groups in America, as in England, were charged with the development of primary and secondary schools and higher academic education. But in America, it was the inherent quest for freedom from church and English

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6 The Elizabethan Poor Law of the early 1600s made it illegal for churches and well-off individuals not to provide resources to take care of the sick and poor in their communities.
taxation that spurred the pioneers to pursue their own rapid diversification of religious
cultures and beliefs and the corresponding services and programs.

As the country progressed and evolved into the post-revolutionary democracy,
newly formed legislatures began to experiment and embrace the concept of legal
"charters" with special rights and privileges ranging from tax-free status to land use and
acquisition. By the time our new government began to understand the power it lost in
granting separation and independence to newly formed chartered nonprofit institutions, it
was already too late. In the struggle, for instance, of the legislature to win back
Dartmouth University, it was decided in a landmark decision that once a charter is given
to an institution, it could not be arbitrarily revoked. (Cunningham and Innes, 1998)

Another interesting policy development was in the area of care for the sick and
poor. As institutions changed from a place to care for the indigent and homeless to a
place where the middle class could be treated and get well, the proliferation of hospital
nonprofits began. It was Benjamin Franklin and his statesman brothers who founded the
first American Hospital in Philadelphia. That act alone started the initial concept of
private and individually paid medical care for those who could afford upper tier
treatment.

Still, even with the privatization of services to the wealthy, Alexis De
Toqueville,⁷ who came from France to study the new democracy of America, noted the

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⁷ Alex De Toqueville is honored by having an award named after him for the one million dollar contributor
to the United Way of America.
remarkable culture of American volunteerism. In his definitive paper, “Democracy in America”, he remarked that America was different from the European society he had left. His conclusion was that the significant attainment of equity in American society came about through the political strategy of the “art of association” – through individuals joining associations or groups to work together for the greater good. (Lagemann, 1999)

Over three centuries, a revolution and a civil war, the foundation of historic private and public partnerships emerged. At the beginning of the 1900s the three major groupings of entities – government, voluntary, and for profit – continued their journey together through conflicting values of free enterprise, limitations and reach of government role and services, charitable and nonprofit services, and the emergence of the for-profit sector.

All types of nonprofits proliferated in the early 1900s. Their impact was so great in addressing some of the major ills of society that early on in the history of two nonprofits, their missions had to be revisited; the initial reasons for founding the organizations had disappeared. For example, the March of Dimes had such a major impact on health policy and the eradication of polio that one of the March of Dimes’ major problems was the loss of their eradication of polio mission. Another example is the Young Men’s Christian Association (YMCA), which found it was no longer influential or wanted by its own clientele in guiding the spiritual role of young men. In transforming itself, the YMCA became one of the pioneers in the area of health

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8 The March of Dimes responded by broadening their mission to include generic maternal-child health issues.
promotion, fitness and exercise as a way to keep youths off the street. It is an example of one of the longest sustaining transformations in nonprofit services today.

"From 1860 to about 1900 the emphasis on physical development and on general health were both debated issues in many YMCAs and emphasis on the overt or formal religious programs was declining. By the early 1900s, local YMCAs in America had begun to reduce their religious services because of the low public response to these programs. In the depression of the 1930s staffing of religious programs was largely eliminated in order to reduce expenses." (VanMaanen, 1998, p. 226)

The other great transformation of the YMCA, the greater inclusiveness of the membership, including formal inclusion of women (1934), completed the transformation. (VanMaanen, 1998)

Not until the political era of the New Frontier, War on Poverty (John F. Kennedy Administration) and the Great Society (Lyndon B. Johnson Administration) did government become a player in the delivery of health and human services through sweeping public policy and subsequent programs. Examples of these include: 1) the Community Action Program addressed the economic viability of communities through jobs and enterprise; and 2) the Head Start Program provided early education and community-based preschool programs for disadvantaged children at risk for learning and developmental delays. In addition, the Children's Defense Fund and the establishment of Medicaid defined quasi-governmental advocacy, policy, legal and entitlement entities addressing children's issues. Medicare was established for the elderly.

In the early 1950s, the government created and used nonprofits through incentives such as state dollar matching programs or other monetary incentives to increase the utilization of nonprofits (this policy was rescinded during the Reagan era). Sweeping
reform legislation in the area of child abuse reform, child welfare, and the link to poverty
created programs such as Title 4a, Title XX (child welfare reform, juvenile justice),
Primary Health Centers (medical care for underinsured or underserved populations and
geographically challenged communities), local offices of economic opportunity (OEO),
and research and educational entities such as the National Institutes of Health (NIH).

It was in the late ’50s and early ’60s that many nonprofit boards were faced with
the decision and opportunity for extraordinary growth, to provide additional services to
the community through a growing system of government proposals, grants and contracts
to nonprofits. The tradeoff, unbeknownst at the time, was that the additional funding
came with increased oversight, regulation and bureaucracy that would also grow
exponentially.

In the archival records of Child and Family Service of Hawai‘i, a heated and long
debate took place for over a year before the organization decided to accept government
money. In an oral history from the executive director at that time, Myron Chevron, “that
decision changed everything.” According to Chevron, the first time Child and Family
Service decided to take government money was shortly after statehood. It was the
beginning of rules, regulation and paperwork and, in his words, “attempts of outside labor
to unionize staff and challenge the rights of management.”

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1.4 Organization of the Nonprofit Sector: Foundations and Charitable Service Delivery: All Voluntary

The organization of the nonprofit “voluntary” sector\textsuperscript{10} is attempted through a number of mechanisms. The most common are those organizations that meet the legal requirements of becoming or being exempt from paying taxes to government. As of this date, there are over 25 categories that have emerged through the Internal Revenue Service, the bulk of the organizations falling under the category of religious, charitable and similar organizations, and social welfare organizations.

For the purpose of this thesis, the scope of the discussion will reference the two most important non-governmental sources in creating opportunity for health and human service delivery: 1) Philanthropic Foundations and 2) Nonprofit Service Organizations.

Philanthropic Foundations

It is impossible to clearly delineate the separate contributions of the most prominent organizations within each IRS category in shaping the culture of volunteerism and assistance in American in the last century. One of the most comprehensive attempts to define and control the evolution and proliferation of voluntary nonprofit organizations happened over 30 years ago via the Tax Reform Act of 1969. In the early 1900s, the questionable practices of the Rockefeller Foundation, developed by one of the wealthiest families in history in their attempt to influence favorable policy to increase the productivity of their plant workers, prompted further government involvement. The

\textsuperscript{10} Jennifer Wolch, author of \textit{Shadow State}, uses legal definition and conventional usage to define the voluntary sector as nonprofit organizations, charities, philanthropy, the informal community volunteer associations, the “third sector” and the independent sector. (Wolf, p. 22)
wealth of industrialists that formed foundations was suspect, as well as their motivation. Foundations before 1969 were not compelled to divulge their deliberations or actions. With little or no control over foundations or philanthropists, except to attain their status by will or legislative charter, foundations proliferated at an alarming rate. For instance, Samuel Gompers, the first president of the American Federation of Labor (AFL) decried the Rockefeller and Carnegie types as a clear threat to labor and the common man.

But also in the early 1900s, other foundations such as the Russell Sage and Twentieth Century Foundation started the great debate on the rights and privileges of those who were economically disadvantaged or at risk. These debates resulted in loans, credit and other economic opportunity for the poor who needed the jump-start for better lives in housing and education. As economic conditions, opportunities, quality of life and access to education and health care directly impact the health of societies, one cannot underestimate the impact of this debate.

The contributions of the Milbank and Commonwealth Fund in the area of prevention, specifically in maternal and child health, are notable for a number of reasons. In order to address the research policy needs in the pursuit of the "healthy child," it was important to attain a vehicle or laboratory to develop knowledge, test assumptions and achieve the desired outcomes. Such laboratories were the beginning of the preschools or nurseries, funded specifically by these and other foundations, to provide a place for children to develop and be observed. Subsequent foundations, and most recently the Casey Foundation, have built upon earlier work to confine research to brain development in children.
One of the cornerstones of the research of Milbank and Commonwealth was the involvement of parents in the academic and physical development of children. Parenting, and the concept of parenting as an art that can be learned and has significant positive outcomes for children, is the cornerstone of the Head Start Program. Although completely funded by the government today, Head Start Programs throughout the nation and Hawai‘i are developed and delivered by nonprofit health and human service agencies.

Foundations continued to change over time to respond to additional environmental and social needs of the post-industrial era. Both the Ford and Rockefeller Foundations turned to more scientific and research-based missions to respond to the new discoveries in medicine and health care. Both foundations made considerable investments to develop hospital systems, fund scientific experiments and provide the basis for a partnership with the federal government in future health care policy. Both foundations were instrumental in the training and education funding of higher institutions for learning, universities and scientific centers.

Regardless of their good works, the proliferation of foundations and other tax-exempt organizations grew at such an alarming rate that in the late '40s and early '50s, two commissions were established to study their impact. Undertaken about 10 years apart, the Cox Commission and the Reese Commission both contributed to the Tax Reform Act of 1969.11 The Cox Commission did an exhaustive analysis of the current

11 It is not well known that these two commissions were at odds in their research and policy advocacy on whether or not the “poor” should live within their means, or should be given the opportunity to attain credit and loans in order to increase their opportunities for better lives in the future.
foundations at the time, looking for evidence of involvement in socialism or communism, or the transfer of their power as "absentee" landlords to a board that had little or no relationship with the origins of the foundation or mission. According to Kiger in *Philanthropic Foundation* (2000), the commission commended the foundations for being at the "frontier of knowledge" and not involved in antidemocratic behavior.

Years later, dissatisfied with the result of the Cox Commission, Congressman Reece issued his own report urging serious reform and oversight of the proliferation of foundations. Not until the U.S. Treasury conducted its own investigation did any meaningful legislation form as a result of these inquiries. Thus, the Tax Reform Act of 1969 was the first prescriptive law limiting the power of foundations.

**Nonprofit Service Organizations**

As previously stated, it was the Elizabethan laws of England and the influence of the political culture and the use of churches and church groups to provide for the disadvantaged that helped to establish individuals and organizations through public charter and eventually through tax exemption status under law. During the colonial period, most education, health care and social care services were run by individuals, by town governments, or by established, tax-supported religious organizations. The new constitutional regimes for both the federal government and the states retained colonial exemptions from property tax, but forced religious charities and congregations to seek new sources of support. The First Amendment, which separated church and state, also guaranteed citizens the rights of free speech, assembly and petition (Lagemann, 1999).
The First Amendment guaranteed the right of individuals to form groups and for groups to congregate, share ideas and practice their beliefs and approaches to helping their fellow man. It gave groups the impetus to petition charters from the federal government to found universities, hospitals, orphanages and other institutions to forward the missions of the organizing groups. With this sound foundation, county and municipal governments began to supplement nonprofits with additional resources to found hospitals, clinics and schools for their citizenry, and to find relief for their elderly, orphaned and disabled through the charitable works of these institutions. Bolstered by the philanthropic foundation market, nonprofits were well on their way to unbridled proliferation.

Up until 1930, volunteer and charitable organizations were the primary sources of help for the needy. Government intervention was non-existent until the Great Depression. Seized by the immobility of woefully inadequate resources, people turned to government for help with food, clothing, housing, medical treatment and caring for the aged, widowed, abandoned, abused and handicapped during the Great Depression.

"From the passage of the Social Security Act in 1935 to the present, government intervention and responsibility and control over health and human service programs have grown dramatically. Today organized helping has assumed a multiplicity of roles that affect all phases of human life and health and human services organizations, heavily funded by federal and state government, have increased in size, cost and complexity." (Russo and Willis, 1986, p. 20)

1.5 Nonprofit Sector Oversight: Who is In Charge? The Governance of Nonprofits

Who oversees the magnitude of the multiple projects, funding sources, legal and fiduciary requirements of this "third sector?" Who assures government, philanthropists,
foundations, donors and the recipients of nonprofit services that resources are being well spent, and that the quality of the organization and its “products” is appropriate? In most instances it is a board of directors.

If one considers a board of directors in the simple terms of a group social interaction, the history of boards begins about 1240 A.D. when a religious sect utilized this idea to recruit volunteers to do good works through philanthropy and community service. The definition of board as used in the context of this dissertation includes Houle’s definition, “an organized group of people with the authority collectively to control and foster an institution that is usually administered by a qualified executive and staff.” (Houle, 1989, p. 30) By application of this definition, the first recorded board in America was at Harvard University in 1636, in which a group of selected volunteers gathered formally not in just an advisory role, but for the purpose of discharging its full-time president. Boards of 40 years ago were limited in their scope and, in retrospect, were underutilized. Under utilization occurred when boards primarily served as counsel and advisor to the president, often on a highly individualized one-on-one basis.

More traditional boards are late nineteenth-century inventions. Prior to the mid-1800s, most organizations were small, locally focused, and simultaneously owned, directed and managed by individual entrepreneurs or founders of an organization that was legally “chartered” by the legislature. With the onset of expansion during the Industrial Revolution the growth of boards was most evident in the for-profit world. Shareholders were needed to provide expertise, time and direction to fledgling new managers pioneering new business interests and opportunities. Over time, as these companies
expanded, the demand for shareholders’ time was problematic. As a solution, members hired agents or executive officers to oversee investments in new industries and operations and to report their progress periodically to the stakeholders.

Historically, the for-profit model, especially the concept of hiring external management for an organization besides its founder, served as the template for nonprofit boards. With the proliferation of for-profit and nonprofit organizations, foundations and charities, as well as a myriad of additional IRS nonprofit categories to date, boards of directors grew simultaneously.

Organizational boards (corporate, nonprofit, and public sector) may vary in their purpose, mission, definition, role and utilization. As these organizations permeate our lives on a daily basis, boards themselves, with their inherent power and oversight, play a key role in societal change. Given the importance of effective boards and their hired CEOs in running effective organizations, the impact on society, especially in the area of health and human service delivery, is remarkable.

In beginning the search for information regarding boards of directors and the executive officers of nonprofit organizations, the power of the two became evident. What also became evident are the number of models of board governance with interplay of relationships and oversights. Many nonprofit associations and organizations use the tripartite model of governance. This model has evolved, as a three-part interactive system—a tripartite system—comprised of boards of directors, the executive and staff. (Duca, 1986) In the triangulation of this model, agency theory can be applied. Based on the agenda of the board of directors, the CEO or executive director acts on behalf of the
board, and through a concerted effort of management and oversight, delegates, organizes and structures the human resources of the organization (staff) to carry out the functions and activities and specific actions to implement the mission.

Another model emerged as the policy process model, the cornerstone of Carver’s governance-theory model. In this model, because policies permeate and dominate all aspects of organizational life, they present the most powerful lever for the exercise of leadership. (Carver, 1997) In this model, boards of directors create overarching and generalized policy and direction, develop broad goals and objectives, establish benchmarks of progress, and leave specific policy, procedure and structure to its CEO.

In the cyclical model, boards tend to operate according to some mode specific to the culture of the organization, and model their behavior after their immediate predecessors, because it is a known entity. This model tends to derive leadership from other known or like-minded individuals who function to perpetuate the founder or founders’ vision, wishes and interests and remain steadfast to those founder’s notions, regardless of the environment. (Carver, 1997)

Today’s boards have, as their primary role, the role of managing change and innovation. “Leading the strategic innovation process is the golden standard for substantive creative and proactive governing board involvement. In today’s world of escalating change that is always challenging and frequently threatening, the nonprofit’s success – and often its continued survival – is heavily dependent on its capacity to lead its own change, particularly to innovate in response to the most important opportunities and challenges that come their way.” (Eadie, 2001, p. 148)
Although by definition governance is an oversight function, boards are serving in much broader terms. One of the most important tasks is to serve as the guardians of the organization’s future on behalf of its stakeholders. To this end, guardianship includes long-term planning. “The board should approve and periodically revise long-range plans for the institution. An attempt must be made to define where the institution wants to go, how and when it will arrive there, with whom it will travel, and what the cost of the trip will be. The board must insist that the executive and staff prepare guiding statements for the future, basing forecasts not only on the past and present trends, but also on predictions of significant developments.” (Houle, 1989, p. 90)

One of the distinct features of the health and human service nonprofit sector is the way in which it is governed. Issues relating to the daily crisis of health and human service management and other unpredictable trends can be addressed through dedicated resources in the development of board leadership and the board’s own development. According to Nancy Axelrod, the founder of the national Center for Nonprofit boards in Washington, D.C, good governance has become a central issue to nonprofit organizations as they face increasing attention and scrutiny from the media and government funders. (Herman, et al., 1994) The serious and well-publicized weaknesses exposed in the financial management and governance practices of some nonprofits serve to undermine the public’s confidence in the sector as a whole. Nothing can do more to restore waning confidence than the actions governing boards can take to assure the public that they understand their role as stewards and guardians, and they are committed to holding their organization accountable. (Herman, et al., 1994)
According to Axelrod, the majority of nonprofit boards are expected to carry out the following responsibilities: 1) to determine the organization’s mission and purpose, 2) to select and support the chief executive, 3) to review the executive’s performance, 4) to plan for the future, 5) to provide sound financial management, and to enlist financial resources, 6) to advance the organization’s public image, and 7) to strengthen its own effectiveness as a board. Among the most important factors that determine a nonprofit’s long-term effectiveness and the success of its strategies is the relationship between the nonprofit board and the CEO. “The working relationship between a nonprofit’s board and its CEO is at the heart of effective governance. The board Chair and the CEO work closely together as a team.” (Eadie, 2001, pp. 82, 109)

It is the chair of the board and the CEO, by the nature of their governing positions, that have the most access to information relating to the day-to-day challenges, issues and trends that must be adequately addressed. Both positions have external exposure to the public and community at large and are held accountable for actions, positions, successes and failures of the organizations they serve. Routinely, by law or regulation, it is the CEO and the board chair that are required to formally engage in contract signature assurances and other lease, property and employment documents. However, according to the Jossey-Bass Handbook on Nonprofit Leadership and Management: “In spite of the formal hierarchical structure that puts the CEO as subordinate to the board, the day to day reality is that CEOs are expected to accept the central leadership role in nonprofit organizations.” (Eadie, 2001)
But in what overall industry or service field context do these leadership responsibilities apply? What unique environmental issues, trends and challenges are nonprofit health and human service delivery organizations facing as they look toward the future? What new challenges can these organizations see or "vision" collectively to prepare for these challenges by what we are experiencing in the present?
CHAPTER 2:
NONPROFIT HEALTH AND HUMAN SERVICE DELIVERY SYSTEMS IN AMERICA: AN ARRAY OF HEALTH, HUMAN SERVICE AND EDUCATION PROGRAMS

2.1 Definitions and Categorizations

Recently, the local chapter of the Aloha United Way reinvigorated its standard Ask-2000 nonprofit service directory by launching a new statewide, easy to call 211 telephone number. The database for this new service of linking potential clients to a wide definition of nonprofits lists over 4,000 agencies. For the purpose of this dissertation, the nonprofits that will be generally cited and discussed will be those that provide specific primary care and health and human services as defined through the evolution and growth of the sector specific to Aloha United Way. After careful review, not one specific and universally adopted system of categorizing health and human service emerged in the literature.

In 1974, Miller and Horton created one of the most simplistic but direct definitions of health and human services as “specific acts of providing to an individual or group, an economic or social good.” Examples of systems providing a social good are family services and child guidance clinics, protective services, institutions for the dependent and neglected, and education and rehabilitation programs. (Russo and Willis, 1986, p. 5)

Health and human services overlap many disciplines and fields; the most prominent include health, education, criminal justice, mental health, and social and family welfare. What is intrinsically common among nonprofit health and human service
delivery organizations, whether private or public, is that they tend to focus on either the special need populations within these fields, or provide non-generic or more experimental models of service delivery to reach those who are most economically or socially disenfranchised.

Throughout the literature, it is difficult to find a clear separation or discussion about health versus health and human services, public versus private health and human service delivery, or generic versus customized health and human service delivery. Since the delivery of health and human services is a dynamic process over time and is influenced by individual need as well as political and societal forces, most attempts to describe health and human service delivery fall short of the reality of a huge, confusing, complex, interrelated, systemically linked and challenged system.

Dissecting health and human service delivery in a number of ways can help in the discussion of the complexity of the roles, functions and structure of health and human services, regardless of the sector. These dissections include: 1) the act of intervention as the chief role of health and human service organizations through five basic levels of intervention from a systems perspective: the individual, the group and the family, organizations, communities, neighborhoods, catchment areas and society and its social structure (Sauber, 1983, p. 81); 2) category by function; and 3) classification by mission.

