BUDGETARY NEGOTIATION:
A SUPPLEMENT TO FORMAL ADMINISTRATIVE PROCEDURES

by

ANNE ELIZABETH COOK

B. A. University of California, Los Angeles
(1982)

SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS OF THE
DEGREE OF

MASTER OF CITY PLANNING

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June 1986

Copyright Anne E. Cook 1986

The author hereby grants to M.I.T. permission to reproduce
and to distribute copies of this thesis document in whole
or in part.

Signature of Author

Department of Urban Studies
May 14, 1986

Certified by

Lawrence E. Susskind
Thesis Supervisor

Accepted by

Phillip L. Clay
Chairperson, MCP Committee

JUL 1 0 1986
BUDGETARY NEGOTIATION:
A SUPPLEMENT TO FORMAL ADMINISTRATIVE PROCEDURES

by

ANNE ELIZABETH COOK

Submitted to the
Department of Urban Studies and Planning
on May 14, 1986 in partial fulfillment of the
requirements for the
Degree of Master of City Planning

As federal transfer payments to state and local governments decrease, administrative agencies that rely on these funds face increasingly difficult decisions about resource allocation. The current budgetary process is ill equipped to deal fairly or efficiently with the increased competition for funds. The primary shortcomings of the current budgetary process are the haphazard involvement of interest groups, lack of minority representation, disjointed decision making, the inability to make tradeoffs to maximize joint gain, and judicial intervention.

This thesis examines the advantages and disadvantages of using one model of mediated negotiation - The Negotiated Investment Strategy (NIS) - to supplement formal administrative procedures. Mediated negotiation can overcome the shortcomings of the current budgetary process if six key elements of the process are handled effectively: representation and team building, access to information and joint fact finding, mediation, negotiation skills, ample time for negotiation, and implementation of the agreement. Three applications of the model are described and analyzed in terms of these six elements. They are the Columbus, Ohio NIS; the Connecticut NIS; and the Massachusetts Department of Social Services NIS.

Although there are political and institutional obstacles to widespread use of consensus building negotiations, like the NIS, it is my view that they can be overcome. The first step is for professionals in the field to identify standards and procedures to increase the credibility and the legitimacy of the processes they advocate. The way will then be paved for institutionalization of budgetary negotiations to supplement formal administrative procedures.

Thesis Supervisor: Dr. Lawrence E. Susskind

Title: Professor of Urban Studies and Planning
# TABLE OF CONTENTS

Introduction .............................................. 4

Chapter I: Existing Constraints on the Budgetary Process ........................................... 8
  - Legal Constraints .................................. 8
  - The Generic Budgetary Process .................... 22
  - The Real Forces That Shape the Budgetary Process ...................................................... 24

Chapter II: Shortcomings of the Current Budgetary Process .......................................... 32
  - Haphazard Involvement of Interest Groups .... 32
  - Lack of Minority Representation ................. 34
  - Disjointed Decision-Making ....................... 35
  - Inability to Make Trade Offs
    to Maximize Joint Gain ........................... 39
  - Judicial Intervention in the Budgetary Process ......................................................... 41

Chapter III: Negotiated Investment Strategies: An Alternative Budgeting and Priority Setting Process ......................................................... 47
  - What is a Negotiated Investment Strategy? (NIS) .......................................................... 48
  - How an NIS Can Overcome the Shortcomings of
    the Current Budgetary Process .................. 51
  - The Columbus, Ohio NIS ........................... 59
  - The Connecticut NIS ............................... 68
  - Massachusetts Department of Social Services NIS ......................................................... 80

Chapter IV: Obstacles to the Widespread Use of Consensus Building Negotiations in the Budgetary Process ................................................................. 95
  - Political Obstacles ................................ 97
  - Obstacles to Institutionalization ................. 102

Conclusion .................................................. 105

Footnotes .................................................... 107

Bibliography .............................................. 119

Appendix ..................................................... 122
INTRODUCTION

Some critics of the traditional rulemaking process have advocated that negotiated approaches to rulemaking be used to supplement the traditional review and comment process. Their argument is that fairer and wiser rules will be produced at lower cost. [1] Despite the zest with which proponents of negotiated rulemaking have advocated the use of consensual approaches in the rulemaking process, there is surprisingly little discussion to date of the ways in which other administrative processes might also be improved through face-to-face negotiation.

This thesis examines the possible advantages and disadvantages of using mediated negotiation in the budgetary process.

The Budget is the single most important policy statement of any government. The expenditure side of the budget tells us who gets what in public money and the revenue side of the budget tells us who pays the cost. There are few government activities or programs that do not require an expenditure of funds, and no public funds may be spent without legislative authority. The budgetary process provides a mechanism for reviewing government programs, assessing their costs, relating them to financial resources, and making choices among alternative expenditures. Budgets determine what programs and policies are to be increased, decreased, allowed to lapse, initiated, or renewed. The budget lies at the heart of all public policies. [2]

For the most part, transfers of money and the policy choices they represent are decided upon and, to a limited
extent, negotiated out of the public eye. Given the potential impact that budget decisions have on the recipients of most public goods and services, it is surprising that there is relatively little prescriptive theory about enhancing the fairness and efficiency of budgeting.