The Act of Intervention

The primary role of health and human services is to intervene at various system levels to address a social ill or issue plaguing a population or society, and preventing this
population or society from achieving a realistic goal of an orderly, safe and meaningful existence.

Nonprofits today find themselves unable to address social issues affecting populations by intervention at the individual level alone. Regardless of the success of the individual in overcoming social obstacles, it is the systemic failures that continue to proliferate the number of individuals in need of specific services.

Initially, domestic violence, for example, is a symptom and not a cause of family stress. Family stress is caused by a system of social conflicts brought about by the disequilibria of resources. “It is notable that the top three contributory sources of stress which case workers write down when registering each case of child abuse are: marital problems, debts and unemployment.” (Wilkinson, 1999, p. 165) Figure 1 illustrates levels of intervention that most health and human service agencies would consider within their scope of services.

**Figure 1 Five Systemic Levels of Intervention in a Domestic Violence Shelter Organization**

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Primary client abused spouse or partner</td>
<td>Individual assessment and therapy to ascertain extent of abuse</td>
</tr>
<tr>
<td>Group and family</td>
<td>Primary client abused spouse or partner and significant others affected, usually underage children</td>
<td>Family therapy, group therapy with other abused spouses or partners in shelter/safety plan development</td>
</tr>
<tr>
<td>Level</td>
<td>Description</td>
<td>Intervention</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Organizational</td>
<td>Working with other client programs</td>
<td>Welfare to work, child protective services, schools enrolling sheltered children, working with courts for TROs or development of notification, policies or procedures to meet other programmatic services or standards</td>
</tr>
<tr>
<td>Communities, neighborhoods</td>
<td>Educating, marketing domestic violence hotlines, citizen reporting</td>
<td>Developing/establishing family-friendly environments, recreational opportunities, child care, camps and after school activities</td>
</tr>
<tr>
<td>Society and societal structure</td>
<td>Working with legislative bodies for protective laws and adequately funded response programs</td>
<td>Coalitions, lobbyists, public education through media and event strategy</td>
</tr>
</tbody>
</table>

**Functional Areas of Service**

Another approach in categorizing health and human services is by functional areas of service. Major health and human services that have widespread applicability among all states and that typically have discrete organizational arrangements are as follows:

- Public Assistance;
- Child Welfare;
- Public Health including Maternal and Child Health;
- Mental Health;
- Developmental Disabilities;
- Juvenile Justice;
• Elderly Services;
• Corrections;
• Economic Opportunity;
• Vocational Rehabilitation; and,
• Homelessness and Housing.

However, program groupings may vary considerably among states. For instance, education may not be listed as a health and human service function. Education is universally offered separately from other state activities. (Sauber, 1983, p. 320) However, targeted educational opportunities, such as the Federal Head Start Program, education for special populations such as children with autism or developmental disability, alternative youth educational programs for behaviorally challenged youths, community-based mental health, intervention-based school programs, and school-based after school opportunities are typically provided by health and human service agencies.

Much of the sector has been dissected to match or mirror the categorical funding streams that have been developed by the growth of the federal and state governments as the major grant makers to the nonprofit health and human service delivery system. Russo and Willis divide these funding streams into six services: Personal Social Services, Health Services, Educational Services, Housing and Urban Environmental Services, Income Transfer Services and Justice and Public Safety Services.

Classification by Mission

A third classification is offered by Flynn and Hodgkinson (2001, p. 66) through the classification by nonprofit mission, and through the delivery of benefits. Thus they
array nonprofit activities into three goals: 1) philanthropy and the enhancement of civic institutions; 2) charity or the redistribution of assets; and 3) service in the provision and delivery of service. According to Flynn and Hodgkinson, some nonprofit activities are solely charitable, philanthropic or service oriented, but most reflect a combination of the three objectives.

2.2 Evolution of Health and Human Services

Throughout the last 90 years, the delivery of health and human services has evolved as a unique conglomeration of governmental social programs (Medicare, Medicaid, Champus), and entitlement programs (TANF, Title 4b, and others including the Older American’s Act). In response, an intricate and complex picture emerged of the interrelated roles of government, nonprofit voluntary and for profit organizations in the provision of national and local health and human service issues.

Figure 2 Defining the Spectrum of Health and Human Services 1900-Present

<table>
<thead>
<tr>
<th>Era</th>
<th>Government</th>
<th>Voluntary</th>
<th>For Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1900</td>
<td>• Laissez Faire</td>
<td>• Religious – charitable</td>
<td>• Private exclusive hospitals for the rich including substance abuse and mental illness treatment</td>
</tr>
<tr>
<td></td>
<td>• Free Enterprise Capitalism</td>
<td>• Narrowly defined target population</td>
<td></td>
</tr>
<tr>
<td>1900-1930</td>
<td>• Industrial accidents/health</td>
<td>• Immigrant services – settlement house movement</td>
<td>• Continued slow growth</td>
</tr>
<tr>
<td></td>
<td>• Public health threats of national concern, e.g., epidemics, illiteracy</td>
<td>• Mutual aid societies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reactive</td>
<td>• Older religious – sponsored services</td>
<td></td>
</tr>
<tr>
<td>Era</td>
<td>Government</td>
<td>Voluntary</td>
<td>For Profit</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>1930-1970</td>
<td>• New Deal (Roosevelt)</td>
<td>• Major systems focus, family welfare</td>
<td>• Continued slow growth</td>
</tr>
<tr>
<td></td>
<td>• Social Security Act 1932</td>
<td>• Favorable federal tax legislation for charitable contribution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Focus on mental health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Returning veterans health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• National Institute of Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• War on Poverty (Johnson)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970-Present</td>
<td>• Limit federal government taxes (Reagan)</td>
<td>• Increased demand for services, increased gap group via income disparity</td>
<td>• Creation of emergency room for profits</td>
</tr>
<tr>
<td></td>
<td>• Chronic reduction of social spending despite increase need, e.g., elderly, AIDS, etc.</td>
<td>• Increased then decreased government funding</td>
<td>• Medicare, Medicaid, Champus</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Competition for United Way, corporate, foundation dollars</td>
<td>• Proliferation of for-profit hospitals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Privatization of corrective prisons</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• HMOs, EAPs accelerated</td>
</tr>
</tbody>
</table>

### 2.3 Current Trends in Nonprofit Health and Human Services Management

The review of the literature regarding current trends in the nonprofit world is formidable. So are the number of organizations that have been created to assist nonprofits in their daily deliberations and challenges. In the review of the literature and in a limited review of the publications, offerings, workshops, and self-help tools available to nonprofit leaders, there is a consistency of issues that emerge. For the purpose of this dissertation the issues have been defined in the following categories:

- New Alliances/Partnerships;
• Changes in Funding Culture;
• Social Entrepreneurship;
• Risk Management/Liability;
• Managing Change/Leadership; and,
• Planning Strategically.

Health and human service nonprofit organizations are the tangible manifestation of a structure and process to assure that the vision and mission of the organization is carried out to its most successful level. They are the vehicles to accomplish collective goals and actions, secure resources to promulgate these actions, and to capture the energy of human resources and capital to sustain the organization over time.

Health and human service nonprofits are faced with the dynamic ebb and flow of a myriad of complex issues and variables in the environment including:

• Multiple funding sources both private and government;
• Regulations at the federal, state and municipal levels;
• Political variables and changes in social policy;
• The strength of the overall economy;
• The management of interdisciplinary professionals;
• Demonstrating successful outcomes of clients receiving services;
• Fierce competition with the proliferation of nonprofits and for profits providing similar service;
• Challenging clients and families with mandated interface with multiple government departments;
The movement of confidential information and databases internal and external to the organization; and,

- The resources and training needed to embrace new technologies.

(Compilation of Issues from National Organization of Nonprofits Newsletters)

The more noteworthy issues encompassing the myriad challenges of nonprofit organizations continue to point toward the dichotomy of two worlds: government and for-profit models of care delivery. Nonprofits are pulled in either of two unfortunate directions: emulation of the government agencies that fund many of their services, or emulation of the for profits with whom they increasingly compete. (Gibelman and Demone, 2002)

One of the most dramatic changes in the ability of traditional nonprofits to provide services was prompted by the desire for government to maximize service delivery. Market competition was given significant impetus in the Personal Responsibility and Work Opportunity Reconciliation Act (or the PRWORA of 1996). “Through successful lobbying, for profit representatives were able to influence a one word change in the sweeping welfare reform legislation, this was the deletion of the word ‘nonprofit’ in regard to eligible providers of service.” (Gibelman and Demone, 2002, p. 389)

In Hawai‘i, the PRWORA was cited in the 1998 CFS trend analysis as having a possible significant impact on the ability of nonprofits in Hawai‘i to continue to provide services. What did happen in retrospect was that in the areas of lucrative and increased
resources to certain mandated services, like in the instance of the Felix Consent Decree,\textsuperscript{12} a proliferation of for-profit community-based mental health agencies emerged.

Overnight, the relatively stable nonprofit health and human service delivery system was expected to compete aggressively with for profits and on new terms with the government. Cost-based or cost reimbursement contracts were discarded for the newer entrepreneurial fee-for-service or “pay as you provide” reimbursement schemes, which transferred the financial risk of fluctuating referrals and capitated unit costs onto nonprofits.

**Figure 3 Nonprofit Health and Human Services Adaptation to Change**

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Catalyst/Pressure</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reactive to traditional sources of funding</td>
<td>• Social entrepreneurship</td>
<td>• Cuts in public funding</td>
<td>• Business ventures, self sufficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased need</td>
<td>• Product focus or diversification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Competition for funds</td>
<td>• Corporate approach</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased cost of doing business</td>
<td></td>
</tr>
<tr>
<td>• Maintaining unique identity</td>
<td>• New alliances, partnerships</td>
<td>• Shrinking public funding, donor base</td>
<td>• Sharing/collaborative services, e.g.,</td>
</tr>
<tr>
<td>• All information proprietary</td>
<td></td>
<td>• Increased cost of doing business</td>
<td>legal program development, insurance,</td>
</tr>
<tr>
<td>• Extremely competitive</td>
<td></td>
<td>• Need for efficiency, economy of scale</td>
<td>technology, alliances</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Resources from for profits</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Strategic planning</td>
</tr>
</tbody>
</table>

\textsuperscript{12} The Felix Consent Decree is the outcome of a 1993 lawsuit in U.S. District Court that alleged that “qualified handicapped children: were not receiving mental health services necessary to enable them to benefit from their education. The State waived all rights to appeal and agreed to fully implement a system of care by June 30, 2000. The State agreed to the consent decree to preserve its autonomy and maintain control in the design and implementation of a system of care.
<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Catalyst/Pressure</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of concern, expertise, or knowledge in this area, naiveté, e.g.,</td>
<td>Risk management as</td>
<td>Employment practice e.g., discrimination, wrongful discharge, etc.</td>
<td>Risk management staff, division</td>
</tr>
<tr>
<td>risk management</td>
<td>major support function</td>
<td>Fund mismanagement scrutiny</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Internet – misuse of trademark, false claims, etc.</td>
<td></td>
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<td>Insurance coverage needs, third parties, leased employees, professional employer</td>
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<td>Decline in corporate contributions</td>
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<td>Foundation resources wanting increased accountability of dollars</td>
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<td>Identified positive outcomes of resource rise</td>
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### 2.4 Hawai’i Trends in Nonprofit Health and Human Service Management

The 2001 Hawai’i Community Foundation nonprofit study revealed the major challenges facing nonprofit leaders as insufficient funding, cash flow, service capacity and effective use of planning and technology.

The majority of agencies reported that insufficient funding was either their first or second major challenge. Cash flow was rated as the number one challenge for health and human service agencies due to the delay in receiving payment for government contracted services.
Forty-four (44) percent of the nonprofits surveyed conveyed that they are unable to serve more individuals because the agencies are at capacity. The majority of these agencies believe there are individuals who need their services but cannot receive them due to limited capacity.

While 80 percent of the nonprofit agencies surveyed have some form of strategic plan, only 23 percent reported having a formal written strategic plan. Many of the agencies surveyed had difficulties measuring performance.

Eighty (80) percent of the surveyed agencies utilize computers and technology; however, all reported they could utilize more technology and be more efficient with the use of technology. Only about half of the nonprofit agencies utilize their databases for managing and tracking operations or tracking donors.

Compounding this study were key findings of another study, “Daring to Lead: Nonprofit Executive Directors and Their Work Experience,” published by the Hawai‘i Community Foundation in 2001. Findings included that the overwhelming majority (65 percent) of respondents are first-time executive directors, with women executive directors paid significantly less than men, even controlling for the size of the organization. Women considerably outnumber men among nonprofit executive directors: 62 percent of executives are women. Although a majority of current executives plan to stay in the nonprofit sector in some capacity after their current job, only about half plan to be executive directors again. High stress, long hours and concern over agency finances are the major stress factors for nonprofit executive directors (especially those running small and mid-sized agencies).
CHAPTER 3: LEADERSHIP AND CHANGE THEORY THROUGH THE LENS OF THE HEALTH AND HUMAN SERVICE NONPROFIT EXPERIENCE

3.1 Addressing the Challenges of Nonprofit Organizations: The Umbrella of Visionary Leadership and Managing Change

How can one or many individuals manage all the variables of such a complex environment? In contemporary organizational theory one finds that, “indeed to revel in an environment of uncertainty, complexity, chaos, ambiguity and paradox, there is no straightforward answer or one best way.” (Elizabeth More, 1998, p. xxiii) More’s central themes articulated in the art of managing change include:

- The need to be skeptical about the quick-fix recipe approach but to remain open to new ideas;
- The capacity to understand and deal with both macro and micro perspectives of the environment, both internal and external, and to recognize the ongoing blurring of traditional boundaries;
- To accept ongoing change, complexity, uncertainty and paradox, and revel in it;
- The critical need to adopt new and diverse mindsets, develop competencies in individual groups and organizational learning and knowledge management;
- To relish growing interdependence and relationships, without diminishing individual performance; and,
- To manage responsibly and ethically.
Change, and the resistance to change, is widely studied through the lenses of theoretical and conceptual frameworks. These frameworks are an attempt to understand the complexities of change within organizations and its effect on the people within organizations. The understanding of change brings with it a creator mandate: the mandate of responsible leadership to implement thoughtful models and strategies that have a chance of resulting in success. Organizational change is a complex process. If not done well, the consequences to an organization are predictable. The organization will either cease to exist, or reemerge through a transformation process, which may leave the prior organization unrecognizable. With the dependence of society on the work of nonprofit organizations, the survival or demise of essential organizations can be immeasurable in both positive and negative ways, depending on the success or failure of the organization in implementing change.

One of the more common approaches to understanding change is in the concept of relationships. Organizations may be seen as a large eco-structure of existing patterns and relationships and the evolutionary biology of dynamic interactions of forces both internal and external to the organization. Clarification of core values, competency and culture become essential exercises that bring longevity to organizations that embrace them. At times there may be “chaos” that ensues, including the breakdown of relationships among organizational members, but a reemergence of strong patterns and relationships can transform the organization into new behaviors. (Wheatley, 1994)

Leadership and change cannot live without the participation of those who experience change. Values often drive leadership and change in an organization. Each
organization has a different and unique order and culture. According to O'Toole, "the process of leadership is a never ending struggle to balance the constant and never-abating demands of those with different objectives." (O'Toole, 1995, p. 250) Thus one must subscribe to moral and virtuous leadership. "Value-based leadership is not for everyone, but this is the only choice open to leaders who wish to be effective agents of change." (O'Toole, 1995, p. 254)

Another important component of organizational change and leadership is in the area of envisioning the future. "Visions are reflections of our fundamental beliefs and assumptions about human nature, technology, economics, science, politics, art and ethics." (Kouzes and Posner, 1995, p. 109) According to the same authors, vision brings focus to human energy and passion within organizations. Vision embraces change, because without change visions cannot be achieved.

Finally, in any organization with vision, values and the ability to embrace change, the culture of the organization is integral to success. One of the major dilemmas that leaders encounter when they attempt to enhance the way organizations function is how to achieve a particular objective that is counter cultural, or that does not fit the organizational paradigm. (Schein, 1997, p. 140)

Above all, the key change-related issues for nonprofit organizations are strategic in nature and planning strategically is tantamount to applying positive attributes to organizations and leadership. Structuring to meet the new challenges and evolving missions, assuring that leadership is forward-thinking and action-oriented, assuring adequate infrastructure resources for technology, and assuring models of employee
empowerment including investments in training and work force development are all important factors in strategic planning. How does one get to the desired future of the vision of an organization? What values are necessary to get there? What are the decisions that have to be made on the application of shrinking resources to meet the desired future, while maintaining the viability of the organization providing services?

There are a number of cultural strategies which affect the profile of how an organization works. According to Mintzberg and associates in *Strategic Safari* (1998), there are two groupings of strategy: 1) prescriptive, formal and informal planning, and positioning in nature with strong leadership at the top; and 2) those that are beyond individuals as the world is too complex. The second example includes those organizations that use the cultures of learning, power, environment, and an external and collaborative approach to strategy. It is the organizational challenge to provide strategic structure as well as provide the flexibility, feedback and skill to use all strategic schools of thought. In this way, an organization can seize political, positioning, entrepreneurial and learning opportunities to move an organization through positive change in an uncertain global environment.

3.2 The Role of Leadership in Building Organization Culture and Strategic Change: A Case Study of One Health and Human Service Organization

The understanding of change brings with it a greater mandate – the responsibility of leadership to implement thoughtful models and strategies that have a chance of resulting in success. A review of attempted changes undertaken at Child and Family Service (CFS) from 1998 to 2000, and the role leadership played in these changes,
provides a critical case study for examining the complex interplay of change and leadership theory.

In June of 1998, CFS, an organization of over 400 employees, 88 programs and 24 sites throughout the state, commissioned an internal organizational assessment. The assessment had a dual purpose. First, a baseline corporate memory needed to be established and second, this assessment was to serve as blueprint for the prioritization of the most pressing needs of the organization. The assessment was gleaned through multiple meetings and discussions among the stakeholders and, specifically, the staff. The findings helped articulate, albeit in a limited way, the prevailing context and culture of the CFS environment:

“The organization as a whole had a strong human spirit that came through in every discussion. The connection among the staff members and between the staff and their clients was very clear. CFS had handled a major transition and growth in the past and faced a sizable challenge to catch-up with the additional demands of new contracts and programs, new buildings and shrinking state resources. Despite the challenges, it was clear that CFS was poised to be a leader in health and human service delivery, advocacy and training.” (Farnsworth, 1998, p. 2)

During the assessment, one of the most interesting and sweeping recommendations of the staff of CFS included the following:

“A planning process (management committee) was requested by staff to evaluate the viability and value of developing quality improvement, quality standards, outcomes and training center. This continued to be a repeated recommendation. The staff felt so strongly about this that a further recommendation was to go to the board with this initiative for formal adoption as a major strategic initiative for 1999.” (Farnsworth, 1998, p. 5)
The Board of Directors adopted this recommendation in September of 1998. Their deliberations took into consideration the organizational assessment, the external pressure of major funders in insisting on accreditation and quality assurance structures when applying for resources, and the litigious climate surrounding the clinical appropriateness of new mental health services.

However, the most dramatic outcome of the process was (in retrospect) how that sweeping recommendation would change the face of CFS, and impact almost every department, program and individual client at CFS. Within the year, it was apparent that CFS could no longer expound the virtue of organizational-wide quality assurance without examining its mission, overall philosophy of care, and core values. Only through this continuous process would CFS begin to undertake the true essence of continuous quality assurance.

Major changes in approach to the delivery of services were articulated throughout the organization. These included: 1) understanding quality assurance as “a journey and not a destination,” that it was not a process that ended at any given time, but became the fiber of how CFS did business now and in the future; 2) requiring and needing the pooling of monetary resources of individual programs from program directors used to the individual ownership of their own program assets; 3) assuring an organization-wide commitment to training all employees with a substantial increase in the number of hours devoted to continuing education; 4) developing policies and procedures (and the adherence to those procedures) for every aspect of organizational work (these included such policies and procedures as health and safety, client rights, case review, service
utilization review, cultural diversity, professional ethics and the strategic planning process); and, 5) using quality assurance improvement as the basis for management evaluation and subsequent merit increases.

A full year after the adoption of the Strategic Initiative of Organizational Quality Assurance, many of the classic issues revolving around organizational change were manifested throughout the organization. Although there was initial verbalized enthusiasm, managers did not self-initiate a process or a plan to embrace the recommendation from the organizational assessment. Managers reluctantly implemented top down policies calling for the inclusion of quality assurance staffing and resources in all future proposals and contracts to state agencies and foundations.

By policy, priorities for training initiatives based on core competencies developed by outside accreditation agencies took precedent and reduced the flexibility of employees to “choose” their own continuing educational opportunities. A steering committee was formed with upper management and subcommittees for continuous quality improvement. Health and safety and training were developed and chaired by volunteer managers. Policies on care delivery were reviewed and revamped for standardization, appropriateness and clarity. However, only a small core of managers participated fully and the buy-in of the majority of the managers was questionable.

Resistance was rampant. Those who were most resistant perpetuated confusion and suspicion behind closed doors. Two managers blatantly disregarded organizational directives until peer pressure prevailed. Senior executive staff felt overstretched and some felt “this quality stuff” was impinging on their “real work” in taking care of families as
they had done in the past. Tension among senior managers was so high that an organizational psychologist was brought in to conduct communication sessions and team-building exercises. Accusations about “dropping the ball” and emotional requests to remove certain managers by other managers were troubling.

The Quality Assurance Director reacted in frustration and anger and imposed stricter quality assurance mandates, tighter deadlines and subsequently more confusion and stress to all involved.

Management as well as clinical staff was literally sick of the mandates of quality assurance, and some reminisced openly about the “good old days,” even though the organizational assessment of the “good old days” clearly indicated that CFS was ready for change under the new leadership. Was CFS truly ready for the change? If so, why was there such protracted resistance, turmoil and dissatisfaction in pursuing the very thing that all dedicated staff wanted: quality and outcome-based services to the families CFS served? What can be learned about this situation from the application of two change theorists, Wheatley and O'Toole?

Based upon the conceptual framework of her book, *Leadership and the New Science* (1994), Margaret Wheatley might advise for the organization to take solace in the fact that the staff (according to the organizational assessment) had a clear and strong relationship with the clients, as one of the most potent shapers of behavior in organizations and in life is *meaning*. Clearly, CFS staff and Board are dedicated to the level of quality services for Hawai’i’s families. Wheatley would see CFS as a large eco-
structure of existing patterns and relationships and the evolutionary biology of dynamic interaction of forces both internal and external to the organization.

Wheatley might also point out that the findings of the assessment – including the clarification of core values, competency and culture – was a natural progression of a self-referencing behavior that brings longevity to the organizations that embrace it. The seeming “chaos” that ensued including the breakdown of relationships among staff and the acting out of anarchy of two managers allows (according to Wheatley) a reemergence of stronger patterns and relationships needed to transform the organization into new behaviors. In new theories of evolution and order, information is the dynamic element, taking center stage. It is information that gives order, prompts growth, and defines what is alive. In this context, Wheatley would support the continual “flooding” of information and the process of quality assurance through mentoring and training of all personnel. The external mandates of funders as well as the internal “solar energy of the organization,” namely information, must be managed by leaders through encouragement and genesis, not control.

O’Toole’s book, Leading Change (1995), dissects approaches to change providing categories such as “Rushmorean,” “Resistor” and “Owenite.” It is clear from his analysis that he aspires to the approaches that embrace value-based leadership. Unlike Wheatley’s ethereal notions, O’Toole is more of a pragmatist. In the instance of implementing a quality assurance process within CFS, O’Toole might subscribe to the notion of evolving values in all levels of participation. He would also advocate for a long-term process, mapped out in advance with a period of education on why the change is
necessary. Although there were time constraints in meeting accreditation deadlines imposed externally, O’Toole would probably have counseled CFS not to start with top-down policy, even though managers were non-participatory in the beginning.

Like Wheatley, O’Toole agrees that every organization (and in Wheatley’s case, organism) has a different and unique order and culture all its own. However, O’Toole would point out that “the process of leadership as a never ending struggle to balance the constant and never-abating demands of those with different objectives.” He clearly subscribes to moral and virtuous leadership. This is challenging, without imposing one’s will on others, but not impossible. O’Toole believes that value-based leadership is not for everyone, but it is the only course open to leaders who wish to be effective agents of change.

3.3 Implementation of Change in Nonprofit Organizations: The Roles of Governance and Structure

Effective approaches to governance of health and human service organizations have been studied extensively, and have been approached in a number of ways. Typical board structure includes the board chair, the executive committee, and sub-committees related to common functions of the organization. The structure of the organization is typically outlined in its bylaws, policies, procedures, and corporate resolutions.

“Our definition of governance is the process, structures and organizational traditions that determine how power is exercised, how stakeholders have a say, how decisions are made and how decision-makers are held accountable. There is anecdotal evidence that the work of nonprofits usually continues in spite of flawed structure, the job
still gets done." (Gill, 2002) Since change is constant, can one argue that good governance enhances or mitigates the effects of change?

The application of agency theory is one possible framework for analyzing the ways in which organizations implement specific governance strategies to effect change. Agency theory is found everywhere in successful undertakings from explaining how franchises work in a for-profit business setting, to describing the design of boards. It is applicable to nonprofit health and human service organizations that rely on the self-interested nature of the perpetuation of the life of a specific mission. Strategies to assure the life of an organization/mission continue include altering the institutional structures, contracts and informal arrangements to reduce conflict and to increasing the extent of cooperation and its related benefits. (Jensen, 1998)

Agency theory also explains how to best organize relationships in which one party (the principal) determines the work and another party (the agent) undertakes the work. Any agency relationship involves a principal (in this case the founder of the vision of the organization and his or her delegated board of directors), and an agent (the CEO, director or manager of the other “employee” agents of the organization).

In responding to the challenge of running nonprofit health and human service delivery agencies, agency theory explains that the assignment of decision rights and the need for thorough deliberation is key to success. In the pursuit of strong board leadership, the balance and the appropriateness of decision making and at what level are common areas of continuous evaluation and debate.
In the work of Mihnea Moldoveanu and Roger Martin of the University of Toronto, it is not enough to assign decision-making, but the execution of that decision-making that is critical (2001). In the most crucial times for any organization, failure of deliberation resulting from inadequate airing of concerns, failure of monitoring of decisions and actions of the board to assure that decisions are carried out, failure of commitment or the unwillingness of members of the board to resolve potential conflicts, and failure to get board members to talk through difficult issues decisively, are problematic to organizations attempting to choose effective actions in response to change. (Moldoveanu and Martin, 2001)

According to the National Center for Nonprofit Boards, CEOs developing successful nonprofit boards require a strong sense of balance, a high degree of trust, a willingness to follow as well as lead, and an ability to communicate clearly, sometimes subtly, throughout the course of the relationship. An executive has no stronger ally on the board than the chair, and no more potent advocate for the value of ongoing board development. (Robinson, 1998) These two pivotal positions are the key to the continuity and viability of the organization – especially in light of the uncertainty and change in nonprofit health and human service delivery.
CHAPTER 4:
QUALITATIVE RESEARCH AS A METHODOLOGY FOR THE
STUDY OF NONPROFIT LEADERS

The effort of this dissertation is the first step in providing the Hawai`i health and human service nonprofit organizations with their own specific data, detailing their trends, challenges and changes. The study systematically attempts to apply qualitative methodology to understand the phenomenon of shared, as well as, experiences unique among nonprofit leaders running and governing selected organizations. To capture the true essence of these experiences, qualitative inquiry has been selected as the vehicle of exploration, and specifically phenomenology as the tradition.

This study will attempt to lend validity to what health and human service nonprofits are experiencing anecdotally, to provide a product, share experiences with crucial decision-makers, and assist in assuring the viability of the safety net by applying the data to future capacity-building activities and initiatives.

4.1 Qualitative Inquiry: Getting Started

Qualitative inquiry provides a blueprint for discovery, especially when attempting to capture the phenomenon of shared or like experiences by purposefully choosing subjects with like experiences. The word qualitative is not easily defined and is frequently debated in the literature, and among academics and students. Denzin and Lincoln’s definition is all encompassing and allows a broad enough scope to provide the contextual lens for this dissertation.

“Qualitative research is an interdisciplinary, transdisciplinary, and sometimes counter disciplinary field. It crossects the humanities, the social sciences, and the physical sciences. Qualitative research is many
things at the same time. It is multi-paradigmatic in focus. They [its practitioners] are committed to the naturalistic perspective and to the interpretive understanding of human experience. At the same time, the field is inherently political and shaped by multiple ethical and political positions." (Denzin and Lincoln, 1998, p. 408)

Qualitative research was chosen as the major design model for this dissertation because the approach was the most relevant. Qualitative researchers defend and protect their rights to embrace, touch, feel, and experience constructivism in action. Unlike the quantitative researcher, the qualitative researcher must be scrupulous in overtly applying objectivity to the process, and when objectivity is impossible, “to cop to” or explain the source of its subjectivity. “Increasingly, quantitative researchers seem dissatisfied with purely quantified results, and are turning toward supplementary qualitative analyses. Conversely, qualitative researchers have become less defensive about their modes of analysis and more open to working with quantitative researchers on projects.” (Strauss and Corbin, 1992, p. 277)

Quantitative inquiry would make it difficult in its limited methodology to glean the essence of the lived experiences of board chairs and CEOs of nonprofit health and human service delivery organizations, as there is no mechanism to do so in quantitative design. With qualitative inquiry, there is a process of personalized contact with participants through interviews, dialog and exchange between the researcher and the respondents. Qualitative design allows the researcher the leeway and ability to gather words, phrases and concepts in order to create a lived experience and a dynamic result.

In order to have a systematic plan to capture rich and meaningful data, I embarked upon the notion of choosing only “leading” nonprofit health and human service
organizations in the original research design in order to ensure the quality of the interview respondents. This narrowing of the field to the top 20 "leading" organizations provided the opportunity for more in-depth analysis and provided a sufficient number of respondents in the cohort to meet the qualitative criteria, reliability and validity of the research design. It also allowed for enough time in the field for enhanced validity in capturing the essence of the world of nonprofit leaders.

For a phenomenological study, the process of collecting information involves primarily in-depth interviews, with as many as ten individuals. The number of interviewees can range from 1 up to 325. (Creswell, 1998) The recommended number ranges from 3 to 10 subjects. (Creswell, 1998) In this study, the number 20, or 20 organizations, were chosen for an interview. At the time the cohort was chosen, the willingness or availability of the respondents was not known.

In researching Hawai'i's criteria in rating the 20 "leading" organizations, a few categories emerged as possibilities. These categories included criteria by size of revenue and budget, age of the organization, and the grouping of organizations by function, such as primary care centers, youth groups, homeless shelters, aid for the disabled, basic needs such as food, and by diseases (e.g., heart disease, cancer, epilepsy and diabetes). There were no opportunities to use a standard of quality criteria, such as a ranking by measurable impact on client population served, accreditation or external review scoring, or consumer ranking. There appeared to be no existing system for selecting the "leading" organizations for interviews. The initial inquiry, therefore, posed the following
unanticipated research questions: 1) How would the organizations be selected? 2) Who would do the selecting? 3) What criteria would be used to select?

4.2 The Methodology of How, Who and What

In order to determine the best criteria for determining the “leading” organizations, I began with a tried and true methodology unique to Hawai‘i – “talking story.” I approached trusted and knowledgeable colleagues in the field of health and human services, policymakers, university faculty, former heads of organizations, and others to gather ideas and approaches to this dilemma. I also met with Becky Ward, CEO of Ward Research Associates of Hawai‘i, to gain advice regarding the number of respondents needed to assure the reliability of the design. Through a series of lunch meetings, informal discussions, and telephone conversations with about 10 colleagues, the following decisions emerged:

1) The initial survey asking respondents to choose health and human service organizations for interview would be sent to approximately 300 individuals engaged in the field, to yield a response of at least 60 individuals or a 20 percent return.

2) The individuals receiving the survey would include names from existing lists or groups:
   - Government contractors of health and human services (department heads);

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13 “Talk story” is a local euphemism for spending a good amount of time with someone without hurrying, to share ideas and friendship, without a specific agenda.
• Public policymakers (state legislators chairing or members of health and human service type committees);

• Colleagues of other nonprofit organizations including Hawaiian and other cultural groups (e.g., the Weinberg Fellow List);

• Other nonprofit community leaders (directors and staff of foundations, Aloha United Way, Hawai‘i Community Services Council, trade and professional associations who have members engaged in health and human service);

• Faculty of the Social Sciences schools at the University of Hawai‘i;

• Individuals generally known to service organizations (facilitators, mediators, consultants); and,

• Nonprofit CEOs of the 64 AUW agencies represented.

3) The respondents in the initial survey would be asked to rank the “leading” nonprofit service organizations. That in the absence of criteria, participants in the survey would be asked to choose one from a list of provided criteria and also be given the opportunity to add criteria of their own choice.

4) The list of service organizations to be ranked would come from the AUW organizational list (Appendix B) based on a number of assumptions:

• United Way has developed community member panels, criteria for funding, outcome requirements and other standards applicable to all AUW member agencies.
• United Way agencies have been charged with organizing their services by
community priorities based on the Ke Ala Hoku (guiding star)\textsuperscript{14} project and
process. This process empowered the community at large to define the goals
to be achieved through a safety net of services needed by the community (and
not just those services provided by AUW agencies).

• According to AUW, approximately 80 percent of the September 11\textsuperscript{th} funding
provided by the Hawai‘i State Legislature in a special session went to United
Way agencies.

• According to State Procurement Records, AUW organizations receive the
majority of government purchase of services health and human service
contracts.

• In the absence of any other systematic and overall approach to monitoring the
activities and “success” of families, AUW seemed not only appropriate, but
also necessary to the study.

• AUW maintains a timely and comprehensive website and has systematically
captured the mission and description of each organization by requesting yearly
updates. This information, exactly as depicted on the website, was offered to
the survey participants in an attempt to strive toward objectivity in
determining the final list of organizations.

\textsuperscript{14} A three-year process in which health and human service stakeholders were asked to develop seven
categories of success that Aloha United Way agencies can achieve.
• AUW represents the broadest scope of health and human service nonprofits in the state. These services are organized around the seven AUW Impact Areas as developed through the Ke Ala Hoku process (Appendix C).

Many of the original “talk story” group felt that there were disadvantages in my direct solicitation of this data for the following reasons:

1) I am the CEO of a competing AUW organization in regards to federal, state and foundation grants. There would be a perception of having a “competitive edge” from knowledge and data derived from the study.

2) That the list of the top 20 organizations would be misconstrued by some nonprofit community members as an “endorsement” or somehow used as a competitive advantage by the selected organizations.

Based on this feedback, it was decided to use a reputable third-party research firm, Ward Research Associates, to send out the survey. The survey was sent with a cover letter to assure the participants that the third-party research firm and the researcher would keep the results confidential. Once the organizations were selected and informed of their selection, they would be requested not to utilize the ranking information for any public purpose.

In August 2002, over 300 survey participants received the following information:

1) A preview postcard announcing that the survey would be mailed to them in about one week. The postcard was followed by the survey with a cover letter asking participants to: a) choose 20 organizations you believe provide quality
services to their constituents; b) indicate the criteria you relied on most to make your selection; and, c) mail back the survey by a certain date.

2) A survey called “AUW Agency Grid” (Appendix C) with the list of all current AUW organizations by name, description taken directly from the AUW website, a check site if any agency was in their top twenty, a check site to indicate the criteria used, and an opportunity to describe their criteria if they checked a criteria other than what was provided. The provided criteria included:

- Personal knowledge as a recipient of client services;
- Name recognition;
- General knowledge about the organization;
- Served as an officer, volunteer or staff person;
- Believe organization addresses a key issue facing Hawai‘i; and,
- “Other.”

Participants were given three weeks to return the questionnaire and, if there were any questions or concerns, the opportunity to call staff of the outside research firm or the researcher. Only two calls were received, one validating the confidentiality of the process, and one to share the concern that other worthy organizations were not on the list (because they were not AUW member agencies). Questionnaires were returned and the top 20 organizations were tabulated by the research firm as well as other compiled data based on the selection criteria.
Both the CEO and the board chair of the selected top 20 agencies then received separate letters describing the study design and process, requesting their participation in a one-hour face-to-face interview using a set of questions sent to them in advance. Since the organization I manage was selected by the initial survey participants as one of the top 20, the decision was made to drop the organization from the list and include the 21st ranked agency in the interview process.

Interviews were conducted over a two-month period. In order to assure interview respondents that there was strict adherence to confidentiality and understanding that I was a positioned subject,15 respondents were provided a choice to be interviewed by myself or an interview associate (an independent consultant not related to any of the AUW agencies). All interviews were taped with the permission of the respondents. All respondents were offered a review of the transcript before data integration into the dissertation. All interviews were transcribed verbatim. The interview questions were nearly identical for both the CEO and the board chair, except for necessary changes in phrasing and questions related to demographics (such as how long had the respondent been serving). The questions were derived from a review of the literature regarding new issues facing nonprofit providers and specifically a review of the current information from National Organization of Nonprofits Newsletters. The project was reviewed by the Committee on Human Studies (CHS) and an exempt status was determined. Since

15 A positioned subject is purposefully approached in qualitative research because of his or her experience or expertise in the field. He or she usually is a significant stakeholder, and is pursued as such. In the case of this study, the researcher is a significant stakeholder by holding a CEO position in a health and human service organization.
additional questions were added to the interview form after the exempt status was determined, they were submitted for review. After review of the additional questions, the CHS determined that the questions did not change the exempt status (see Appendix E).

In setting up the interview process, the researcher took guidance from the work of John W. Creswell in *Qualitative Research and Inquiry* (1998). Creswell outlines seven steps for successful interviewing: 1) identify procedures based on sampling procedures; 2) determine a “practical” interview that will net the most results (telephone, face-to-face, focus groups); 3) determine the best way of recording the information; 4) design the interview protocol with five open ended questions; 5) determine the place; 6) obtain consent and plans for using the information and results; and, 7) stay within the established time limits. (Creswell, 1998, pp. 123-125)

The common interview questions listed below were used as a strict guide during the face-to-face interview process.

1) Since you have been serving on nonprofit boards/been in nonprofit management, have you seen an overall evolution of new issues affecting these organizations?

   a. What has changed over time?

   b. What issues are you most concerned with at this time/what issues are discussed most often at board meetings?

   c. Promted questions:

      i. What about strategic planning issues?

      ii. What about fundraising and cash flow issues?
iii. What about administrative and technology related issues?
iv. What about strategic alliances?
v. What about advocacy issues?
vi. What about performance management issues?
vii. What about marketing issues?
viii. What about capacity issues (meeting demand for services)?
ix. What about government regulations/public policy issues?
x. What about risk management issues?

2) How has your organization responded to these issues?
3) How have these issues impacted the organization’s mission?
4) What solutions have been implemented as a result of the emergence of these issues?
5) What actions can nonprofit leaders take today that will help create/impact these issues in the future?
6) What capacity building/skills does your agency need to develop to better respond to and be prepared for these challenges/changes?
7) What new challenges do you see will affect nonprofits in the future?

The differing questions, developed for the purposes of collecting background information, were:

CEO Questions:
1) Tell me about your experience as the CEO.
2) What organizations have you been CEO of previously, if any?
3) How long have you been working in the nonprofit field?
4) How long have you been serving as CEO?
5) Why do you choose to lead nonprofit organizations?

Board Chair Questions:
1) Tell me about your experience on the board of directors.
2) What boards have you served on before this one?
3) How long have you been serving on boards?
4) How long have you been serving on this board?
5) What percent of your time is dedicated to your board service?
6) Why do you serve on boards?

Initial categories were derived from questions in the interviews, with additional categories added and derived by a core of recurring features, i.e., major themes, demographics of participants, and environmental (external) trends. The following categories to compare and contrast issues emerged by both the content of the original questionnaire and the “in tandem” review process:

- Major Themes (Universal)
- Demographics of board Chairs
- Demographics of CEOs
- Strategic Planning

It was decided not to group these categories into clusters, but to wait and use clusters as part of the findings phenomenon. This was to help safeguard the subjectivity of the researcher as a nonprofit CEO and prevent the creation of categories based on biases and not actual data collected. Although the categories were many, and the process arduous, the process functioned as a gatekeeper and safeguard of premature speculation on the findings.
- Fundraising/Cash Flow
- Technology/Administration
- Cost of Doing Business
- CEO Challenges
- Meeting Demands/Capacity
- Board Challenges
- CEO-board Chair Differences
- Collaborations and Partnerships
- Advocacy
- Performance Management
- Marketing
- Risk Management
- Future Action
- Preconceived Observations
- Impact on Mission
- Environmental Issues
- Implications
- Future Trends
- Solutions
- Capacity Building
Although adherence to the prompted question categories was high, others emerged as essential to the next step of analysis and articulating future implications of the research. The challenge was to capture reoccurring themes and patterns without stifling emerging themes and patterns that were either “outlier” or subtle emerging themes after general themes were exhausted.