While most public resource allocation decisions are made by legislative and administrative agencies, individuals and groups affected by such decisions continue to demand greater voice than the electoral process allows. While referendums, initiatives, formal participation in administrative hearings and lobbying offer opportunities for more direct involvement, they fall short of providing the "stakeholding interests" with the control they seek. Referenda oversimplify the range of alternatives, failing to reflect the diversity of positions held by the electorate. Public hearings rarely guarantee full or fair consideration of minority viewpoints. Almost all of the traditional participatory supplements fail to reconcile the conflicting claims of contending parties. [3]

If mediated negotiation can enhance the fairness and efficiency of federal, state, and local agency rulemaking, perhaps it can also do the same for the budgetary process. To date, there have been a few successful efforts to introduce mediated negotiation in the budgetary process. [4] These cases suggest that there may well be advantages to a more consensual approach to resource allocation, particularly in times of fiscal stringency.[5] As federal transfer payments decrease, state and local governments face increasingly difficult decisions. A process that encourages policy makers to listen carefully to the concerns of all stakeholding interests, may be necessary to ensure the legitimacy of resource allocation decisions
in the eyes of those most directly affected. Mediated negotiation brings all stakeholding interests together. Information is less likely to be lost or misinterpreted when stakeholders meet face-to-face. Indeed, opportunities for joint gain that might otherwise be missed are more likely to be discovered if a collaborative problem solving atmosphere can be created. If legitimacy can be enhanced, mediated negotiation can keep budget disputes out of the court where much time and precious financial resources can be consumed quickly.

In Chapter I of this thesis, I will discuss the existing constraints on the budgetary process, including legal, procedural and political constraints. In Chapter II, I will discuss some of the shortcomings of the current budgetary process, including the haphazard involvement of interest groups, lack of minority representation, disjointed decision-making, inability to make trade offs to maximize joint gain, and judicial intervention in the budgetary process. Then, in Chapter III, I will describe one alternative process that can be used to supplement the current budgetary process: The Negotiated Investment Strategy (NIS). I will describe the NIS and three applications of the process in order to show how it can be used to overcome the shortcomings of the current budgetary process discussed in Chapter II. Finally, in Chapter IV, I will discuss the obstacles to more widespread use of consensus building negotiation, like the NIS, in the
budgetary process. I will also discuss how, in my view the NIS, or similar consensus building negotiation models can overcome these obstacles.
CHAPTER I

EXISTING CONSTRAINTS ON THE BUDGETARY PROCESS

LEGAL CONSTRAINTS

There are many theories about how government organizations and administrative agencies ought to behave. Some such theories have been embodied in statute. These laws tend to be concerned with the outcome of decision making. While there are some procedural requirements mandated by law, federal, state, and local laws are peculiarly silent about how budgetary trade offs or priority setting should take place.

Budgeting is an enormously complicated endeavor. Federal, state, and local governments all go through annual budget cycles. Departments that compete for government funds must prepare budgets. So must groups or agencies competing for departmental funds. Agencies and departments are constrained by three types of legal budgetary controls: 1) Constraints on outcomes that, because of constitutional guarantees, cannot be infringed upon by budgetary decisions; 2) Constraints on procedure that specify time frames, responsibility of actors, method of budget presentation and the like; and 3) Constraints on the use of federal and state grants designed to further national interests. Many - but by no means all - of these legal constraints are the indirect result of other affirmative rights of citizenship, rather than regulations.
aimed at specifying the kinds of budgetary procedures that ought to be used.

CONSTRAINTS ON OUTCOME: CONSTITUTIONAL AND FUNDAMENTAL RIGHTS

Direct Limits on the Spending Power of Government

The taxing and spending powers of the federal government are specified in Article 1, Section 8, Clause 1 of the U.S. Constitution which provides that "the Congress shall have power to levy and collect Taxes, Duties, Imposts, and Excises, to pay the Debts and provide for the Common Defence and General Welfare of the United States."

By including the "general welfare" as a legitimate objective of federal finance, the Constitution refrains from setting limits to the federal government's expenditure function. Interpretation of the term "general welfare" was left to the Congress and the Courts, and it has come to be interpreted in an extremely broad sense. The general welfare is understood to cover not only objectives such as national defense or the administration of justice, but also highly selective programs aimed at particular regions or population groups, such as aid to Appalachia, grants-in-aid, and transfer payments. [1]

Most direct limitations on the taxing and spending power apply to tax policies, not spending policies. For example, the Uniformity Rule, Article 1, Section 8, Clause 1 of the U.S. Constitution requires that "all Duties, Imposts and Excises shall be uniform throughout the Unites States..." These Constitutional requirements impose no overall limitation on the taxing power of the federal government. Rather, they limit the types of taxes that can be imposed and forbid any taxing policy which
interferes with the preservation of due process. [2]