“Devising categories is largely an intuitive process, but it is also systematic and informed by the study’s purpose, the investigator’s orientation and knowledge, and the meanings made explicit by the participants themselves.” (Merriam, 1998)

### 4.3 Qualitative Inquiry with Phenomenology as the Guiding Star

There is significant debate in the literature on the quality and purity of qualitative versus quantitative research. For the purposes of this dissertation I utilized qualitative research for the most poignant of reasons. “Both qualitative and quantitative researchers are concerned about the individual’s point of view. However, qualitative investigators think they can get closer to the actor’s perspective through detailed interviewing and observation.” (Denzin and Lincoln, 1998, p. 10)

With that difference in mind, Miles and Huberman, in *Qualitative Data Analysis* (1994), guided and assisted in the structure and design of the most important phase of the study: the interviewing and compiling of accompanying data.
**Figure 4 Research Design Guided by Miles and Huberman**

<table>
<thead>
<tr>
<th>Miles and Huberman</th>
<th>Study Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualitative research is conducted through an intense or prolonged contact with the field or life situation. These situations are typically “banal” or normal ones, reflective of the everyday life of individuals, groups, societies and organizations.</td>
<td>In the case of the forty individuals identified to interview, the contact was up front, personal and intense, and typically “banal” or normal as the interviews were conducted in the environment of the participant, typically their office or work setting.</td>
</tr>
<tr>
<td>The researcher’s role is to gain a “holistic” overview of the context under study: its logic, its arrangements, and its explicit and implicit rules.</td>
<td>To meet holistic intentions, the interview questions were derived from the review of the literature and contemporary data of common experiences of nonprofit organizations specific to Hawai‘i.</td>
</tr>
<tr>
<td>The researcher attempts to capture data on the perceptions of local actors “from the inside,” through the process of deep understanding, and of suspending or “bracketing” preconceptions about the topics under discussion.</td>
<td>Local actors from the inside were picked as a purposeful sample but used other individuals to triangulate the data, especially in choosing the organizational leaders to be interviewed. The triangulation included 1) AUW’s choice of organizations historically over time, 2) outside participants’ choice of organizations through the survey, and 3) self selection of organizations by the ability to accept or reject the invitation to participate.</td>
</tr>
<tr>
<td>A main task is to explicate the ways people in particular settings come to understand, account for, take action and other wise manage their day-to-day situations.</td>
<td>Local actors were requested to answer questions, but were also given strong urging to enhance or add to any category or any other thoughts after the interview process.</td>
</tr>
<tr>
<td>Relatively little standardized instrumentation is used at the outset. The researcher is essentially the main “measurement device” in the study.</td>
<td>Although the researcher was comfortable as the main “measuring device” in most instances of her life, the researcher was uncomfortable with the “insider” position as a CEO of a health and human service organization and was also uncomfortable with the assignment of “the doctoral student as an insider.” As an additional “measuring device” – an interview associate was utilized in the study design to add objectivity to the singular measuring device.</td>
</tr>
<tr>
<td>Most analysis is done with words. The words can be assembled, sub-clustered, and broken into semiotic segments. They can be organized to permit the researcher to contrast, compare, analyze and bestow patterns upon them.</td>
<td>There was ample material, categories, and sub-clusters to allow for comparisons, analysis and patterns.</td>
</tr>
</tbody>
</table>

During the course of this dissertation, Crestwell’s five traditions (biography, phenomenology, grounded theory, ethnography and case study) were considered in guiding the “sub-methodology” of the qualitative study (1998). However, for this
research, phenomenology gave the best promise in reaching the goals of the study including: relevancy, shared experiences and interpretive character. Phenomenology guided the process as a theoretical framework as opposed to an exact methodology.

Phenomenology strives systematically for essential insights of demonstrable universality, and for theoretical self-transparency seeking to communicate, not just ideas and information about everyday experiences and matters of concern, but also the manner of our participation in truth. (Burch, 2002) “Phenomenologists often work with interview transcripts, but they are careful, often dubious, about condensing this material. They do not, for example, use coding but assume that through continued readings of the source material and through vigilance over one’s presuppositions, one can capture the essence of an account – what is consistent in a person’s life across its manifold variations.” (Miles and Huberman, 1994, p. 8)

4.4 Validity and Reliability in Qualitative Methodology

In order to enhance the validity of the research design, a larger number of interview respondents was included in the cohort. Thirty-eight (38) individuals were interviewed in-depth in order to increase the probability that conclusions drawn from the study are true for other individuals running or governing nonprofits. Another method of enhancing the validity was for other individuals in the field to be given the opportunity to choose the nonprofits to be interviewed, as opposed to using subjective criteria. All interview respondents received a copy of the questions in the guided interview at the same time and were asked to prepare for the interview in advance by thinking about the answers and their experiences before the interview. Interviews were conducted over an
intense period of time (two months), and, because the organizations were asked to keep their identity anonymous, no evidence existed of discussion among respondents. All respondents except two of the forty approached agreed willingly to be interviewed, minimizing the drop-out rate or attrition of respondents. Interviews were conducted in the naturalistic and normal settings of the respondents.

Because of the large cohort of interview respondents, the interview associate and I spent a considerable amount of time in the field. The interview associate became an integral part of the design for data collection and analysis. Each transcript was arduously reviewed "in tandem," sentence by sentence, and categories and concepts were not included without the consensus of both the interview associate and myself, to assist in reducing the amount of subjective influence of my positioned status. Although my bias can never fully be removed because of my CEO experience, personal biases were acknowledged during these "tandem" sessions and talked about as part of the process of data selection.

In the area of reliability, criteria created by Guba and Lincoln was utilized (1989, p. 236-243). Credibility was supported by data retrieved from verbatim transcripts, persistent and mutual observation in the field of multiple participants, and descriptive details and quotes gleaned from the transcripts and reported as findings. Raw data was systematically tracked based on the categories derived from the actual questions to determine which raw data were used to reach corresponding conclusions. Additional categories emerged from the "in tandem" discussions. Detailed records of the data
4.5 The Voices of Participants and Research as Praxis

The usage of stories, or shared accounts of experiences, enriches the qualitative process. In this study, positioned subjects were given the opportunity to speak their “truth” through the phenomenon of narrative inquiry. These stories provided the humanity, the “voice,” and the uniqueness of each participant’s experience. It also allowed the articulation of emotion, passion, and the “verbalization” of a concept in an applicable and practical context.

A positioned subject approach to inquiry allows participants a unique experience in being part of a qualitative inquiry. It is situated in a matrix of qualitative research, but remains elusive until articulated as an essential part of the overall design. For the purpose of this dissertation, the definition of positioned subject is to capture the perspective of diverse stakeholders. Although the stakeholders of this inquiry do not seem diverse, in the findings of this dissertation it is evident that the 20 AUW organizations interviewed have a myriad of differences as well as similarities – enough to qualify them as “diverse.”

Positioned subjects, by definition, are “people with particular needs, perceptions, and capabilities for action and the environment in which they are located.” (Conrad, Haworth, and Millar, 1993) As participants in the conversation, sharing the common experience of running or chairing a leading nonprofit, these subjects are not randomly selected unsuspecting “surprise” participants. In the instance of narrative inquiry, the

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Praxis – defined as providing a vehicle for action to enhance equity among societal participants.
qualitative process brings with it a poetic license in using the voices of positioned subjects.

Connelly and Clandinin describe their colleague Britzman’s observations of a relationship in which both the researcher and practitioner have a voice (1993). “Voice is meaning that resides in the individual and enables that individual to participate in community. The struggle for voice begins when a person attempts to communicate meaning to someone else. Finding the words, speaking for oneself, and feeling heard by others are all a part of this process. Voices suggest relationships: the individual’s relationship to the meaning of her/his experience and hence, to language, and the individual’s relationship to the other, since understanding is a social process.” (Britzman in Connelly and Clandinin, 1993, p. 290) These “voices” will be heard in the findings chapter of this dissertation.

These stories and voices are members of a special interest group made up of leaders of the nonprofit universe of Hawai‘i’s health and human service delivery organizations. Their brains were picked and their experiences recorded in this dissertation in order to ultimately advance the empirical knowledge of a special interest. A term used by Patti Lather in her article “Research as Praxis” (1993), conveys the notion that there is “reciprocity empowerment,” when qualitative research leads to change or action. This reciprocal empowerment, allows the researcher and the participants to clarify and advance the special interest agenda of health and human service organizations. It
provides a measure of validation to their organizational needs and can be woven into a social or political policy agenda for short- and long-term gains.
CHAPTER 5:
THE HEALTH AND HUMAN SERVICE
SELECTED NONPROFIT ORGANIZATIONS AND
THE WORLD OF THEIR BOARD CHAIRS AND CEOS

The findings of this study were based on the assumption that the best source of knowledge in understanding the challenges and changes in Hawai‘i’s nonprofit service organizations is the Chair of the board of Directors and the CEO of the organization. It was also assumed that a body of information specific to Hawai‘i’s nonprofits could be gleaned from these individuals so that present and future nonprofit leadership can plan and lead effectively in the future.

5.1 The Twenty Top Organizations in AUW: A Patchwork of Multiple Services

Organization leaders to be personally interviewed were selected by others in the field via a survey instrument. In choosing 20 of the 64 agencies of the Aloha United Way, 36 percent of the 300 individuals contacted by mail responded to the survey and 112 surveys were analyzed to ascertain the names of the top 21 agencies.

Although the criteria by which a respondent chose the 20 agencies was not specifically germane to the research question of identifying the emerging trends, challenges and changes in the organizations in question, the criteria framework was provided. Building the criteria within the methodology reassured the survey participant that there was: 1) some basis for the choices; and, 2) the criteria stayed within a defined, finite set of possibilities. Fewer than 10 of the 112 respondents added criteria of their own to the survey’s criteria. If they did add personal criteria, it was always for a particular agency and not as an addition to the overall criteria. Thus, the assumption is made that
the survey participants were comfortable with the choices of criteria. The criterion data indicated the concentration of organizations selected fell into two major categories: 1) general knowledge about the organization, and 2) the organization addresses a key issue facing Hawai‘i.

None of the top twenty organizations received more than 77 percent of the votes of the 112 survey respondents.

**Figure 5 Criteria for Top 20 Organization Selection**

<table>
<thead>
<tr>
<th>PLEASE INDICATE THE CRITERIA YOU HAVE RELIED ON MOST TO MAKE YOUR SELECTION OF YOUR TOP 20 ORGANIZATIONS</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CRITERIA USED-TOTAL MENTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal knowledge as a recipient of client services</td>
<td>131</td>
<td>6</td>
</tr>
<tr>
<td>Name recognition</td>
<td>225</td>
<td>10</td>
</tr>
<tr>
<td>General knowledge about organization</td>
<td>928</td>
<td>40</td>
</tr>
<tr>
<td>Served as an officer, volunteer, staff person</td>
<td>123</td>
<td>5</td>
</tr>
<tr>
<td>Believe organization addresses a key issue facing Hawai‘i</td>
<td>817</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>47</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>29</td>
<td>1</td>
</tr>
<tr>
<td><strong>Base (Total number of responses)</strong></td>
<td>2300</td>
<td></td>
</tr>
</tbody>
</table>

*Percentage based on number of Responses.*

Although the top 20 organizations will remain anonymous, one of the most interesting findings was that the selected organizations did not fall heavily into any particular category of service. The choice of organizations, however, did present a
pattern. They represented a “patchwork quilt” of the essential health and human service functions that any family in Hawai‘i might need at any given time. The patchwork included:

- Primary medical care;
- Support and counseling to troubled families;
- Activities for youth at risk;
- Legal services;
- Services for infirmed and disabled;
- Food and shelter;
- Crisis and disaster services;
- Specific disease-related services; and,
- Employment services.

Finding #1: A purposeful sample of knowledgeable individuals chose 20 organizations that represent a multiple array of benefits and services that met multiple needs. They chose these organizations mostly because they had general knowledge of the organizations, or they believed the organizations address a key issue facing Hawai‘i. Choosing multiple organizations to meet multiple needs clearly relates to the concept of the safety net which is one of the major policy initiatives of the United Way of America (UWA) and its 300 affiliate agencies (including Hawai‘i). (United Way of America, 2002)

"[UWA will] advance a health and human services agenda to support programs which will strengthen a comprehensive network of services for individuals and families in need. Everyone should have access to basic
needs like food, housing and health care. United Way of America will 1) focus on preventive-based needs like food, housing and health care. United Way of America will 2) focus on preventive-based programs that are of strategic importance to United Ways, funded agencies and their clients.” (United Way of America, 2002)

Initiatives under the United Way of America safety net include legislative action plans for increases in funding of Emergency Food and Shelter Programs (EFSP), and Title XX, or the Social Security Block Grant (SSBG), serving vulnerable children, families, the elderly and persons with disabilities. Other initiatives not within the critical safety net of food, housing and health care include:

- Legislation which supports early childhood initiatives and school-aged children;
- Temporary Assistance for Needy Families (TANF);
- Individual Development Accounts (IDA) which are matching saving accounts for working poor; and
- Earned Income Tax Credit (EITC) for low-income families.

Most of these major initiatives are administered by local nonprofit agencies in collaboration with other community groups and financial institutions. As a finding, however, the safety net theme was not a major discussion point of the interviews. What was of major discussion were the challenges of keeping nonprofits operational.

5.2 The Interview Participants

In the sample size of the top 20 CEOs and 20 board chairs of the top 21 agencies (the researcher’s agency being excluded), 38 face-to-face interviews were completed and fully transcribed. Only one agency declined participation. The reason given was that the
board chair was too busy to grant an interview. Even with follow-up calls from the researcher, the agency continued to decline. Except for this one agency, all other interview respondents appeared comfortable with being interviewed and provided adequate time and surroundings to conduct the interview. When given a choice between the researcher and the interview associate, most interview respondents had no preference. When there was a preference, the preference favored the researcher. Although most of the categories of data derived from the interview questions became saturated after about the first 10 CEO and 10 board chair interviews, new categories emerged as the transcript analysis progressed.

**Demographics of Interview Participants**

Board chairs averaged 16 years experience serving on nonprofit boards, and typically served on at least two other boards. The chairs dedicated an average of seven hours a week to their board service, with one chair spending at least 20 hours a week on board work. Of the 19 chairs interviewed, six were female and thirteen were male.

Of the CEOs, 12 out of 19 participants were first time CEOs. They averaged 21 years working in the field of nonprofit services, and 10 CEOs considered themselves “career nonprofiters,” and had not worked in any other sector.

**Motivation**

Although there were few similarities between the board Chair and CEO in the demographic data collected, similarities and recurrences existed in the motivation of why each group served nonprofit organizations. Chair and CEO similarities in motivation included:
• Familial values;
• Making a difference;
• Having an impact on society;
• Belief in the mission; and,
• Giving back to the community.

Other recurring motivations specific to the role of chair included a personal connection to someone who asked that they join a board, wanting to “bring their skills to the table,” being requested by their company to do “corporate volunteerism,” or growing up in the geographic area in which the organization was actively providing services. One chair stated: “Most people say you have to give back to the community. I don’t subscribe to that. I subscribe to the theory that you have to participate in life and this [serving on boards] is part of participating. Just as you raise children, you also have to participate in your community to make it good and get better… I don’t feel it’s an obligation, I think it’s just as important as being part of the community.”

Recurring motivations that were specific to the role of CEO included wanting a challenge, coming to the organization as a former client, “the ’60s” idealism, the creativity and innovation properties of the job, and the pursuit of a social work career track and training that brought them into management roles.

Challenges

There were no specific similarities on the challenges faced by the two groups in relation to their roles of chair and CEO. Specific to the role of board chair, most respondents articulated the challenge of increased accountability and fiscal responsibility
of nonprofit boards. Most board chairs also talked about the challenge of increasing the level of involvement and commitment of board members to the organization. Often, the concept of “nodding heads,” or “rubber stamping” boards was used to illustrate the results of boards being uninspired or disengaged. The difficulty and the need to fundraise was also a recurring theme among the board chairs, as was the challenge of working with poor managers and making difficult decisions relating to top management personnel.

CEO reoccurring challenges included:

- A void in a process to interchange and discuss issues with colleagues and peers;
- The skills, knowledge and time to create a succession plan;\(^{18}\)
- Creating a balance between what and how often to communicate with the board;
- Being “torn” between the internal operational needs and the external community;
- The issues and struggles of growth; and,
- Preserving the morale of nonprofit employees.

Finding #2: Hawai‘i board chairs and CEOs of the organizations chosen for interview were seasoned by many years of service in nonprofit work and were highly motivated by a shared sense of belief in the mission and making a difference. Although the majority of the CEOs were not new to nonprofit work, the majority of the CEOs were

\(^{18}\) Successor plans allow for the identification, training and positioning of employees with leadership skills or potentials within the organization with the assumption that they will someday be ready and available to take on the chief executive role or other key senior management position.
new to their roles as chief executives. The perceived challenges of the role as shared by CEOs and chairs were distinct and different.

5.3 Advocacy Activities and Meeting the Needs of Clients – Quantifiable Results

Two other quantifiable findings were the involvement of the organizations in advocacy and whether or not respondents felt the organization was meeting the demand for services.

Fifty-nine (59) percent of the respondents reported that their organizations do not engage in advocacy, 38 percent said they did, and 3 percent were mixed in their response or not sure. The majority of the respondents felt that their organizations should do more in the area of advocacy, but did not have the time or resources.

Sixty-Seven (67) percent of the respondents reported that their organizations were not meeting the demand for services, 23 percent said they were meeting the demand, and 6 percent gave a mixed response by indicating that certain programs in the organization either were or were not meeting the demand. Participants noted that although they may be meeting the demand for the number of referrals they received from a third party “gatekeeper,” they were aware of a much greater demand or need that was going unserved or unfounded. Organizations that indicated they were meeting the demand were either organizations that had membership or fee-based services, or organizations that received third-party reimbursement for services. Since clients were not interviewed for

Two-thirds of the CEOs of the organizations interviewed are male, and two-thirds of the board chairs of the organizations are male. Although this may not be significant considering this group represents only one-third of the AUW agencies, further research on the demographics of Hawai‘i’s nonprofit CEOs and board chairs may be worth reviewing.
this study the data is based on the perception of the respondents and not empirical data. One CEO noted: “I think that’s [advocacy] another important area that we need to do a lot more of. I think in a not-for-profit sector, we’re pretty scared. We’re afraid that if we advocate for one thing over another, then if we lose, then somehow we will lose more than just money. Or we lose a lot of money, then you lose the agency. And so I think we advocate very timidly. Our advocacy tends to be around protecting the agency rather than serving the consumer.”

Finding #3: The majority (59 percent) of respondents reported their organizations do not engage in advocacy activities, the majority (67 percent) of the respondents felt their organizations were not meeting the demand for services.

5.4 Prompted Interview Questions

The following is a synopsis of answers to prompted questions designed to cover topics or discussions found in the literature or referenced by the National Association of Nonprofit Boards prior to embarking on the research project. Responses to the prompted questions contained some valuable information and detail in addition to the universal challenges, trends and changes, but were not as notable or consequential.

Board Issues in General

Besides the obvious challenge of increased fiduciary responsibility, the reoccurrence of the issues of boards in general focused on the engagement, recruitment, and retention of board members, and the phenomenon of “overstretched members” (individuals on multiple boards). In summary, these issues elicited the following responses in no particular order or priority:
- Increased fiduciary responsibility;
- Need for new board members that are not stretched over many organizations;
- More engaged boards, dealing with more substantive issues vs. the rubber stamp boards;
- How to pay attention to the important issues and decisions when one is on multiple boards;
- The difficulty in making tough decisions; and,
- The lack of formal education and training in Hawai`i for board members.

"What I have seen in the last ten years is a lot of people coming on boards that have absolutely no idea about what their responsibility is. If you are going to be a board member, you need to take the initiative to ask questions. You sit there and you hear the Sunday sermon of all the good things that the agency has done for their clients or beneficiaries...they never ask, what are some of the challenges, what are some of the real problems you guys are encountering...what could we be sued for...is the funding running short? It’s too late by the time it happens. You know, Weinberg did the thing about training executive directors. Weinberg needs to think about training people who are board members...a lot of eager young people especially in larger companies who are being encouraged to serve on community boards, and stuff like that... are coming without any kind of sense of what their role is as a board member.” (board chair)

"The best example of how not to do things is to look at Enron. The big issue with Enron was the separation - there was no separation between governance and operations. They all got into the boardroom and blended together. And so no one was there to check on what was going on. I think in not for profits today, that’s a danger that they’re falling into.” (CEO)
Strategic Planning

Most participants did not consider strategic planning a top-priority issue. Strategic planning approaches have changed over time, but there was strong consensus around the essential need for a strategic plan. Although we did not ask this question formally, from the transcripts it appears that only two of the 38 participants reported that they did not have a formal strategic plan, or were not currently engaged in strategic planning.

Fundraising and Cash Flow

These issues continued to elicit the greatest response from most of the participants, presented the most number of challenges. They included:

- The need for diversified funding;
- A consistent trend of engaging in major capital campaigns and planned-giving programs;
- A number of organizations contemplating bringing on full-time development directors, if they did not already have one;
- The impact on local giving, as national and multinational corporation decisions about giving are made at corporate headquarters outside of Hawai‘i;
- The challenge of increased board involvement in fundraising;
- Stagnant AUW funding in the face of increased needs; and,
- The positive use of technology in fundraising, and the possibilities inherent in using technology.

"I think the cutbacks in federal and state contracts has put a lot of emphasis on fundraising. And I think, with the economy being in the tank
for the last 12 years, probably almost every board I’ve been…it’s been tough.” (board chair)

**Technology**

Technology was not a big issue of concern or a significant challenge. It was depicted by most as an operational constant with challenges including:

- Who pays if funders do not
- Keeping up with technological changes
- Staffing in-house or using external support
- Computer security and
- The implementation deadline of The Health Insurance Portability and Accountability Act (HIPAA). (See CWLA Hand-out on HIPAA – Appendix F)

**Collaborations and Partnerships**

Major discussion surrounding collaborations and partnerships was a common theme, and most participants felt that even though this was an essential component in positively moving nonprofits forward, collaboration was generally not being “done well” by the nonprofits. The consensus was that it was a business necessity and not spurred on by altruistic reasoning. Many participants felt that the partnerships work better if no geographic service area overlaps amongst participants, yet how to partner and stay competitive was a skill that nonprofits have yet to master. Many examples of successful partnerships fell into the areas of media, retail, university students and military volunteer projects.
“There’s a lot of jurisdictional, ‘this is mine and that’s yours, and we aren’t going to share.’ And that’s going to have to change, too. And I think with the shortening of resources, that is going to be a real problem for people. They’re going to have to show what they do, and they are going to have to show how they can work with someone else. And it sounds so easy, but it’s so hard to do. So...I think...actually, that’s the other area that we would need training in is how to be collaborative. Collaborations are really much harder than people think.” (board chair)

**Performance Management**

Most participants felt that organizations are “getting a grip on outcomes” after the struggle of the last three- to- five years of focus and training from AUW. Accreditation-driven outcomes were also becoming the norm. Other recurring issues related to performance management were in the areas of looking at merit-based pay (and how to apply that to a nonprofit setting) and financial indicators. Participants indicated there was a learning curve in these emerging performance management areas. Participants also expressed the need to improve their ability to demonstrate results to a broader external audience.

“We are trying to really align our programs to our objectives and our outcomes, and align our resources also, so that when we look at where we are as an organization and how we impacted the community, we’re all focused. So that’s just started, I think that will involve the board much more.” (board chair)

“I don’t think social workers are used to putting things into the kind of measurements that people want now a days. “Sarah” is beaten up by her new husband and we now have helped her get to the shelter and now she’s getting a car on her own, and how do you put that in a measurement. How do you define that? Or maybe she goes back to him, but now she’s kept her kids safe. She knows if something’s going to happen she sends her kids off to the grandparents. Their [social workers] are not good about figuring out how to measure that. It’s been a challenge to get people to kind of look at that and to really be able to quantify it in a way that makes sense.” (CEO)
**Government Regulations**

Government regulations, like performance management and strategic planning, were discussed in the context of increased accountability. Issues related to government regulations included: the increased cost of doing business, decreased programmatic flexibility to the detriment of the clients, and specific compliance issues of ADA, licensing, and HIPAA. There was general consensus that organizations should take more of an active role in working with the government to curb issues of over-regulation but, like advocacy, they lacked the time to do so.

"Let me give you an example [about government regulation]; I’ve got really great, well-meaning people, you know full- and part-time folks, and they want to come out and they want to help us when we do our fundraising events, or any kind of events, sleepovers, what have you – for the kids. I got to tell them I can’t let them help me. Because the way the laws are written, if they come and they help me and the voluntary effort is similar to their job, I have to pay them. And I don’t have the money in the budget to pay them to do that. And they’re telling me, ‘You don’t have to pay me. I’m going to do it for free’. And I’ve still got to say to them, I’m sorry, you can’t.” And so it starts to limit a lot of what we can do with the young people...it’s one of the things that has really kind of changed the complexion of what a nonprofit is and what we do.” (Career nonprofit CEO).

“They [the government] give you a carton of milk and then they tell you what kind of cereal to pour it over.” (CEO)

**Risk Management**

Management of risk was an important topic among health and human service oriented organizations, but less stressing to health service delivery organizations. Amongst the health and human service organizations, issues of concern included:

- The cost of workers’ compensation insurance;
• Liability issues related to the “Enron” and “Catholic Church scandals” of
corporate greed and pedophilia – related to the safety of children (clients)
supervised by adults;
• Fiduciary responsibility of boards; and,
• Needing to know more about protecting capital assets through “corporate veil”
entities.

“I see it from a variety of levels, safety and security, both of our facilities,
property, and our staff. Staff gets asked to work with difficult folks, and
some of them are mandated, and they’re hard to work with. We’ve had
several incidents in the past two years where there has been some sort of
threat towards one of our staff and we’ve had to deal with it…everything
from calling the police to restraining orders to hiring a security guard for a
while to stand in our front office.” (CEO)

Finding #4: Discussions of funding and cash flow, collaborations and
partnerships, and risk management were the most important and pressing issues to the
participants. Strategic planning, technology, performance management, and government
regulations seemed to be handled as daily routine stresses and not significant compared to
more imposing challenges.

5.5 Universal Challenges, Trends and Change

Perhaps the most significant findings of the interview analysis process were
brought about through a natural cluster formation of eight general trends that were
substantially significant in their occurrence. The eight general areas that the majority of
participants listed as top issues were:

1) Funding challenges;
2) Increased cost of doing business;
3) Emphasis on business practices;

4) Collaboration vs. competition;

5) Increased emphasis on marketing;

6) Public interest in supporting nonprofits – the generation gap;

7) Leadership issues; and,

8) The status and the value of nonprofits – the public perception.

**Funding Challenges**

This was clearly the top issue on the minds of all the participants. The top challenges included:

- Decreased contract funding with increased costs of doing business;

- Increased competition for non-contract dollars including the proliferation of organizations in competition for those dollars; and,

- The reduction of private, corporate and individual contributions and other funds.

Funding behavioral changes, such as contract funders being more “prescriptive” on the use of funder dollars, wanting increased accountability for their dollars, and their continued unwillingness to pay for infrastructure was another area of major challenge. However, a number of organizations were currently embarking on aggressive capital campaigns and planned giving campaigns to shore up organization fund reserves and assure the future viability of the organization.
A veteran to nonprofit management who had been in the field for almost three decades described his experience:

“If you say what’s different about working now and working 30 or 40 years ago when I started, I would say everything. We were kept people at one time. We had boards and United Ways and communities that looked after us and took care of us. On the other hand we didn’t make any money. And we changed our names, we used to be “program secretaries” and then we became “directors,” and then we started using words like “Executive Directors” and then we started talking about being “Presidents and CEO’s”. When we used to call ourselves “program secretaries” and we didn’t balance our budget, our board got together to figure out, how are we going to help this wonderful man? When we started calling ourselves Presidents and CEOs and we didn’t balance our budget, they fired us.” (Career nonprofit CEO)

**Increased Cost of Doing Business**

This universal trend included a reiteration of the similar issues for most of the participants:

- Funder requirements, such as infrastructure costs, not paid for by funders;
- Increased government regulations and the costs of compliance – including HIPAA;
- Risk management, insurance coverage, workers’ compensation, and the threat of lawsuits; and,
- Technology – cost of staying up to date and supporting infrastructure.

“The one thing that I would tell you is our biggest challenge is the rising cost of the service we provide. We’re here to fulfill a specific mission and we’re constantly and continually concerned about the cost of delivering that service to those folks.” (CEO)
Emphasis on Business Practices

The major finding in this area was the change in approach to the development of programs from a decision driven purely by mission or need, to a decision which includes an analysis of fiscal viability. The “bottom line” is increasingly becoming a driver of decision-making. As in for-profit businesses, achieving economies of scale is becoming a goal for many of the nonprofits. The majority of the participants felt that small agencies would not survive in the future due to their inability to achieve economies of scale and overcome other fiscal and operational challenges. Finally, the emphasis on business practices were not yet reaching middle management and organizations are challenged with recruiting employees with both management and health or social service skills.

“I think when it comes to administrative staff...well, all staff, but when it comes to program directors and supervisors and division directors, and all of that, I don’t know how to make people smarter – to switch them from the social worker, do-gooder that wants to save the world to – gee, that was a poor business decision, why would we do that?” (CEO)

“One of the newer issues is the whole privacy issue around HIPAA, and we’re gearing up to be able to address that. Again, you know the intention is very, very positive. I mean we could never argue about the intention because it needs to be addressed. But as a nonprofit organization having the infrastructure or resources to deal with some of these things that essentially are mandated...it’s very, very difficult to do cost-recovery through government contract. It’s also not the most attractive thing to do fundraising around because people just sort of expect that that’s something that you ought to have if you have the door open.” (CEO of large multipurpose nonprofit)

Collaboration versus Competition

The majority of participants articulated collaboration versus competition as a major dichotomy. How does an agency become more collaborative without losing its
competitive edge? What does one do with the inherent conflicts in collaboration and increased use of for-profit business practices? A number of participants felt that learning how to be collaborative and stay competitive from the "for profits" was the best way to approach this, and used examples of banks and airlines.

Part of the dichotomy included government creating a major competitive atmosphere among the nonprofits through their encouragement of multiple organizations to vie for the same resources in order to get the best cost, while at the same time promoting the perception that too much overlap and duplication exists and not enough collaboration and "sharing of resources" among programs.

"You know what nonprofits can do, they can start getting together and acting in concert with issues that touch them and stop being like cats who won't congregate or come together on the issues that touch them. The thing that makes us great is also our undoing. Our independent mindedness sometimes keeps us apart when we should be getting together more, sharing more, talking about how we can reduce costs." (CEO)

"There's a tremendous amount of redundancy in agencies. And it seems like people don't look and analyze the market and what's going on in the market, they just start another 501(c)3, and they're going to do this, and they're going to help all these people. And in effect, they're being covered. And they've already got three or four agencies doing the very same thing. So what's happening is, there's only so much of a pie that you can appeal to or get from." (CEO)

**Increased Emphasis on Marketing**

Most participants felt that an increased emphasis on marketing was warranted; this represents a major challenge and a learning curve for both the leadership and employees of nonprofits. Since the nonprofits were traditionally oriented to practice public and consumer education, words such as "tagline," "branding," "name recognition," and "product line" represent a new language to the nonprofit employee. Other issues
discussed included: marketing to fundraise vs. marketing for client services, and bringing marketing talent to the agency through board members vs. a dedicated marketing staff position.

“A lot has been done through media, TV, newspaper and magazine articles. But that’s more of a public presence rather than a marketing effort. [Efforts], for example, to attract more customers, is not something that we’ve ever really got involved in. And people are saying that’s something we need to start doing. We need to get more of our face out to the potential customer.” (CEO)

**Interest in Supporting Nonprofits – the Generation Gap**

The perception of being part of an older generation of nonprofit leaders was strong in most of the interviews. Concerns were expressed that today’s society and young people were not interested in community service. Specifically the following examples were stated:

- Board members, CEO leadership and volunteers are aging and replacing them with younger generation individuals is challenging;
- Modern society does not allow time, an orientation to, or a priority for supporting nonprofits and volunteerism; and,
- Young people have not been conditioned to raise or donate money.

“I do think it starts young. I mean I know back in the dark ages, when I was a kid, I mean one of the things we used to have at church was, you know, save your pennies and bring back your little box full for, back in those days, community chest or whatever. And so you actually did give money. I mean, you got into the habit of giving money. And I am not sure that kids are asked anymore to give money. And that’s why it makes it so much harder as adults to give money, it’s like a foreign concept to so many people. It’s like, why do I have to give?” (board chair)
Leadership Issues

Evident from the majority of the interviews was a concern about who would be willing and able to run nonprofits in the future. Most issues revolved around the need to plan for the future leadership, while coping with the day-to-day challenges of operations. What was evident was the consensus that there was an increased complexity in running nonprofits and the current leadership of both CEOs and board members were aging out of service. There was little discussion of recruitment of service delivery employees and the ability to recruit and retain them. There was much discussion about the problems in attracting, recruiting and the ability to pay for the skills needed to oversee a complex organization in an increasingly complex environment.

Other areas of consideration included:

- The skills needed to successor plan, or to formally adopt a strategy of ensuring future leadership among the current leadership staff;
- The generation gap including the aging issues of the current board and CEO leadership;
- Broadening the pool of board members to provide for focused, engaged members; and,
- Finding business skills when recruiting health and human service expertise.

“’In the old days, boards of directors often times were volunteers of the organization. So they had tremendous loyalty to the cause, to the people and to the consumers, and also to the staff and the administration. Boards of directors today tend to be selective because they’re of a particular talent, accountants, attorneys, etc. And the other is also a movement to include consumers on boards. It’s just very different.”' (board chair)
"A lot of the younger people nowadays don’t go through life with the experience of working either in terms of volunteering or actually getting paid to do a job. They go to college, they come out and they come to work for organizations like ours. A lot of them come ill prepared. I mean, I think that in theory, they know what they would like to do, but in practice, because they have not had an opportunity to practice, I think a lot of them are really ill prepared to handle themselves and particularly in tough situations. I probably started working when I was seven. I was selling clams in the summers, digging them up and selling them and working with people. And so by the time I got my first real job, it was like my 20th real job.” (board chair)

**Status and Value of Nonprofits in Public Perception**

Respondents expressed the concern that nonprofit organizations and the people who run them are viewed as second-class citizens in this country. The feeling that the nonprofit sector was not as valued or appreciated as it should be by those outside the sector was a concern. Reasons for this perception included the lower wages of nonprofit employees, and a lack of information about the breadth and scope of the sector and its economic impact. Many participants were hopeful that the Hawai`i Community Foundation’s study describing the breadth and the scope of the nonprofit industry was the first step to being more appreciated for the contribution nonprofits make to the economy of Hawai`i.

"I’m kind of interested in what the follow-up is going to be with the Hawai`i Community Foundation. You know they did that study. For the first time, I think we have something that kind of represents us as a sector. But it’s essential to take that thing to the next level or the next couple of levels and begin to look at strategies, ways you operationalize and help people understand the reality…and get away from [the thinking] this organization or that organization will always be there. They’ll always have other people to do that kind of thing. And obviously [the nonprofit sector] does not have the status as those other kinds of things that we feel have more value in our society. I think whatever we can do to really help this nonprofit sector achieve the kind of profile that it really needs to achieve
in the community. I think nonprofit leaders can come together to make that happen.” (CEO)

Finding #5: The challenges and trends that were universal to all participants were clustered in three areas: 1) operations – funding, business costs and business practices including competition and marketing; 2) leadership – the challenge of participation and support to nonprofits from younger generations; and 3) status – the need for the sector to enhance its stature in the public eye.

5.6 Questions of Consequence and Indications of the Future

Impact on Mission

The question regarding impact of these issues on the mission of the organization presented the greatest challenge as far as eliciting responses. In most instances, either the question was interpreted incorrectly, elicited a level of discomfort, or participants were quick to protect their “mission” and the “altruism” of their funding and contract choices. Some organizations are grappling with missions that had specific geographic boundaries. There was also significant discussion about having to refrain from pursuing a mission or filling a need because of the “bottom line.” In the past, many remarked that developing a new service or program needed by the community was never a fiscally driven decision. Although most considered their missions broad enough to work within the changing environment and needs, a few organizations were in the process of developing a more focused mission.

“When a nonprofit organization seems to lose its sense of direction, it’s because either the need that they were filling is now being met by a formal government agency or some other source, or the market has changed. The first thing they do is say, ‘Well, nobody understands what we’re doing,
we’re not getting the word out, so let’s go get a marketing or public relations person to serve on the board and help tell the story.’ But it’s very difficult for an organization that is very dedicated to a particular mission or group of missions to realize that there is a product life-cycle in stuff like that, just the way it is in the for-profit sector. And there’s so much emotion attached to what they do that it’s difficult for them to change.” (board chair of an organization in transition)

“I think being driven by the bottom line makes it much more difficult to say, now this is our mission, and this is what we should be doing. Let’s figure out how to do it, as opposed to we can’t afford it.” (CEO of an organization in transition)

**Capacity Building Skills**

In the area of capacity building, most participants described the need for consistent and affordable training specific to nonprofits. No participant looked to formal higher education for a solution, nor did any specific examples of exemplary or successful educational programs emerge. In no particular order, the following list of topic areas were offered throughout the interviews and were in most cases linked to the daily emerging skill needs of the increasingly complex business and competitive environment.

The list includes:

- Technology
- Fundraising/development
- Marketing
- Succession planning
- Strategic planning
- Business-like thinking
- Human resource development
- Innovation
- HIPAA
- Grant writing
- Risk management education for lower-level employees
Solutions

The solutions offered by respondents were many, but most were very specific examples of how a particular organization handled a particular situation. Most examples were too specific to generalize as a response to a challenge, trend or change. Some solutions were notable and applicable. They included:

- Recruitment of volunteers through student organizations and military;
- Use of volunteers as a staff recruitment tool, and formalized volunteer-to-staff program development;
- Bringing services to clients such as serving kids at their school sites in partnership with the Department of Education (DOE);
- Conducting internal fundraising campaigns including payroll deduction opportunities to match foundation dollars, or capital campaigns;
- Educating staff that there is no “there,” that change is constant; and,
- Providing “doable” processes and tools to enable middle management social workers to manage well using business principles.

Future Trends and Future Actions

In the area of future trends what was conveyed was more about what current trends will continue in the future. There were very few new or not already experienced trends. Trends that most interview respondents said would continue into the future focused on operational issues. Although there were no questions specific to future trends

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20 "There" as explained by one participant as never getting to the end of your work, never getting a lull in the workload, never feeling a sense of closure or a completed project.
in client populations, two emerged. One was predicting a trend in the criminal justice population including an increased need for services for younger adjudicated youth and the need for rehabilitative services in the criminal justice population involved in drug usage. The second trend was in the development of new service models where clients are taught the strategies and principles for advocating for themselves and their own family members, instead of having traditional staff advocates.

Most interview respondents felt that there would continue to be an increase in accountability, competition, the need to fundraise, and government regulation. They felt that there would be increased difficulty in recruiting volunteers.

Most interview respondents felt that the small community-based agency would not survive in the future, especially with the increased trend toward government contracts moving into statewide delivery models. There was concern over a decrease: 1) in ability of AUW to fundraise effectively in the future; 2) of overall funding for health and human services; and, 3) in donations due to the loss of wealth directly affecting donors and the economy in general. A few respondents worried about the future impact of war on health and human services in general.

Future actions clustered in the areas of more collaboration among health and human service providers, involving more individuals and expanding the circle of leadership in both staff management and board of director roles, and increased cooperation among providers and increased activity at the Legislature. Most agreed that focusing on outcomes and long-term planning as a sector, including eliminating
duplication and enhancing partnerships, were actions that would help promote a sustainable future.