Historically, the spending power of the federal government has been even less constrained than the taxing power. One of the only direct constraints on federal spending is that it be for the general welfare which, as mentioned previously, has been interpreted expansively. However, due to increasing discrepancies between federal income and spending programs, there have been recent attempts to pass legislation that, by requiring a balanced budget, would effectively limit the spending power of the federal government. [4]

Like the federal Constitution, all state constitutions prescribe taxing and spending for the general welfare. However, unlike the federal government, these articles frequently place severe restrictions on the taxing and/or spending power of either the state, the local governments, or both. These constraints take many forms. For example, many state constitutions limit the amount of debt that can be incurred by the state or local government. Many states must have a balanced budget. Local governments are often forbidden to raise and spend more than a fixed percentage of the value of the property in the community, as is the case in California, Massachusetts, and elsewhere. [5]

Indirect Limits on the Spending Power of Governments

In addition to direct limits on the spending powers
of government, there are also indirect limits on this power. These have emerged in conjunction with Constitutional and fundamental rights granted to citizens by federal and state laws. These rights do not forbid expenditures in and of themselves. Rather, they forbid spending if it interferes with federal Constitutional or fundamental rights that take precedence. Stewart has described these rights as mobility rights, political and procedural rights with respect to state and local decision-making, and substantive rights to particular decisional outcomes. 6 These federal rights indirectly constrain not only federal budgeting but state and local budgetary policy as well.

Mobility Rights

An individual's right to personal mobility is legally guaranteed. Laws or regulations which prevent an individual from exercising the right of mobility have been invalidated by the federal courts for over a century. Citizens have a constitutional right to interstate travel. Usually the laws that have been invalidated have attempted to impose financial barriers to free movement across state boundaries. For example, in 1868, a Nevada law that imposed a dollar-a-head tax on travelers who passed through the state was invalidated by the U.S. Supreme Court in Crandall v. Nevada. 7 More recently, in Shapiro v. Thompson, the U.S. Supreme Court held that,
absent a compelling justification, state and federal provisions denying welfare benefits to individuals who resided in an administering jurisdiction for less than a year were unconstitutional. [8] Five years later, in Memorial Hospital v. Maricopa, the Supreme Court invalidated a state statute that required an indigent to reside in a county for one year before becoming eligible to receive non-emergency care at county expense. [9] The more recent case of Zobel v. Williams, differs from these first two cases in that the issue was not whether threshold waiting periods for social services were constitutional; rather, at issue was an Alaska statutory scheme through which the state was to distribute income derived from its natural resources to the adult citizens of the state in varying amounts, based on the length of each citizen's residence. The Court found the statutory scheme invalid, in part reasoning that:

If the states can make the amount of a cash dividend dependent on length of residence, what would preclude varying university tuition on a sliding scale based on years of residence - or even limiting access to finite public facilities, eligibility for student loans, for civil service jobs, or for government contracts by length of domicile? Could states impose different taxes based on length of residence? Alaska's reasoning could open the door to state apportionment of other rights, benefits, and services, according to length of residency (footnote omitted). It would permit the states to divide citizens into expanding numbers of permanent classes (footnote omitted). Such a result would be clearly impermissible. [10]

These cases indicate that mobility rights should not be infringed by any budget policy, at least absent a compelling state interest.
Political and Procedural Rights

Stewart points out that the federal courts have imposed constitutional requirements of accountability, accessibility and regularity on state and local government decision-making. [11] The concern of the courts seems to be that government processes be fair and open to all interested parties. One example of how these rights might affect budgetary allocation decisions is that if a state creates an entitlement not otherwise provided by the federal or state constitution (such as government employment or welfare benefits), then the state cannot destroy the entitlement unless the recipient has been afforded due process. For example, in Goldberg v. Kelly, the U.S Supreme Court held that the state of New York could not terminate a recipient's public assistance payments without first affording him the opportunity for an evidentiary hearing. [12] As pointed out by Tribe:

While these new "statutory entitlements" did not grant a constitutional right to governmental non-arbitrariness whenever benefits were being provided (since government remained free to foster no expectations in distributing its largesse), they did serve to surround the "core" of liberty and property interests with a periphery activated, unlike the core, only by affirmative state choices, but secure, once activated, against destruction without due process of law. [13]

It is important to note the Supreme Court's emphasis on the fact that there must be an entitlement created by the state in order to activate the hearing requirement. In Board of Regents v. Roth, the Supreme Court found no
basis for the claim of a non-tenured professor to a
hearing when the state university declined to renew his
teaching contract. The decision in this case hinged on
the fact that the contract specified the date the
position would end and did not provide for renewal absent
"sufficient cause", or indeed for renewal at all. In
other words, the professor had no property interest
sufficient to require the University to grant him a
hearing prior to his termination. [14] As pointed out by
Stewart, "Roth and its progeny make it clear that states
possess substantial discretion whether or not to create
entitlements as an initial matter; while ensuring
procedural safeguards for the deprivation of such
entitlements as the state affords." [15]

Substantive Rights to Particular Decisional Outcomes

The third group of rights discussed by Stewart are
substantive rights to particular decisional outcomes. [16]
Such rights must be considered in the budgetary process to
the extent that they require affirmative government
support, action and resources.