"The future of nonprofits, I think, is problematic. I think if you want to be blunt about it, there’s just too damn many of us to satisfy, or for the funders to satisfy. Everybody comes up with a new idea. Everybody has their day in the sun. A whole lot of them [organizations] are all seeking funding, and a whole lot of them are going to die. It’s not going to be organizations like yours and mine, probably because we’re big and we’re strong and we have resources. But I look at some of those organizations out there, and for someone to even take the executiveship of those organizations, should be against the Geneva Convention. It’s just... you should go slam your thumb in the car door every five minutes. I see so many people bruised and battered out there trying to keep somebody’s dream alive that’s going to die. Philanthropy is not going to be able to keep up with the number of dreams that are floating around out there.” (CEO of one of Hawai’i’s largest nonprofits)

“I think the future is that heads of nonprofits have to stop thinking of themselves as heads of nonprofits and they have to start thinking of themselves as heads of organizations, the same as any business or industry leader does.” (CEO)
CHAPTER 6: IMPLICATIONS FOR THE NONPROFIT HEALTH AND HUMAN SERVICE SECTOR

6.1 The Continuation of Challenge

According to Salamon, in Third Sector Policy at the Crossroads (2001), “the overarching crisis of the US third sector is the result of the cumulative impact of four distinctive crises:

- A fiscal crisis, which reflects continued government financial retrenchment and the tight purse of new public management;
- An economic crisis as market organizations infiltrate fields in which the third-sector organizations have traditionally been insulated from competition;
- A crisis of effectiveness resulting, inter alia, from an apparent inability or unwillingness to demonstrate their impact in tackling social problems; and,
- A crisis of legitimacy, reflecting particularly revealing misunderstandings about the sector’s resource base and the character which third sector organizations have themselves misguidedly reinforced.”

Furthermore, in their recent publication, “Trend Report 2002”, the national Alliance for Families and Children painted a picture of continued and new challenges affecting health and human service delivery organizations. In the report, all funding areas are currently threatened; for example, a shortfall of state funds due to an increase of more children and teens with physical and mental disabilities. The Alliance also reported an increase in underinsured and uninsured family members (including the lack of mental
health coverage). The report also cited the growing population of low-income elders needing subsidization.

In response to these and other issues highlighted by the report, the Alliance suggests that, "as nonprofit human service budgets shrink, there will be more focus on intergenerational recruiting of volunteers, more revenue-generating and entrepreneurial strategies, and restructuring of programs that are not particularly successful."

The report emphasized a sign of diminished confidence in nonprofit groups and asserted that many donors may become less willing to let charities decide how to spend their gifts. The slumping stock market has caused bequests and other donor dollars to decline. Furthermore, increasing political pressure, lobbying and legislative efforts are being directed toward permitting government funding to churches, synagogues and other religious groups in the form of faith-based community initiatives and charitable choice. Finally, in the area of personnel, the Alliance stated, "stress relief programs are needed to prevent burnout among human service workers."

What are the implications of the "Trend Report 2002" for Hawai`i's own nonprofit service sector? How do these trends affect our ability as a community to assure a strong interwoven safety net of essential services? How do we keep our existing nonprofit service providers healthy, strong, effective, efficient, and most of all, successful in affecting positive change in families and communities in need?

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21 The report did not define successful. Successful could be in relationship to outcomes, or in relationship to financial viability.
The romantic notion that nonprofit organizations in Hawai‘i are buffered from the ruthlessness of for-profit competition, market share, and profit margins must be dismissed. Also, a lack of understanding of the economic contribution and outcomes by Hawai‘i’s nonprofit service sector blur the distinction between profit and nonprofit. With the blurring of the lines, how can health and human service nonprofits distinguish themselves as unique and valuable? Frumkin et al., in *The Rise of the Corporate Social Worker* (1999) noted that:

"On the nonprofit side, strategy will need to take on a new, deeper meaning, one that simultaneously emphasizes the value-laden nature of nonprofit work and the need of effectiveness in pursuit of mission. It is the expressive dimension of nonprofit work that has the potential to allow nonprofits to differentiate themselves from the for-profit firms, and in the process, change the terms of the competitions from efficiency to a set of more complex measures of program success."

Will lack of funding impact the dreams and passions of individuals and groups wanting to make a difference through nonprofits, or will increased liability and risk in running nonprofits, government regulation, and the inflexibility it brings force a massive restructuring?

Gibelman and Demone in *Challenges to Social Service Delivery* (2002) found that:

"Nonprofit agencies contracting to do business with government have thus, themselves, taken on many of the bureaucratic features typically associated with the public sector. In this structural evolution they too have fallen into some measure of disfavor similarly to the government services to which they were earlier perceived to be the solution. Nonprofits are pulled in either of two unfortunate directions: emulation of the government agencies that fund many of their services; or emulation of the for-profits with whom they increasingly compete."
Juxtaposed to the Alliance report, the overall findings from this dissertation tells us that the “face” of Hawai‘i’s health and human service delivery organizations is changing. Interview participants believe that the challenges will continue in the future, and in some instances be exacerbated, as funds decline. Regardless of the magnitude of the problems facing these organizations, two constants are self-evident: change and the need for extraordinary leadership.

6.2 Change and the Need for Extraordinary Leadership: The Need to Study the Issues and Take Action

The dissertation findings validate and illuminate the pressures impinging on nonprofits today, and describe ways that Hawai‘i’s nonprofits have been responding by adopting key strategies. These strategies include: 1) a mission-driven and earned-income perspective; 2) the willingness to continue to expand to meet the need; and 3) other opportunities for partnerships, alliances, and other creative ventures. The Hawai‘i-based nonprofits today seek to be more self-sufficient, to become less dependent on government contracts, and to become more assertive in their quest for private dollars as well as tangible assets. Questions that this study poses for future consideration are the following:

- Despite these strategies, how resilient are the nonprofit service organizations in Hawai‘i? Are they resilient or are they on the verge of a major collapse in the midst of unprecedented challenges? Why are Hawai‘i’s nonprofits having increased difficulty in adequately funding safety net programs? Has the new business/competitive model provided government new cost-shifting
mechanisms? Are these mechanisms becoming institutionalized as a practice?
Is under-funding causing an increased need for private dollar fundraising?

- If the trends in running nonprofits suggest that only large, well-endowed or
  successfully entrepreneurial organizations will survive, how does that change
  the nature of Hawai‘i nonprofit service delivery now?
- Are we clear on the impact and consequences of alliances, mergers and
  acquisitions, and the impact on quality?
- Will decisions made by a financially powerful organization affect large
  segments of Hawai‘i’s society? Will these decisions be culturally distant from
  those they serve?
- If the lines are blurring between government, nonprofit, and for-profit service
  delivery, what are the implications of this in planning the allocation of
  resources, checks and balances in the system of care, and the ability to track
  accountability that populations served are receiving appropriate, successful
  and cost-effective services?
- What should be tackled first? What are the most pressing issues? How should
  we prioritize these challenges? Is there an overall plan?

The greatest threat to our ability to answer these questions and solve these
problems is in this study’s findings: 1) the waning public interest in supporting nonprofits
as defined by a generation gap in the understanding and value of nonprofits; and, 2) a
leadership crisis. If modern society does not allow time or an orientation in supporting
nonprofits and volunteerism, and if current leaders in both boards of directors and CEOs are aging out of service, then where will our leaders come from?

6.3 The Future of the Safety Net without Leadership

The dissertation findings suggest the need for a new kind of nonprofit leader: one who is able to achieve specific goals. Two of these goals include: 1) develop and grow as leaders themselves, and support the development of others in order to expand the pool of potential and seasoned nonprofit leaders; and, 2) design effective policies and strategies for change. The findings from my research further suggest that new leadership must face the challenges of complacency, self-protection, and concerns about a positive future. Without new leadership, the worst scenario can become a reality for our communities. The findings suggest the continuation of waning support of the public, a shrinking safety net delivered by a fewer number of providers, mergers and acquisition of fledgling or floundering nonprofits.

Figure 6 The Future: Fewer and Larger Organizations Providing a Shrinking Health and Human Service Safety Net
Our preferred future is what policymakers and providers say they want: appropriate, effective, and culturally relevant services. In this study, that preferred future is being challenged by the overstretched and aging leadership, new “business pressures,” and the lack of an overall plan. In order to shape a preferred future there are three levels of recommendations from this research. These recommendations center around: 1) exploring multiple strategies to provide effective and new leadership; 2) assisting current nonprofit service organizations in building new capacities in business practices, articulating and marketing their worth to the general public, and increasing their capacity to provide evidence of success; and, 3) understanding the dynamics of the trends, issues and challenges facing service delivery of nonprofits, and the continuation of knowledge development, reliable data and research.

6.4 Recommendations and Next Steps

Recommendation #1: Hawai‘i’s community groups to nurture and develop current and new effective leadership.

Hawai‘i is equipped to provide heath and human service nonprofit delivery organizations with the skills necessary to provide affordable, appropriate and successful services. It is within Hawai‘i’s resources to make available the nurturing and development of current and new leadership at both the board-governance level and the CEO-level through partnerships. Some strategies include:

- Create partnership opportunities among Aloha United Way, community foundations, and secondary schools to secure funding to create executive leadership, education and training.
• Assure the nurturing and development of current and new leadership at both the board and CEO levels by revisiting Aloha United Way's post-informal initiative which identified and matched new corporate and other executive leadership-type individuals to the leadership needs of health and human service nonprofit agencies.

• Assure the nurturing and development of current and new leadership at both the board and CEO levels by providing a Weinberg Fellow-type leadership program specific to the unique skills and roles of each group. The content of such a new Weinberg program would include skills needed to address the new and ongoing trends, challenges and issues facing health and human service delivery nonprofits.

• Consider providing support to nonprofits through similar opportunities given to small business, through partnerships with the Department of Business Economics Development and Tourism (DBEDT). This includes access to federal and state small business loans and grants, and access to small business practice education.

Recommendation #2: Health and human service nonprofits should seek guidance from the for-profit sector in defining best practices in emerging business skills, efficiencies and marketing strategies; health and human service nonprofits should give guidance in return.

The following strategies would include:
Create the opportunity for community foundations to convene current corporate board chairs and board members of nonprofits with their CEOs to continue to discuss, validate and identify the emerging new skill needs of the nonprofit leadership;

Request that business leadership from the Business Roundtable, Enterprise Honolulu, Chamber of Commerce and other like organizations develop mutual membership and mutual learning opportunities and jointly provide an ongoing structured platform for the sharing of knowledge and support to executive management of nonprofits; and,

Consider joint projects with secondary school students interested in community service and community-based membership organizations such as the Rotarians to begin educating our next generation and developing their leadership.

Recommendation #4: Provide opportunities for higher education and advanced learning for Hawai‘i’s nonprofit sector.

Strategies include:

The creation of a Center for Nonprofit Management, Service and Research at the University of Hawai‘i. This Center would also be established to interface with existing centers such as those focused on families, policy and planning; and,

Universities and foundations should jointly fund “endowed chair(s)” for the purpose of continuing academic research regarding the contribution of the health and human service nonprofit delivery organizations in Hawai‘i and the
development of ongoing curricula of contemporary issues and skills needed by the leadership.

6.5 Final Recommendation and Summation

Recommendation #5: State government, through representation of key stakeholders and constituents, must jointly strategic plan with the health and human service nonprofits and create policy to guide the values, design, and delivery of services to the people of Hawai‘i.

The issues affecting health and human service nonprofit delivery organizations are complex, challenging, and by the voices and the experiences of the interview respondents, frustrating. Throughout my time in the field doing this research, I was impressed with the sense of longing that some of the leadership of these organizations had for a process of collective camaraderie. I felt that almost all respondents welcomed the chance to share insights and, perhaps, wanted some other mechanism to continue to tell their stories.

We, as a community, have taken the first small steps to define the scope and depth of our health and human service nonprofit delivery system. The interview respondents have assisted me in pursuing a greater understanding of their trends, issues and challenges. To what end or purpose? What comes next?

Although the focus of this study was not about the true participants, Hawai‘i’s families, what we do in the future will be about Hawai‘i’s families. We must move forward with extraordinary care. We must go forward being clearly cognizant of the fact
that how we design the delivery system of the future will have both positive and negative consequences. On the positive side, this study validates the evolving skill base needed to meet the funding, business and marketing challenges. The voices of the interview respondents resonate with resolve to continue the important works of their missions.

On the not so positive side, organizational self interest can choose to decide that they are helpless victims of forces too strong to change and overlook the mission-driven leader who is there to protect the core mission. Without the strong drive of the organizational mission and without the philosophy of service to the disenfranchised, nonprofit delivery organizations will be avid students of market forces and economic bottom lines and nothing more.

Lessons from Jane Addams and Dorothea Dix still apply. Leaders in the future must be strategic and aggressively persistent in finding the resources needed to serve those who most need help and to advocate a richly woven, strong and secure safety net. Leaders in the future must define not only the level of services to respond to the needs of community but promote through our society the spirit, passion and compassion driving our action to respond. In the words of Deborah Stone in *Policy Paradox* (1997), “it is worth stopping for a moment to humble ourselves by noting that the question of security – how we know what humans need – has occupied great minds for centuries.” The continued development of generations of leaders will assure Hawai`i that we have great minds for centuries to come.
EPILOGUE:
SERVICE DELIVERY NONPROFITS:
ACCEPTING CHANGE WITH QUIET RESOLVE, OR
WHAT IS NOT BEING SAID?

Are nonprofit health and human service organizations still a part of the solution?
Are we truly mission-driven in addressing societal injustices that government has failed
to recognize and act upon? Or, are we merely mechanical engines of the political
economy of government policy and nonprofit and service delivery systems?

The voices of the participants of this study hint at the options and directions for
moving the sector forward, but in a puzzling way remain timid in articulating a bold
preferred future. So this researcher will discuss the question at hand – what is next for the
nonprofit service sector?

One thing the participants of this qualitative inquiry made clear: it is neither
appropriate nor realistic for human service nonprofits to continue to do more with less. It
is not acceptable to continue to provide services and suffer because we are expected to do
so willingly. The majority of participants do not feel destined to perish or remain stagnant
in the face of the present challenges. Participants clearly want to make nonprofit service
delivery systems shrewd, streamlined and sinfully successful.

In this study, there was clear evidence of specific components that would support
the ability of nonprofits to survive despite the mishaps of poor public policy driving a
political nonprofit economy.

The study illuminated four essential components to nonprofit survival. These
components were gleaned by intensely listening to the frustrations, triumphs and
challenges articulated through stories shared, and honest emotions revealed. Surprisingly, there is no magic to the components, but without them, most nonprofits will perish in a very short time. Regardless of the nobleness of the mission, the zeal of a board of directors, and the gap or lack of services, the reality of the nonprofit environment dictates components that are dichotomous to what we historically or instinctively understand about what nonprofit services deliver.

After careful reevaluation of the transcripts the seemingly muted tones of the voices became more like the beating of a distant drum – steady and strong. The muted voices were speaking not in muted tones, but with resolve to continue to adapt to the ever-changing environment, as many organizations have done in Hawai‘i, some for one hundred years. The four key survival components include:

1. A large organization size in order to take advantage of economies of scale and volume;

2. Formal membership or alliances with a well-established national or international parent organization or the franchising of multiple opportunities to grow and establish branches or like members;

3. A retail or product opportunity to generate additional dollars not dependent on the government, foundation, individual or corporate donor sector;

4. A broad-based spectrum of multiple services to weather the political and public policy shifting dollars to special or more vocal populations.
**Service Delivery Nonprofits at the Crossroad**

Throughout the study there was clear evidence of common challenges, trends and changes. The data validated what nonprofit service delivery leaders have been saying all along. What was not said perhaps is more interesting or important. Two choices are now before this sector. The nonprofit service sector can choose:

1. To fully and formally embrace government, instead of reluctantly tolerating it, and develop the true third sector and shadow state. This choice would include working in a reactionary mode and within bureaucratic constraints but with the benefit of being insiders of the system; or,

2. To embrace and develop the more for-profit components that appear to enhance success and longevity and, at the same time, strategically disengage oneself from government co-dependency. To give up government support while embracing the corporate, for-profit, entrepreneurial model is better know as the “American Way.”

**Shadow State or the American Way: An Exploration of the Models**

**The Shadow State**

Jennifer R. Wolch in the *Shadow State, Government and the Voluntary Sector in Transition* purports that in the wake of major political economic change in Western capitalist countries, the voluntary sector has become increasingly strategic and politicized. Who is obligated to shoulder the burden of social welfare support? (1990) Why should voluntary groups receive preferential treatment when they compete with for-
profit firms producing the same goods and services? How aggressive should “charitable”
state-subsidized voluntary organizations be in their advocacy of social change?

Shadows are not described in these behavioral terms. Shadows are not strategic.
However, it would be naïve to postulate that the voluntary nonprofit sector could operate
in a vacuum of pure value driven, apostolic virtue and servitude to the most needy.
Wolch describes three sectors of social activity by which the nonprofit sector thrives: the
market, charity and the state.

But the market, charity and the state are in their own spheres of social activity –
the political economy, which drives the majority of the resources and thus the livelihood
of nonprofit delivery systems. In good times the relationship is complementary, but this is
not the case during times of severe funding reductions. In lean times, do public spending
cuts sharpen or diminish the role of the voluntary nonprofit sector in defining social
values and initiative? What we do know is that in the last 30 years of public policy and
administrative confusion, the voluntary nonprofit sector has endured and grown.

According to Reverend Frank Chong in a recent speech to the providers of human
services in the State of Hawai‘i he states, “In Hawai‘i, the most important year to
remember is 1981. Ronald Reagan essentially dismantled much of the federal
infrastructure for federal purchase of service ) POS. Federal funds were no longer an
open faucet for the states. The trade off was less regulation and red tape at the federal
levels, but also a lot less money coming to the states in the form of ‘Block Grants.’ The
result was that states suddenly had to devise a process whereby private organizations
could contract with the state for the provision of health and human services.
So what was the response of the nonprofit sector to this new found opportunity? According to Chong, a scandal ensued. And this scandal led to a more formalized and monitored process. The result was the development of the Office for State Procurement. That was 1994, ten years ago. What was traded was the possibility of a collective voice of service delivery nonprofit organizations and shared community visions, for a formalized “buying” bureaucracy. The shadow state was now open for business. The tone and focus of human service delivery shifted to embrace those who controlled the money, the rules and thus the value system surrounding our social policy and implementation of that policy.

Given these circumstances, nonprofits in the state were faced with two choices: 1) embrace our co-dependence and merge our value system with that of the political economy and government policy of a current administration, or, 2) look for models to embrace non-governmental entrepreneurial visions.


In revisiting this past century’s approach to nonprofit service delivery organizations, it was not until the political era of the New Frontier, War on Poverty and the Great Society that government became a player in the delivery of health and human services through sweeping public social policy. Following those policies, state dollar matching programs and incentives were developed up until the Reagan era. Medicare and
Medicaid programs continue to add to the growth of the sector, despite waxing and waning interest over the years with child welfare reform and other welfare issues.

Chong continues to point out that “planning strategically is very difficult in this context because POS [purchase of service] will always be part of someone’s political ideology, social policy and political priorities which are constantly changing.”

Paradoxically, in the Alliance of Health and Human Services\textsuperscript{22} legislative briefing of January 8, 2003, the legislative agenda includes a bill establishing an office of resource maximization in the Lieutenant Governor’s Office or Office of Budget and Finance to: a) coordinate statewide grant writing; b) coordinate obtaining federal and foundation grants for all departments and state agencies; and, c) consult with the Governor on preparing the state budget. At the same time, one of the top three issues articulated by the Alliance is “privatization of social services and defining the core services that government will provide and what services the private sector will provide.”

Is this what the muted voices of this dissertation would embrace, additional structure to have government coordinate all federal and foundation grants? Clearly participants in this study found reliance on government funding inadequate in meeting the needs of their programs and constituents. Will reliance on this proposed new structure become a counterproductive force in the role of health and human service nonprofits to redress the shortcomings and failures of government?

\textsuperscript{22} A statewide coalition of over one hundred Hawai’i profit and nonprofit agencies providing health and human services.
To add to the paradox, some believe that government-nonprofit cooperation took shape not as a matter of conscious policy, but as an adaptation to powerful political realities including the political strength of the voluntary sector, the widespread hostility to government bureaucracy, and the general tepidness of public support for welfare services. (Anheimer, 1990)

So where do the health and human service nonprofits go from here? As the old adage goes, when you see a fork in the road, take it. For-profit providers have been effective in positioning themselves to benefit from specific government growth. Would this provide a model for nonprofit growth? According to Lester Salamon, “As in the case of hospital and outpatient care, for-profit providers seem to have claimed a disproportionate share of this (social services) growth. Included in this category are day care services, adoption assistance, family counseling, residential care, vocational rehabilitation, disaster assistance, refugee assistance, emergency food assistance, substance abuse treatment, neighborhood improvement and many more.” (1995)

The government-nonprofit partnership in Hawai‘i is not currently overwhelmed with an influx of for-profit players, but beginning evidence of this trend can be seen in the areas of healthcare, behavioral health, and some social services.

Interestingly, for profits have little or no concern with what Salamon refers to as potential dangers in the government-nonprofit partnerships: 1) loss of autonomy and independence, particularly the dilution of the sector’s advocacy role; 2) vendorism or the distortion of agency missions in pursuit of available government funding; and, 3)
bureaucratization or over-professionalization and a resulting loss of the flexibility and local control that are considered the sector’s greatest strengths.

“In the absence of a firm theoretical basis for government-nonprofit relations, neither government officials nor nonprofits have managed to develop a meaningful and coherent set of standards to guide their interactions. Rather, both sides have tended to view the relationship from their own perspective and to apply standards that are rigid and absolute.” (Salamon 1995)

What the participants of this study are saying is that they struggle daily with the dichotomy of the hybrid model and spend the preponderance of their time meeting government expectations, earning and raising nongovernmental money, and struggling to stay true to their mission (or broadening their mission to capture more opportunity).

What are the voices of this dissertation truly saying? We need to be big, members of a multinational conglomerate, keep flexible in our scope and mission to weather the storms of our political economy, and develop our entrepreneurial skills at the same time. Sadly, we don’t have the time to do all this and advocate for social policy reform. Ironically, it is strong advocacy for strong policy that will impact societal problems and ultimately the demand for our services. As part of this survival model, the smaller grassroots, focused and passionate organizations will be merged and acquired because they cannot afford the infrastructure, nor do they have the skills and largeness to survive as a business.

For Hawai‘i, solving larger social and public policy issues at hand, and clearly defining the role of the government and private sector in addressing these issues, must be
the very next conversation. This conversation must do the hard work of establishing a core of social priorities. If the conversation does not begin in earnest, the nonprofit health and human service sector will morph into a whirlwind of competition with other nonprofits and for profits bent on capturing diminishing resources for random, politically driven services. If this conversation does not begin, as the lines blur between nonprofits and for profits, nonprofits and government, government and for profits, so will the lines blur between a good and mediocre society. Thus, the voices in this became strongest in the discussion of finding, nurturing and creating a new generation of strong and committed leadership.
# APPENDIX A:
Table 22 of the Internal Revenue Service, Master File
Fiscal Years 1997-2000

## TYPES OF TAX-EXEMPT ORGANIZATIONS

- Section 501 (c) (1): United States instrumentalities
- Section 501 (c) (2)
  - And (c) (25): Title-holding organizations
- Section 501 (c) (3): Charitable organizations
- Section 501 (c) (4): Social welfare organizations
- Section 501 (c) (5): Labor, agricultural, and horticultural organizations
- Section 501 (c) (6): Business leagues
- Section 501 (c) (7): Social clubs
- Section 501 (c) (8): Fraternal benefit societies
- Section 501 (c) (9): Voluntary Employees’ Beneficiary Associations (VEBAs)
- Section 501 (c) (10): Fraternal lodge societies
- Section 501 (c) (11): Teachers’ retirement fund associations
- Section 501 (c) (12): Life insurance, irrigation, telephone, and similar organizations
- Section 501 (c) (13): Cemetery companies
- Section 501 (c) (14): Credit unions and mutual insurance funds
- Section 501 (c) (15): Certain small insurance companies
- Section 501 (c) (16): Crop-financing operations
- Section 501 (c) (17): Supplemental unemployment benefit trusts
- Section 501 (c) (18): Employee-funded pension trusts
- Section 501 (c) (19): Organizations of past or present members of the armed forces
- Section 501 (c) (20): Group legal service organizations
- Section 501 (c) (21): Black lung benefit trusts
- Section 501s (c) (22)
  - And (24): Certain ERISA trusts
- Section 501 (c) (23): Armed forces organizations
- Section 501 (c) (26): Certain health insurance pools
- Section 501 (c) (27): Workers’ compensation insurance pools
- Section 501 (d): Religious and apostolic organizations
- Section 501 (e): Cooperative hospital service organizations’
- Section 501 (f): Cooperative educational investment organizations
- Section 501 (j): Amateur sports organizations
- Section 501 (k): Childcare providers
- Section 501 (n): Charitable risk insurance pools
- Section 521: Farmers’ cooperatives
- Section 526: Ship owners’ protection and indemnity associations
- Section 527: Political organizations and political action committees
- Section 528: Homeowner’s associations
- Section 529: Qualified state tuition programs
- Section 530: Education individual retirement accounts
APPENDIX B: AUW Agency Aggregate Data

2001 Statistics:
64 AUW agencies
Employ a total of 3,362 full-time and 2,529 part-time
1,205 volunteers sit on their boards
25,713 volunteers work for the organizations – donating a total of 945,452 hours.
Total revenues for all AUW organizations - $215,603,381
Served a total of 15,451,325 clients

Leadership Turnover
9 of 64 executive directors were new in 2002.
Average annual turnover rate amongst executive directors over the last 8 years is 14%

Compensation
Roughly commiserate with size of agency and number of FTEs
- outliers are nationally affiliated organization may have higher salary ranges
Salaries range from $36,000 to $137,300

Impact Areas breakdown – 2001

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of Programs</th>
<th>Number of Agencies</th>
<th>Percentage of Undesignated Dollars for 2002</th>
<th>Agencies’ Direct Program Expenses</th>
<th>AUW Dollars by Impact Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bright Futures</td>
<td>21</td>
<td>12</td>
<td>2.0</td>
<td>$9,130,391</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Special Needs</td>
<td>58</td>
<td>22</td>
<td>18.1</td>
<td>$46,781,528</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Community Building</td>
<td>21</td>
<td>12</td>
<td>9.1</td>
<td>$1,908,044</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Economic Well-being</td>
<td>39</td>
<td>12</td>
<td>6.7</td>
<td>$7,615,592</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Healthy Seniors</td>
<td>22</td>
<td>8</td>
<td>2.2</td>
<td>$3,849,370</td>
<td>$800,000</td>
</tr>
<tr>
<td>Strong Families</td>
<td>110</td>
<td>17</td>
<td>31.5</td>
<td>$35,908,214</td>
<td>$3,700,000</td>
</tr>
<tr>
<td>Successful Youth</td>
<td>60</td>
<td>23</td>
<td>30.5</td>
<td>$21,305,419</td>
<td>$2,100,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>331</td>
<td></td>
<td></td>
<td>$126,498,558</td>
<td>$12,200,000</td>
</tr>
</tbody>
</table>

The majority of programs fall into the Strong Families category – these programs also receive the lion’s share of AUW funding. However, the majority of agency expenses are being spent in the Special Needs category.

Impact Area definitions:
Bright Futures: enable children and adults to learn skills for life
Special Needs: assure basic support for those in need
Community Building: help communities develop their own solutions
Economic Well-being: help families escape homelessness and poverty
Healthy Seniors: help older adults remain healthy and independent
Strong Families: encourage healthy, safe, stable families
Successful Youth: aid children and youth to succeed in life
Dear 

Nonprofit organizations providing direct services to Hawaii’s families are struggling to meet increasing organizational regulations, challenges and threats in daily operations and service delivery. Within this changing environment, some opportunities are emerging. This effort is the first step in identifying the trends and issues facing these organizations.

Geri Marullo, President and CEO of Child and Family Service, is writing a Ph.D. dissertation about nonprofit service delivery organizations. She has asked Ward Research to assist her in identifying 20 “leading” AUW organizations – those organizations that provide quality services to their constituencies. The directors and board chairs of these organizations will be asked to engage in an interview of the issues and trends that they see in nonprofit service.

You are receiving this letter and packet because you have been identified by community individuals as an opinion leader in the world of nonprofit organizations. We are asking you to take a short period of time out of your busy day to help choose the 20 leading organizations in Hawaii for Geri’s research.

Geri has asked the support of Ward Research in order to secure the anonymity of your response. We will be collecting and collating the data, and will provide Geri with the final list of 20 organizations and the criteria used to select them. As part of the research design, the list of 20 will remain confidential by the researcher at all times. (The written dissertation will also not include the names or individuals of the organizations interviewed.)

In this survey we are asking you to:

1) Choose 20 organizations you believe provide quality services to their constituencies.
2) Indicate the criteria you relied on most to make your selection.
3) Mail the Agency Grid back in the enclosed self-addressed envelope by Monday, August 19th, 2002, please. There is no postage necessary.

If you have any questions or need additional information regarding this survey, please feel free to call me at 522-5123 (work) or Geri Marullo at 988-6383 (home).

Thank you in advance for your participation. This research may someday help all non-profit service delivery organizations plan effectively for the future.

Sincerely,

Rebecca S. Ward
President
Aloha United Way Agencies

1. Alzheimer's Association, Aloha Chapter, Inc.
2. American Cancer Society
3. American Heart Association of Hawaii
4. American Red Cross, Hawaii State Chapter
5. Armed Forces Dependent Youth Activities
6. Armed Services YMCA
7. ASSETS School
8. The Arc in Hawaii
9. Big Brothers/Big Sisters of Honolulu, Inc.
10. Boy Scouts of America, Aloha Council
11. Boys and Girls Club of Hawaii
12. Catholic Charities
13. Central Oahu Youth Services Association, Inc.
14. Child and Family Service
15. Coalition for a Drug-Free Hawaii
16. Epilepsy Foundation of Hawaii
17. Eye of the Pacific Guide Dogs and Mobility Services, Inc.
18. Girl Scout Council of Hawaii
19. Goodwill Industries Hawaii
20. Hale Kipa, Inc.
21. Hawaii Centers for Independent Living (HCIL)
22. Hawaii Community Services Council
23. Hawaii Foodbank, Inc.
24. Hawaii Literacy, Inc.
25. Hawaii Mothers' Milk, Inc.
26. Hawaii Services on Deafness
27. Helping Hands Hawaii
28. Hemophilia Foundation of Hawaii
29. Hina Mauka
30. Hospice Hawaii, Inc.
31. HUGS (Help, Understanding & Group Support)
32. John Howard Association of Hawaii
33. Kalihi-Palama Health Center
34. Kindergarten & Children's Aid Association Pre-Schools of Hawaii (KCAA)
35. Kualoa-Heeia Ecumenical Youth (KEY) Project
36. Learning Disabilities Association of Hawaii (LDAH)
37. Legal Aid Society of Hawaii
38. Life Foundation
39. Mediation Center of the Pacific
40. Mental Health Association in Hawaii
41. Mental Health Kokua (formerly Mental Help Hawaii)
42. Moiliiili Community Center
43. The National Alliance for the Mentally Ill (NAMI)
44. Pacific Gateway Center (formerly Immigrant Center)
45. Palama Settlement
46. Palolo Chinese Home
47. Parents & Children Together (PACT)
48. PARENTS, Inc.
49. PATCH - People Attentive to Children
50. Po'ailani, Inc.
51. Prevent Child Abuse Hawaii
52. The Salvation Army
53. Special Education Center of Hawaii (SECOH)
54. Susannah Wesley Community Center
55. United Cerebral Palsy Association of Hawaii
56. USO of Hawaii
57. Variety School
58. Waianae Coast Comprehensive Health Center
59. Waikiki Community Center
60. Waikiki Health Center
61. Waimanalo Teen Project
62. YBA of Honolulu
63. YMCA of Honolulu
64. YWCA of Oahu

This is a complete listing of agencies included on the questionnaire grid, provided for your convenience.
### Name (optional)

<table>
<thead>
<tr>
<th>Name of Agency</th>
<th>Description</th>
<th>Check (√) if agency in your top 2</th>
<th>Check (√) Criteria* Used (choose one only)</th>
<th>If you checked Criteria #6, please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Alzheimer's Association, Aloha Chapter, Inc.</td>
<td>Provides program in family support, education, public awareness, advocacy and the support of research efforts for people living with Alzheimer’s Disease and their families and caregivers. Offers a 24-hour telephone help line, referral services, office and home visits, safe return, library of books and videos, newsletter, support groups, education and training.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>2 American Cancer Society</td>
<td>Dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing the suffering from cancer through research, education, advocacy and service.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>3 American Heart Association of Hawai'i</td>
<td>Educates the people of Hawai'i to reduce their risks of heart disease and stroke.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td></td>
</tr>
</tbody>
</table>