The first (wave) has consisted of judicial decisions
in pursuit of the liberal ideal of securing the
liberty of individuals, alone or in association, to
pursue their vision of the good, limited only by the
similar liberty of others. The federal courts have
protected common law liberty and property interests
against unjustified deprivation, and secured rights
to free exercise of religion, free speech and
political opinion, freedom of education, privacy, and
most recently, abortion. These rights are Hohfeldian
immunities: liberties to act free from official
restraint or sanction.
The second wave has consisted of decisions prohibiting and seeking to remedy group-based discrimination. Racial discrimination has been the paradigm case, but since the 1954 Brown decision (footnote omitted) federal courts have overturned state discrimination against ethnic minorities, women, illegitimate children, and aliens.

The third wave consists of judicial interventions seeking to secure adequate minimum levels of basic needs such as food and shelter. This wave has focussed on state and local welfare programs, public housing, transportation systems, mental hospitals, schools and prisons. In contrast to most of the decisions in the first wave and many in the second, which have been founded on substantive provisions of the Constitution, most of these decisions have been based either on procedural due process or on federal statutes and regulations imposing substantive duties on state and local governments receiving federal financial support. [17]

Each of these "waves" has had an impact on budgetary processes. However, the third set of rights has had the most significant impact by requiring government to provide services directly. According to Stewart, one characteristic of these "polyclaims" - affirmative rights to social services and support - is that every decision to commit resources to a particular use, prevents some other competing use of the resources. [18] In the clearest sense, they limit budgetary options.

Additional Substantive Rights Imposed by States

In addition to the substantive federal rights listed above, some states have added their own sets of substantive rights. These also constrain budget policy and priority setting. The clearest example is the right to education.
Beginning with the California case *Serrano v. Priest* [19], states were confronted with the legality of using local taxes for educational funding; a practice which led to wide discrepancies in educational resources for schools and that favored affluent localities. In *San Antonio Indep. School Dist. v. Rodriguez*, the U.S. Supreme Court declined to extend federal equal protection to state allocation of education funds. [20] However, this holding did not preclude state courts from extending state equal protection to educational benefits by ordering major restructuring of local school funding under state constitutions. Thus, "In response to the demands of *Serrano*, ... and a variety of subsequent cases, states have poured large sums of money into aid for education in order to mitigate fiscal disparities across school districts." [21]

Court intervention has also increased spending in almost every state for other types of equal opportunity programs such as educational programs for the handicapped, the disadvantaged or the urban poor. [22]

In sum, the budgetary process is constrained by both direct and indirect limits on the spending power of government. These limits are designed to protect such rights as mobility rights, political and procedural rights, substantive rights to particular decisional outcomes, and any additional substantive rights imposed by individual states.
CONSTRAINTS ON PROCEDURE

The U.S. Constitution places few procedural constraints on federal spending. Examples of procedural constraints can be found in Article 1, Section 9, Clause 7 of the U.S. Constitution which states: "No money shall be drawn from the Treasury, but in consequence of appropriations made by the law...", and "a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

Thus, while granting the federal government impressive spending powers, the Constitution does not specifically require Congress or the President to keep an annual budget. [23] And, historically, there was no regular procedure that required Congress to consider total federal expenditures and revenues in combination.

Congress had no effective mechanism for determining the total amount of spending it wanted or for making explicit trade-offs among competing budget priorities. In addition, delays in passing particular appropriations bills were often so protracted that many bills were enacted only after much or all of the fiscal year to which they applied had already ended. Under these circumstances, Congress was very poorly equipped to assess the effects of its budgetary actions on the economy and to make rational decisions on the allocation of total budget resources among competing programs in light of broad national goals and priorities. [24]

To remedy these deficiencies, Congress passed the Congressional Budget and Impoundment Act of 1974, [25] which initiated a series of wide-ranging reforms. The Act established House and Senate Budget Committees to study the president's budget and recommend changes in fiscal
policy and spending priorities. It also created a Congressional Budget Office to assist the Budget Committees, setting forth a timetable for completing various steps required by the new Act. While it is clear that the Act has failed to eradicate all problems with federal budgeting, it has increased considerably the constraints upon the federal budgetary process.

States and local governments are also constrained by state constitutions and statutes regulating their budgetary processes. State laws set a variety of time, sequence, hearing, auditing and reporting requirements that must be met during the budget cycle. In The Politics of State Expenditure in Illinois, Anton points out the way in which state budgetary procedures in Illinois are constrained:

The motivation for making (decisions about expenditures) ...is not derived from a rationalized financial or administrative policy but from a legal system which requires attention to specified objects (i.e., budget requests and appropriation bills) at specified points in time (i.e., prior to July 1 of every odd-numbered year). Once made these determinations can be ignored until the next decision period, some fifteen months away, when similar determinations will have to be made again.... there is no centrally organized effort to link decisions to consequences until the following decision period. [26]

State and local budgeting may also be constrained by the earmarking of certain funds. Certain tax revenues may be targeted for certain agencies; for example, gasoline taxes are typically reserved for highway departments. Earmarking limits flexibility. [27]

Once a federal, state or local budget has been
formulated, implementation proceeds under a whole new set of controls. [28] For example, at the federal level, allocated funds cannot be used until apportionment schedules have been filed by the respective department or agency. These, in turn, must be approved by the appropriate budget officer. This procedure allows department and agency heads to exercise some degree of control over their own programs. [29] At the state and local level, once a statute or ordinance is passed, departments usually must file a work plan with the budget office. This work plan becomes the basis for monitoring expenditures as they occur. [30]

In sum, government spending decisions are constrained by a wide variety of time, hearing, auditing, reporting and other procedural requirements.

CONSTRAINTS ON THE USE OF FEDERAL FUNDS

The third major category of legal constraints are regulations and guidelines accompanying federal aid to states and local governments.

Whenever the national government contributes financially to state or local programs, state and local officials are left with less freedom of choice than they would have had otherwise. Federal grants-in-aid are invariably accompanied by federal standards or "guidelines" which must be adhered to if states and communities are to receive their federal money. [31]

Approximately one-fifth of all state and local government revenues come from federal grants. [32]
Federal grants are not necessarily directed towards a state or local government's most pressing needs. They also require a great deal of paperwork including grant applications and post audit accounting. They sometimes require matching funds. Federal officials often argue that because federal grants are optional, state and local governments need not apply for them if they find the requirements too burdensome or the funds incorrectly targeted. In reality,

...it is very difficult for states and communities to resist the pressure to accept federal money. It is sometimes said that states are "bribed and blackmailed" into federal grant-in-aid programs. They are "bribed" by the temptation of much needed federal money and they are "blackmailed" by the thought that the other states and communities will get the federal money if they do not, money contributed in part by their own citizens through federal taxation. [33]

Federal grants are currently classified as general, bloc, or categorical. General grants consist almost entirely of general revenue sharing funds and accounted for only 5% of total aid in the early 80's. [34] General revenue sharing was introduced in the State and Local Financial Assistance Act of 1972 as an alternative to overly restricted and narrowly-directed categorical grants. These funds are allocated to each state through a complex formula based on population, state and local taxes, and income level of the population. They are much less restrictive than other types of federal aid, and may be used for everything from garbage disposal to police protection. State and local governments receiving general
revenue sharing funds must adhere to federal labor standards in construction projects, and must not discriminate on the basis of race, religion, sex, handicapped status, or age. Before funds are allocated, public hearings must be held, and after the funds are allocated reports must be filed about how the money is ultimately used. [35]

Stewart points out that "the carrot of federal grants (is used) to secure recipient compliance with general federal policies, such as nondiscrimination, unrelated to the objectives of a particular program." [36] The constraints may apply to all activities of the grant recipient and not just to the program funded by the grant. [37] Stewart cites a 1980 study by the Office of Management and Budget which identifies 59 such conditions, including:

- prohibitions of discrimination on account of race, color, national origin, gender, age, handicap, and alcohol or drug abuse; over a dozen environmental policies or requirements; and various wage and hour standards and job-preservation requirements designed to protect workers hired under grants and other state and local employees whom they might otherwise displace. Other conditions seek to eliminate patronage in state and local government employment and partisan political activity by employees; provide for hearings and participation in social programs;...

[38]

These crosscutting conditions typically apply to bloc and categorical grants as well.

Most of the current bloc grants were created by the Budget Reconciliation Act of 1981 which consolidated many federal programs into nine bloc grants. In the early
1980's bloc grants accounted for approximately 12% of the total federal aid to state and local governments. [39] Because bloc grants carry many of the requirements or characteristics of the more restrictive categorical grants, including application and strict reporting requirements, bloc grants are somewhat more restrictive than general revenue sharing funds. They do, however, offer more local discretion regarding project priorities.

The third, and still largest category of grants (approximately 75% of total federal grant funds in 1982) are categorical grants. Typically, categorical grants are the most restrictive, and are allocated by federal departments and agencies after review of applications from state and local governments. [40] Restrictions may be placed on organization, staffing and operation of agencies receiving these funds.

During the Reagan Administration, changes have been made in the administration of federal grants. There are now fewer restrictions on use of federal grants. However, there are also fewer total dollars available. These cutbacks have reduced the budget flexibility of state and local governments.

THE "GENERIC" BUDGETARY PROCESS

The budgetary process is best described as sequential decision making by an ever-changing group of decision
makers. In theory, the first step in any budgetary process is the projection of available resources. Projections tend to be made by a budget agency, based on information from a tax department. In the meantime, the chief administrator will send a letter to the agencies, departments, or programs competing for funds, providing them with broad policy directives regarding the size and shape their spending requests should take. Competing agencies prepare and submit to the budget agency their "best case" for a portion of the available resources. Budget requests are reviewed, revised and usually scaled down by the budget agency, often after a more or less formal hearing before the budget director. The budget director then submits a recommended budget to the chief administrator. It is important to note that:

A great many decisions may already have been made by the time the budget director submits the tentative budget to the governor or the mayor for his approval. However, governors or mayors must decide whether their budget is to be balanced or not; whether particular departmental requests should be increased or reduced in view of the programs and promises important to their administrations; whether economies should involve overall "belt tightening" by every agency or merely the elimination of particular programs;...These decisions may be the most important that mayors or governors make in their terms of office, and they generally consult both political and financial advisers, budget and tax experts, party officials, interest group representatives, and legislative leaders. [41]

The chief administrator must consider political, economic, and social forces impinging on the operation of government. For example, budget recommendations may reflect funding for an interest group that was overlooked
in a previous budget cycle, or for new programs appropriate to the changing needs of constituents. The chief administrator's budget document is typically "checked" with powerful interest groups.

The chief administrator's recommended budget is presented to the legislative branch which, for the most part, re-reviews the concerns of interest groups and government departments. The legislature holds formal public hearings to ensure that all interests have been heard. The chief administrator's recommendations may be considerably changed in the process:

How governors' budgets fare in the legislatures generally depend upon their general political power, public reactions to their recommendations, the degree of support they receive from department heads, who are often called to testify at legislative budget hearings, their relationships with key legislative leaders, and the effectiveness of interest groups that favor or oppose particular expenditures. [42]

After the legislature has made what it deems to be the appropriate changes, the final budget measure is passed and sent back to the chief administrator for signature. While the chief administrator may have an item veto, at this late stage in the budget cycle, major changes are relatively rare.

THE REAL FORCES THAT SHAPE THE BUDGETARY PROCESS

The theoretical description of the budgetary process depicted above, suggesting an orderly sequence of events with plenty of opportunity for citizens to participate,
rarely matches what happens in reality. At least, this seems to be the opinion of political scientists who have studied budgetary processes. A summary of the views of four key political scientists follows. In their views, the budgetary process is much more politicized than public administration theorists would have us believe.

Wildavsky on the Federal Budgetary Process

Wildavsky is primarily known for his studies of the federal budgetary process. According to his definition:

a budget...may be characterized as a series of goals with price tags attached. Since funds are limited and have to be divided in one way or another, the budget becomes a mechanism for making choices among alternative expenditures. When the choices are coordinated so as to achieve desired goals, a budget may be called a plan. [43]

But, Wildavsky would argue, reaching the goal of a coordinated plan is a complex, and often uncoordinated process. Not only are individual program budgets complex, but even more complex is the task of comparing many diverse programs that have different values for different people. [44] This complexity has led to the situation where budgetary decisions are made on an incremental basis. Indeed, Wildavsky states:

The beginning of wisdom about an agency budget is that it is almost never actively reviewed as a whole every year in the sense of reconsidering the value of all existing programs as compared to all possible alternatives. Instead it is based on last year's budget with special attention given to a narrow range of increases or decreases. [45]

What is unique about Wildavsky's view is that while
he admits the problems and limitations of traditional federal budgetary practices, he would not necessarily advocate a more comprehensive and coordinated approach. He considers the specialized, incremental, fragmented, non-programmatic and sequential character of the process to be the reason why, in the end, a budget is always produced:

The incremental, fragmented, non-programmatic, and sequential procedures of the present budgetary process aid in securing agreement and reducing the burden of calculation. It is much easier to agree on an addition or reduction of a few thousand or a million than to agree on whether a program is good in the abstract. It is much easier to agree on a small addition or decrease than to compare the worth of one program to that of all others. Conflict is reduced by an incremental approach because the area open to dispute is reduced. In much the same way the burden of calculation is eased because no one has to make all the calculations that would be involved in a comprehensive evaluation of all expenditures....Finally, agreement comes much more readily when the items in dispute can be treated as differences in dollars instead of basic differences in policy. Calculating budgets in monetary increments facilitates bargaining and logrolling. It becomes possible to swap an increase here for a decrease there or for an increase elsewhere without always having to consider the ultimate desirability of programs blatantly in competition. [46]

Sharkansky on the Federal, State, and Local Budgetary Processes

Sharkansky, and indeed, most other political theorists who study the budgetary process, are not so willing to extol the virtues of uncoordinated and fragmented decision-making. One of Sharkansky's principle themes is that:
Financial decision-makers lack objective, non-controversial standards useful in setting levels of taxation or expenditure or in deciding about the types of taxes or expenditure that should be made. Discussions about economic and political issues are marked by citation of beliefs and desires, rather than by any clear truths that translate easily into policy decisions. The decision-maker is surrounded by controversy, and the choices that he makes will not satisfy all parties. His decisions generate even more controversy that will visit him again the next time he makes a decision about taxes or expenditures. [47]

Sharkansky admits that it is difficult to portray the budgetary process in a wide variety of jurisdictions in terms of one or two generalizations about budgetary behavior. Yet, he does assert that many budgetary officials have created similar methods of coping with the highly complex mixture of interests, desires, claims, economic resources, political commitments and government structures that characterize the environment of budget decision-makers. Two of these methods are "contained specialization" and "incremental" decision rules. [48]

The main features of contained specialization are "elite status, intensive specialization among participants, an ability to manage partisanship and other sources of conflict within decision-making bodies, and the acceptance of specialists' recommendations by other officials in government". [49] These features, according to Sharkansky, permit budget officials to cope with the problems of complex issues and fractured governmental institutions by limiting the number of participants in the decision making process.

[47]

[48]

[49]
Incremental decision rules also facilitate decision making by severely limiting the number of considerations that budget participants take into account when they make choices. [50] "The essence of incrementalism is its small (or partial) view of the issues at hand. Instead of trying to make rational choices about the entirety of a tax system or the whole of a government budget, the incrementalist limits his concern to a manageable portion of the whole." [51] Sharkansky seems particularly concerned about incremental decision making because it prevents budget officials from looking at as wide a range of alternatives as they should before making decisions. They generally accept established programs at the previous year's level of expenditure and discuss only goals that are short-term, pragmatic, and ideological. Thus, they fail to give enough attention to the long-term significance of budgetary choices. [52]

Dye on the State and Local Budgetary Process

Like Wildavsky and Sharkansky, Dye asserts that a major feature of the budget-making process is incrementalism, which means that the status quo tends to be preserved. Dye, quoting Thomas Anton, depicts some of the interesting informal rules of the budget game that result from incrementalism:

1. **Spend all of your appropriation.** A failure to use up an appropriation indicates that the full
amount was unnecessary in the first place, which in turn implies that your budget should be cut next year.

2. **Never request a sum less than your current appropriation.** It is easier to find ways to spend up to current appropriation levels than it is to explain why you want a reduction. Besides, a reduction indicates your program is not growing and this is an embarrassing admission to most government administrators.

3. **Put top priority programs into the basic budget,** that is, that part of the budget which is within current appropriation levels. Budget offices, governors and mayors, and legislative bodies will seldom challenge programs which appear to be part of existing operations.

4. **Increases that are desired should be made to appear small and should appear to grow out of existing operations.** The appearance of a fundamental change in a budget should be avoided.

5. **Give the budget office, chief executive, and the legislature something to cut.** Normally it is desirable to submit requests for new programs, in order to give higher political authorities something to cut. This enables them to "save" the public untold millions of dollars and justify their claim to promoting "economy" in government. Giving them something to cut also diverts attention away from the basic budget with its vital programs. [53]

Dye also characterizes the budget process as political, unreceptive to policy change, fragmented, and non-programmatic. The process is political because what really counts in gaining government funding is how well the parties can develop a base of support for their request among the public and among the top political leaders and the legislature. The budgetary process is unreceptive to policy change because the practice of accepting past expenditure levels as a floor, leaves few funds for new programs. Fragmentation is due to earmarking. Finally, budgeting is nonprogrammatic because
agencies use accounting procedures that hide expenditures under ambiguous phrases making it impossible to identify the real costs of various programs. [54]

Meltsner on the City Budgetary Process

Meltsner has carefully documented the politics of the budgetary process in the City of Oakland, California. In this fiscally poor city, he discovered two unique aspects of the budgetary process. First, the budget is not used primarily to allocate scarce resources. Rather, it is used as a control device by the city manager and as a communication device for departments:

For the most part, Oakland’s resources were allocated years ago when the present governmental structure was established. Previous decisions determine present allocations. Although the participants will argue for marginal increases, no one expects there will be enough money to make a dramatic change in a particular budget....

If the budgetary process should not be interpreted strictly as an allocation device, then how should one interpret the effort which most city officials put into it? Certainly the budgetary process is not a meaningless ritual but does have some use to officials. The department heads use the budget to communicate to the revenue subsystem, to the council, to segments of the community, to their professional associations, and to their employers. The revenue subsystem will appreciate their problems and the other groups will know that they tried....the subsystem uses the process to control city operations: the manager finds out what is going on and encourages the department's cooperation by making marginal changes in the budget. Communication and control are two important reasons why Oakland officials take budgeting seriously. [55]

Second, the city bureaucracy is divided into budget
spenders - the departments, and budget cutters - the city manager and his financial staff, and each side ignores the effects of their behavior on the other:

Budget spenders ignore revenue limitations in formulating their budgets so as to communicate the needs of their organizations. At the same time the city manager and his budget staff ignore service and program implications in cutting the budget. Since, by law, the budget must be balanced—expenditures must equal available resources—the manager and his staff have to consider budgeting as a form of revenue behavior. They are the same people who have to find additional funds if they allow spending increases. [56]

In sum, the observations of Wildavsky, Sharkansky, Dye and Meltsner suggest that while in theory the generic steps of the budgetary process are followed, in reality, modifications have emerged in order to take into account the legal, economic, social, political, and time constraints on the budgetary process.
CHAPTER II
SHORTCOMINGS OF THE CURRENT BUDGETARY PROCESS

The preceding discussion of the "real forces" that shape the budgetary process, indicates that even though the generic steps are followed, there are reasons that the process is not as fair or efficient as it should be. These reasons - or "shortcomings" - include the haphazard involvement of interest groups, lack of minority representation, disjointed decision-making, the inability to make trade-offs to maximize joint gains, and judicial intervention.

HAPHAZARD INVOLVEMENT OF INTEREST GROUPS

There is no organized system to ensure that all groups with stakeholding interests are involved in the budgetary process. The key decision-makers in the typical budgetary process are the chief administrator, his appointed budget officials, and the legislative body. Presumably, voters are "represented" by these elected and appointed officials. Yet, when voters elect these key players "they are limited to choosing among candidates who represent collections of positions on numerous complex issues. One can rarely be certain that a vote for a particular candidate is a vote for a specific agency action." [1]

Interest groups can, of course, lobby their elected officials in the hope of winning funding for their
programs. However, lobbying is an extremely costly and
time-consuming proposition, and becomes increasingly so
the more lobbyists become involved. [2]

Established department and agency interests are
automatically considered each year when they submit budget
requests. However, new interest groups have only few and
indirect opportunities to be heard. Interest group
representatives can appear at public hearings on the
budget. But, because such hearings do not occur until the
final stages of the decision-making process, many key
decisions have already been made behind closed doors.
Perhaps it is because citizens have attended public
hearings and have seen few results for their efforts, that
attendance at hearings is typically quite low.

Public hearings on budgets have generally proven
dismal failures, if their purpose is to ascertain the
attitudes of lay citizens on the proposals of the
budget. Relatively few citizens attend these
hearings unless a group is irate over some aspect of
the budget that it thinks is detrimental to its
interests. Too often, the only nonofficials
attending budget hearings are representatives of
taxpayers organizations, vested interest groups
pushing their pet projects, and others with time on
their hands. [3]

Sharkansky asserts that budget policy-makers have
developed stategies that help isolate spending decisions
from the controversy that surrounds them. [4] Indeed,
if policy-makers can discourage consideration of new
funding requests and participation of all interest groups,
they can avoid competitive settings where controversy is
likely to develop. Thus, the current budgetary process
may actually encourage the haphazard involvement of interest groups.

LACK OF MINORITY REPRESENTATION

Because resource allocation decisions are shaped primarily by the input of elected officials and their staffs and the claims of established departments and agencies, it is particularly difficult for minority groups - those interest groups that typically go underfunded - to make sure that their interests are well represented throughout the budgetary process. While they may be able to lobby the legislature or attend public hearings, they have no direct access to policy-makers at the key decision points in the process. Thus, it is difficult for minority groups to encourage new program funding. According to Sharkansky: "As a conservative bulwark, the budget may permit legislators, administrators, and private interests to tolerate competition for change because no radical change is likely to survive the funding process." [5]

While, it is difficult for minority groups to ensure advocacy for their funding requests throughout the budgetary process, agencies whose programs have popular support have advocates at all levels of the decision-making process. Sharkansky found that at the federal level:

Where the program has wide popular appeal, an agency is likely to win favorable attention from important interest groups and from agency superiors in the
Cabinet at the White House. An agency that offers a popular program may receive direct budget support from the Department Secretary and the President. And it may receive support by having dynamic innovative persons appointed to leadership positions. Such leaders may generate wide public visibility by their own prominence and by the changes they make in the agency's program. One limited study has found that well-supported agencies have been the most bold in making their own requests of Congress, independent of Budget Bureau constraints. Agencies with a narrow clientele, ... are apt to receive little reinforcement from interest groups or Administration superiors. Perhaps because they fear that any assertion of their needs will put them in the spotlight and invite budget cuts, such agencies may accept the first decisions of their superiors and live according to the team rules. [6]

Sharkansky also asserts that most actors - and thus their interests - are excluded from the arenas in which allocation decisions are made. [7] The inability of minority interests to receive serious consideration of their proposals is exacerbated because there is no single actor responsible for seeing that all interest groups are represented when funding decisions are made, and that minority interest's programs and concerns are given attention equal to that afforded traditionally funded interests.

**DISJOINTED DECISION-MAKING**

In the current budgetary process, decision-making is sequential. First, an agency makes an internal decision about how much money to request. Next, a budget analyst makes more or less random cuts. The Chief Administrator increases or decreases these awards given what is left in
the budget and given his priorities. Then, the legislature does the same.

At each stage of this process there is an alarming lack of information about the impacts of cuts - or in the rare cases, increases - on the individual agency, other agencies, or client groups. According to one study of budgeting problems in American cities, over 40