*CODES FOR CRITERIA
1. Personal knowledge as a recipient of client services
2. Name recognition
3. General knowledge about organization
4. Served as an officer, volunteer, staff person
5. Believe organization addresses a key issue facing Hawaii
6. Other
<table>
<thead>
<tr>
<th>Name of Agency</th>
<th>Description</th>
<th>Check (√) if agency in your top 20</th>
<th>Check (√) Criteria Used (choose one only)</th>
<th>If you checked Criteria #6, please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 American Red Cross, Hawaiʻi State Chapter</td>
<td>Provides immediate emergency needs (food, shelter, clothing, mental health support) to victims of disasters such as home fires, tsunamis, floods, hurricanes, and other tragic events. Other services: disaster preparedness education for individuals and businesses; emergency communications link to families, contacting member of the U.S. Armed Forces stationed worldwide; local and international tracing services to find families separated by war or disaster; emergency lifesaving courses in first aid, water safety, life guarding, and HIV/AIDS prevention education; courses for all ages including sports safety, workplace violence, babysitting, and nurse aide training/certification.</td>
<td>□</td>
<td>□ 1   □ 2          □ 3   □ 4   □ 5          □ 6 (Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>5 Armed Forces Dependent Youth Activities</td>
<td>Supports the current and future development needs of youths 5-19 years old. Program includes life skills, computer skills, social and recreational skills, leadership skills, community, family and cultural awareness, services learning, sports, fitness, and health. The military offers support in the above areas through hands-on experience.</td>
<td>□</td>
<td>□ 1   □ 2          □ 3   □ 4   □ 5          □ 6 (Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>6 Armed Services YMCA</td>
<td>Offers social, educational, and recreational programs at military bases (Pearl Harbor, Aliamanu, Wheeler, Barbers Point, Kaneohe). Provides information/referral.</td>
<td>□</td>
<td>□ 1   □ 2          □ 3   □ 4   □ 5          □ 6 (Please explain in next box)</td>
<td></td>
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<tr>
<td>7 ASSETS School</td>
<td>Provides highly specialized education for exceptional learners: gifted, dyslexic, and gifted-dyslexic children in grade K-12.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td>☐</td>
</tr>
<tr>
<td>8 The Arc in Hawai‘i</td>
<td>Advocates for people with mental retardation and their families to give individuals an opportunity to live, work, play, and become contributing members of society. Provides a wide spectrum of community-based programs serving individuals of various capabilities from those with multiple disabilities to those who can be trained to work.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td>☐</td>
</tr>
<tr>
<td>9 Big Brothers/Big Sisters of Honolulu, Inc.</td>
<td>Preventive, youth-serving agency providing a special and rewarding mentoring relationship between a child and a responsible adult volunteer.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td>☐</td>
</tr>
<tr>
<td>10 Boy Scouts of America, Aloha Council</td>
<td>A comprehensive youth development program designed to mobilize parents, residents, leaders and community organizations. Strives to develop good character, citizenship, and physical fitness in children. Adults represent an extension of the family during the developmental period of life. Serves boys ages 6-20.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
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<tr>
<td>11 Boys and Girls Club of Hawai‘i</td>
<td>Not-for profit youth guidance organization that governs, administers, and operates an expanding network of Island based Club operations. Counseling and guidance; first aid and CPR; athletics; art; music; dance; community service; tutoring; computer literacy; environmental and other science oriented activities; Hawaiian studies; shop; martial arts; and social recreation.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 <em>(Please explain in next box)</em></td>
<td></td>
</tr>
<tr>
<td>12 Catholic Charities</td>
<td>Serves all people without regard to religion, social background, or financial circumstances including Hawai‘i’s neediest and most vulnerable children and families, elderly, immigrants and refugees, and people who face eviction or are homeless.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 <em>(Please explain in next box)</em></td>
<td></td>
</tr>
<tr>
<td>13 Central Oahu Youth Services Association, Inc.</td>
<td>Services to youth ages 12-17 through an Emergency Shelter Program and Wilderness Ocean Experience Program. Services include individual group skill-building, social recreation, tutoring, and parent support groups for both programs. Those served include runaways, abused, neglected, homeless, and youth at-risk and those already on probation for minor violations.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 <em>(Please explain in next box)</em></td>
<td></td>
</tr>
<tr>
<td>14 Child and Family Service</td>
<td>Strengthens families and fosters the healthy development of children. Services: child and family abuse programs, foster home and adoption placement, and counseling for at-risk youth.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 <em>(Please explain in next box)</em></td>
<td></td>
</tr>
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<th>Check (✓) Criteria* Used (choose one only)</th>
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</tr>
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<tbody>
<tr>
<td>Coalition for a Drug-Free Hawai‘i</td>
<td>An education, information, training and consultation agency specializing in bringing the prevention of drug abuse into action. Services include: a lending library; Strengthening Hawai‘i Families program; gender specific prevention programs; annual Drug-Free Hawai‘i Awareness Month campaign; and trainings in Resiliency Drug-Free Workplace, and youth leadership</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (*Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>Epilepsy Foundation of Hawai‘i</td>
<td>Provides information and referrals to children with epilepsy and their family. Refers clients to physicians and other epilepsy-related services. Offers public education programs using puppet shows, films, speakers and pamphlets. Provides advocacy for affected by a seizure disorder.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (*Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>Eye of the Pacific Guide Dogs and Mobility Services, Inc.</td>
<td>Provides guide dogs and other mobility aids to persons who are blind or visually impaired.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (*Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>Girl Scout Council of Hawai‘i</td>
<td>Offers programs dedicated to building self-confidence and character in girls. In partnership with committed adults, girls develop qualities that will serve them throughout their lives.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (*Please explain in next box)</td>
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<tr>
<td>Goodwill Industries Hawai'i</td>
<td>Provides occupational skills training, job placement, and support services to people with various barriers to employment. Helps people attain dignity, independence, and self-sufficiency which comes with training for work, getting a job, and receiving a regular paycheck.</td>
<td>☐</td>
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<tr>
<td>Hale Kipa, Inc.</td>
<td>Provides a wide variety of services for at-risk youth: emergency shelter, assessments, advocacy, independent living programs, youth outreach, and foster care.</td>
<td>☐</td>
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<tr>
<td>Hawai'i Centers for Independent Living (HCIL)</td>
<td>Helps people with disabilities strive toward self-direction and self-sufficiency by soliciting individual consumer needs and establishing personal objectives to accomplish goals. Advocates for the development of independent living opportunities in the community for people with disabilities as a cost-effective alternative to institutionalization.</td>
<td>☐</td>
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<tr>
<td>Hawai'i Community Services Council</td>
<td>Works with public, private and non-profit organizations to improve systems for planning, delivering and managing community resources. Offers training and technical assistance to non-profits and community groups to improve their management effectiveness. Incubates new projects and agencies. Offers information, tools and workshops for community planning for groups and individuals.</td>
<td>☐</td>
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<tr>
<td>23 Hawaiʻi Foodbank, Inc.</td>
<td>Receives surplus and salvage food from companies and distributes it to non-profit agencies that feed the needy, children, elderly, abused, and persons with illnesses or disabilities.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 (Please explain in next box)</td>
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<tr>
<td>24 Hawaiʻi Literacy, Inc.</td>
<td>Provides tutors for adults with low-level literacy skills to enable them to improve their economic status and assist in their children’s education. Provides age-appropriate toys, books, computer software, and strategies for parents to become more involved in children’s learning.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 (Please explain in next box)</td>
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<tr>
<td>25 Hawaiʻi Mothers’ Milk, Inc.</td>
<td>Offers breastfeeding education and counseling to families. Provides in-service training for physicians, nurses, and health care students.</td>
<td>□</td>
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<tr>
<td>26 Hawaiʻi Services on Deafness</td>
<td>Provides sign language interpreter referral, 24-hour emergency sign language interpreters, sign language training for families with deaf/hard-of-hearing children, other cultural, and educational programs, advocacy, information and referral.</td>
<td>□</td>
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<td>27 Helping Hands Hawai'i</td>
<td>Programs: Bilingual Access Line, Crisis Response System Project (CRSP), Voluntary Action Center (VAC), Retired and Senior Volunteer Program (RSVP), Seniors Actively Volunteering in Education (SAVE), and Community Clearinghouse. Provides very limited one-time emergency financial assistance.</td>
<td>☐</td>
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<tr>
<td>28 Hemophilia Foundation of Hawai'i</td>
<td>Advocacy, information, education, referral and direct service to people with genetic bleeding disorders. Promotes the well being of all persons having genetic clotting disorders, and their families.</td>
<td>☐</td>
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<tr>
<td>29 Hina Mauka</td>
<td>Help for people who have addictions problems or addiction problems coupled with mental health issues. Ensure that a full continuum of substance abuse treatment services is available statewide to reduce the severity and disabling effects related to alcohol and other drug abuse.</td>
<td>☐</td>
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<tr>
<td>30 Hospice Hawai'i, Inc.</td>
<td>Provides a special kind of caring for terminally ill people and their families at their place of residence, be it at their own home, in a hospital, nursing home or other residential setting. Patients and families are helped to make the most of every moment of remaining life by providing pain management, compassionate attention, respite for caregivers, bereavement counseling, assistance with final wishes and plans.</td>
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<td>31 HUGS (Help, Understanding &amp; Group Support)</td>
<td>Serves families with children who have a life-threatening illness or are medically fragile. Provides respite care, family networking, monthly family dinners, offers recreational outings and activities.</td>
<td>□</td>
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<tr>
<td>32 John Howard Association of Hawai‘i</td>
<td>Works for crime reduction in the community and to reduce family violence through education of parents/children. Provides a transition house, counseling, sex offender treatment, limited financial aid for rent/mortgage and utility assistance.</td>
<td>□</td>
<td>□ 1 □ 2 □ 3 □ 4 □ 5 □ 6 (Please explain in next box)</td>
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<tr>
<td>33 Kalihi-Palama Health Center</td>
<td>Diagnoses and treats acute and chronic diseases. Services; physical exams and immunizations; specialty care in internal medicine; obstetrics, gynecology, pediatrics, psychiatric/behavioral health, optometry, and dentistry; mid-wife services from prenatal to delivery and postpartum; health, education, outreach and case management; Women, Infant &amp; Children (WIC) nutrition services.</td>
<td>□</td>
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<tr>
<td>34 Kindergarten &amp; Children’s Aid Association Pre-Schools of Hawai‘i (KCAA)</td>
<td>Provides developmentally appropriate early childhood education and child care including hot lunch, light breakfast, snacks, excursions, special school events, parenting classes.</td>
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<td>35 Kualoa-Heeia Ecumenical Youth (KEY) Project</td>
<td>Provides services and linkages to families residing in the Kaneohe through Kualoa communities. Programs: artistic and cultural enrichment workshops to area elementary students/parent; summery Hawaiian program for preschool/elementary; intergenerational family literacy activities; youth prevention/ intervention services, which include after-school drop-in/ study hall, counseling, social skill building and community service.</td>
<td>☐</td>
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<tr>
<td>36 Learning Disabilities Association of Hawai’i (LDAH)</td>
<td>Concerned with the overall well being of children and adults with learning disabilities, and their families. Help is provided to ensure that parents understand and use their rights effectively on behalf of their child.</td>
<td>☐</td>
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<tr>
<td>37 Legal Aid Society of Hawai’i</td>
<td>Provides civil legal assistance to the indigent community. Services range from legal assistance to tax services for low-income families.</td>
<td>☐</td>
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<tr>
<td>38 Life Foundation</td>
<td>Provides a wide range of support services for persons living with HIV/AIDS, their family members, and significant others. Assists clients in applying for benefits and other AIDS-related services. Sponsors case management services, legal clinic, counseling, support groups, recreational activities, meal programs and vocational counseling. Provides financial assistance with rent/ mortgage and other expenses when funds are available.</td>
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<td>39 Mediation Center of the Pacific</td>
<td>Offers affordable, high quality mediation and dispute resolution services to the community. Performs free or low cost mediation, facilitation &amp; training for Oahu’s low-income population and non-profit organizations.</td>
<td>☐</td>
<td>1  2  3  4  5  6 (Please explain in next box)</td>
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<tr>
<td>40 Mental Health Association in Hawai‘i</td>
<td>Public education and community action/advocacy to find the myths and misconceptions about mental illness and improve mental health services for children and adults in Hawai‘i.</td>
<td>☐</td>
<td>1  2  3  4  5  6 (Please explain in next box)</td>
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<tr>
<td>41 Mental Health Kokua (formerly Mental Help Hawai‘i)</td>
<td>Provides residential and rehabilitation services in ways that assist persons with mental illnesses to achieve their optimum level of independent living in the community. Offers a wide spectrum of mental health services.</td>
<td>☐</td>
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<tr>
<td>42 Moiliili Community Center</td>
<td>Senior citizen program for those 60 years and older to socialize, learn, obtain services, and stay active. Home care services for the frail elderly who need assistance such as personal care and meal preparation. Child care programs with after-school, summer and holiday sessions. Japanese language school for children from K-6th grade to develop language skills and cultural appreciation. Adult education and excursion classes and Thrift Shop.</td>
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<td>43 The National Alliance for the Mentally Ill (NAMI)</td>
<td>Support groups, lending library of books and videos, government advocacy, one-on-one support, educational presentations, speakers bureau, career counseling, student education, newsletter, information and referral services.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3</td>
<td>☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
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<tr>
<td>44 Pacific Gateway Center (formerly Immigrant Center)</td>
<td>Offers a range of direct services to meet the need of immigrants and refugees. Immigrant social services, job training and placement, and community economic development.</td>
<td>☐</td>
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<tr>
<td>45 Palama Settlement</td>
<td>Provides a variety of social, recreational and educational programs for all age groups, children to senior, social activities, nutrition programs for seniors, after school programs, performing arts, behavioral management, sports/educational program, specialized day treatment services for adolescents, drug/outreach services and family preservation services for Mayor Wright and Kaahumanu Homes.</td>
<td>☐</td>
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<tr>
<td>46 Palolo Chinese Home</td>
<td>Operates a 60-bed care home for the elderly in need of minimum to moderate supervision and/or assistance. Offers same-day and overnight respite.</td>
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<td>47 Parents &amp; Children Together (PACT)</td>
<td>Provides social, health and educational services to Oahu and Maui families: early childhood, community economic development, family peace and preservation, and child and adolescent mental health programs.</td>
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<td>48 PARENTS, Inc.</td>
<td>Conducts education/support group programs to assist parents in raising responsible children and to help decrease the incidence of child abuse and neglect. Workshops and seminars available for parents, teachers, child care providers, grandparents, foster parents and the general public.</td>
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<tr>
<td>49 PATCH – People Attentive to Children</td>
<td>Child care resource and referral services. Child care referrals for parents, and recruitment and training of child care providers, overseeing the USDA Child Care Food Program.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
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<tr>
<td>50 Po‘ailani, Inc.</td>
<td>Alcohol and drug abuse treatment. Residential, Day, Intensive Outpatient, and Outpatient Treatment and Therapeutic Supportive Living for the Dually Diagnosed.</td>
<td>☐</td>
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<td>51 Prevent Child Abuse Hawai'i</td>
<td>Prevents child abuse and neglect through public awareness, education and advocacy.</td>
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<td>52 The Salvation Army</td>
<td>Assists people with emergency financial assistance for basic needs. Offers a program of classes on resource management and nutrition. Substance abuse &amp; rehabilitation treatment; preschool; youth camp; after school &amp; adult day care; missing persons; and thrift shops.</td>
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<tr>
<td>53 Special Education Center of Hawai'i (SECOH)</td>
<td>Provides services to people with developmental disabilities or acquired disabilities due to head injury or aging. Committed to providing individual and family supports that promote successful community living in the lifestyle of choice.</td>
<td>☐</td>
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<td>54 Susannah Wesley Community Center</td>
<td>A multi-purpose community center providing community-based prevention, intervention and treatment services to children and their families. Mental health, senior programs, after school programs, food assistance, employment services, and adult education.</td>
<td>☐</td>
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<td>55 United Cerebral Palsy Association of Hawai’i</td>
<td>Helps improve the quality of life for children and adults with cerebral palsy or other similar disabilities. Support for the families is an important part of the organization’s service.</td>
<td>☐</td>
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<tr>
<td>56 USO of Hawai’i</td>
<td>Congressionally chartered, non-governmental, nonprofit organization. Enhances the quality of life for military personnel – single or married – and their families by helping them adjust to the special rigors of a transient military life style and by fostering a viable partnership between the military and civilian communities.</td>
<td>☐</td>
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<tr>
<td>57 Variety School</td>
<td>School for children with learning disabilities, dyslexia or attention deficit disorder and autism. Provides occupational, speech, language and gross motor therapy. After school and summer programs open to children 5-13 years old.</td>
<td>☐</td>
<td>☐ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  ☐ 6 (Please explain in next box)</td>
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<tr>
<td>58 Waianae Coast Comprehensive Health Center</td>
<td>Mental health, substance abuse, sex abuse treatment, AIDS/HIV screening, medical services, adult day care, and financial aid.</td>
<td>☐</td>
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<td>59 Waikiki Community Center</td>
<td>Child care: infant, toddler, preschool during the day and up to 9-year olds for evening, weekend and holidays. Adults and Senior Citizens: variety of classes, social activities, outreach, social services, and wellness education and services. Community Services: emergency foodbank, thrift shop, federal food distribution, support groups, information and referral, volunteer activities, and a farmers market 2 times a week.</td>
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<tr>
<td>60 Waikiki Health Center</td>
<td>Provides low cost, high quality medical and social services that are accessible and affordable for everyone.</td>
<td>☐</td>
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<tr>
<td>61 Waimanalo Teen Project</td>
<td>Offers educational, vocational training and social/recreational programs. Mechanic classes, mini-bike and farm programs, summer fun, work study and job placement services.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
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<tr>
<td>62 YBA of Honolulu</td>
<td>Provides recreational and social programs for youth and adults. Swimming lessons, Hawai‘i Asthma Camp and vacation program for children, physical fitness facilities, and extensive martial arts programs including judo, karate and aikido.</td>
<td>☐</td>
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<td>63 YMCA of Honolulu</td>
<td>Operates various athletic programs for youth and adults. Offers dance classes, study hall, camps, sports events or social activities. Provides alternative programs to at-risk youth 10 to 17 years old. Sponsors preventive program on youth gang and drug activities.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td></td>
</tr>
<tr>
<td>64 YWCA of Oahu</td>
<td>Provides programs in the areas of social development, job readiness and skills training, aquatics, wellness, childcare, youth services, arts and ceramics, camp and conference activities, and transitional housing.</td>
<td>☐</td>
<td>☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (Please explain in next box)</td>
<td></td>
</tr>
</tbody>
</table>

*CODES FOR CRITERIA
1. Personal knowledge as a recipient of client services
2. Name recognition
3. General knowledge about organization
4. Served as an officer, volunteer, staff person
5. Believe organization addresses a key issue facing Hawaii
6. Other
APPENDIX D:
Committee on Human Studies Exemption Status

November 26, 2002

Ms. Geraldine Marullo, R.N.
Principal Investigator
Department of Public Health
John A. Burns School of Medicine


Dear Ms. Marullo:

This is to acknowledge receipt of the revised questions on the above noted project. These revisions do not change the exempt status of the project, granted February 15, 2002. Thank you for keeping us informed about the progress of this research.

Good luck on the project,

William H. Dendale
Executive Secretary/Compliance Officer
Committee on Human Studies
**Protection of Human Subjects**

**Assurance Identification/Certification/Declaration**

(Common Federal Rule)

**Policy:** Research activities involving human subjects may not be conducted or supported by the Departments and Agencies adopting the Common Rule (56FR28003, June 18, 1991) unless the activities are exempt from or approved in accordance with the common rule. See section 101(b) the common rule for exemptions. Institutions submitting applications or proposals for support must submit certification of IRB review and approval with each application or proposal unless otherwise advised by the Department or Agency. Institutions which do not have such an assurance must submit an assurance and certification of IRB review and approval within 30 days of a written request from the Department or Agency.

1. **Request Type**
   - [ ] ORIGINAL
   - [ ] GRANT
   - [ ] CONTRACT
   - [ ] FELLOWSHIP
   - [ ] FOLLOWUP
   - [ ] COOPERATIVE AGREEMENT
   - [X] EXEMPTION
   - [ ] OTHER:

2. **Type of Mechanism**
   - [ ] IRB

3. **Name of Federal Department or Agency and, if known, Application or Proposal Identification No.**

4. **Title of Application or Activity**
   "Evolving New Issues and Governance Strategies by Boards and Chief Executives of Non-Profit Service Delivery Organizations in Hawaii"

5. **Name of Principal Investigator, Program Director, Fellow, or Other**
   - Geraldine Marullo

6. **Assurance Status of this Project (Respond to one of the following)***
   - [X] This Assurance, on file with Department of Health and Human Services, covers this activity:
     - Assurance Identification no. M-1217
     - IRB identification no. 81

   - [ ] This Assurance, on file with (agency/department),
     - Assurance Identification no. [ ]
     - IRB identification no. [ ] (if applicable)

   - [ ] No assurance has been filed for this project. This institution declares that it will provide an Assurance and Certification of IRB review and approval upon request.

7. **Exemption Status: Human subjects are involved, but this activity qualifies for exemption under Section 101(b), paragraph (2).**

8. **Certification of IRB Review (Respond to one of the following IF you have an Assurance on file)**
   - [ ] This activity has been reviewed and approved by the IRB in accordance with the common rule and any other governing regulations or subparts on [date] by:
     - [ ] Full IRB Review
     - [ ] Expedited Review

   - [ ] This activity contains multiple projects, some of which have not been reviewed. The IRB has granted approval on condition that all projects covered by the common rule will be reviewed and approved before they are initiated and that appropriate further certification will be submitted.

9. **Comments**

10. **Name and Address of institution**
    - University of Hawaii at Manoa
    - Office of the Chancellor
    - 2444 Dole Street, Bachman Hall
    - Honolulu, HI 96822

11. **Phone No. (with area code)**
    - (808) 956-5007

12. **Fax No. (with area code)**
    - (808) 539-3954

13. **Name of Official**
    - William H. Dender

14. **Title**
    - Compliance Officer

15. **Signature**
    - [Signature]

16. **Date**
    - February 13, 2002

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Sponsored by HHS/NIH

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**CHS #11614**
APPENDIX E:
HIPAA

Child Welfare League of America

ADVISORY
Health Insurance Portability and Accountability Act (HIPAA)
Compliance Deadline: October 15, 2002

What is HIPAA?

HIPAA stands for the Health Insurance Portability and Accountability Act of 1996. The overall intent of HIPAA is to improve the administration of the health care system while ensuring the privacy and security of individually identifiable health information. HIPAA establishes national standards for electronic transactions and code sets; identifiers for employers, health plans, and providers; security standards; and other provisions to protect individuals’ personal health information and give patients increased access to their medical records and enforcement provisions. This legislation addresses medical, mental health and substance abuse services paid for through such funding sources as Medicaid.

The time for the implementation of HIPAA is approaching. If you do not know what HIPAA means or its relevance to you, you are not alone. Many other agencies are in the same position.

Who must comply with HIPAA?
Covered entities include health care providers (including providers of mental health and substance abuse services) who choose to conduct any of the covered transactions electronically, health plans, and healthcare clearinghouses.

Covered transactions refer to such activities as claims submission for services provided, checking on the status of the claim, enrolling or disenrolling an individual in a health insurance plan (including Medicaid), and obtaining a referral or authorization for an individual to obtain services. This is not the full list, which identifies nine transactions that are covered. An electronic transaction of healthcare information refers to information sent via the Internet, email, or computer disk. Faxing is not considered an electronic transaction under HIPAA.

Additionally, you will need to comply if you are a business associate through a contractual arrangement where you perform a function for or on behalf of the covered entity and receive or create protected health information.

How are child welfare agencies affected?

Public and private child welfare agencies may be required to comply with HIPAA, especially if involved through contractual arrangements in service delivery networks. It is still not absolutely clear who will be required to comply, but details may not be clear until after the compliance date has passed. Therefore, CWLA recommends that all public
and voluntary child welfare agencies proceed as though they are a covered entity for purposes of HIPAA compliance until their status is determined.\textsuperscript{23}

As a covered entity, what changes will be required?

If you are a covered entity and must comply with HIPAA rules, there will be changes to your business operations. The thousands of local procedure codes utilized across the country have been distilled into about 80 codes with modifiers for such elements as location of the service and funding sources. Covered entities must use the new procedure codes as well as meet requirements to ensure privacy that include identification of a Privacy Officer, policies and procedures to be in place, and training. There are significant financial penalties for failure to comply with the requirements of HIPAA.

What are the timeframes for compliance?

The privacy requirements are the first part of HIPAA requiring compliance. Currently, some parts of the rule are being revised, with a release anticipated in August, but there has been no extension and agencies must comply with the HIPAA Privacy Rule by April 14, 2003.

Compliance with the requirements for the electronic transaction and code sets is the next step. The Administrative Simplification Compliance Act (ASCA), effective in December 2001, extended the deadline for compliance with the HIPAA Electronic Health Care Transactions and Code Sets standards. It extends the date one year, to October 16,

\textsuperscript{23} Government agencies are covered if they are explicitly identified in the regulation, or if they function as a health plan or a provider. They are not covered if they have as their principle activity the direct provision of grants that fund the direct provision of health care i.e., block grants.
2003, for all covered entities. In order to facilitate receiving an extension, the Centers for Medicare and Medicaid Services (CMS) have developed an on-line form. If you are required to comply with HIPAA and do not submit an extension, then the presumption is that you will “go live” on October 16, 2002.

How is a covered entity determined?

The U.S. Department of Health and Human Services (HHS) will not make a determination regarding whether a specific provider, organization, or agency is a covered entity. They recommend seeking legal counsel in combination with an internal review of your business operations and associations. Each State will determine who is and who is not a covered entity for purposes of HIPAA compliance. If you do not know who the HIPAA representative or team is in your state, please contact HIPAA@cwla.org and we will help facilitate this process.

What should an agency do pending a determination?

CMS recommends that any public or private agency that potentially could be considered a covered entity or business associate complete a “cautionary filing” for an extension. A cautionary filing is considered a filing that may result in an extension when an organization is not sure it will be ready, or does not know whether it is a covered entity. Filing a cautionary extension does not mean that you become a covered entity, but provides coverage in the event that HIPAA applies to you.24

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24 CWLA recommends a hard copy of the Electronic Filing Form be reviewed, used as a guide, and submitted. An e-mail receipt will be received as proof of filing when submitted electronically. No receipts will be issued for hard copy submissions.
In order to receive an extension, covered entities must submit their ASCA compliance plans on or before October 15, 2002 to CMS. The Electronic Filing Form may be accessed at the following site:

http://cms.hhs.gov/hipaa/hipaa2/ascaform.asp

Once the determination is made that you are a covered entity, all requirements of this law must be met.

What action is CWLA taking?

CWLA has been working with Substance Abuse and Mental Health Services Administration (SAMHSA) to identify:

- The required criteria for compliance, as the process of distilling the rules into “understandable” guidelines is still underway;
- Strategies to ensure full compliance and model documents for actual implementation of HIPAA compliance; and
- Possible resources for implementation.

CWLA will conduct regional workshops on HIPAA beginning in late September.25

For information on workshops, contact Naomi Rau at 617-769-4003 or nrau@cwla.org, or see CWLA’s website at

http://www.cwla.org/conferences. Additionally, we are available for general questions about HIPAA and resources to assist with your HIPAA implementation.

Questions may be directed to Sascha Lipczenko at 410-315-9540 or HIPAA@cwla.org.

25 September 23, 2002 – Cincinnati, OH, at the Cincinnati Airport Marriott
December 6, 2002 – Washington, DC, at the Hyatt Regency on Capitol Hill
January 10, 2003 - Los Angeles, CA, at the Millennium Biltmore Hotel
References:

(Codified at 45 C.F.R. Parts 160, 162)

(42 C.F.R. Parts 2 – Related to Substance Abuse services and records privacy that may influence HIPAA compliance)
REFERENCES:


United Way of America, “Reweaving the Community Safety Net,”


BIBLIOGRAPHY:


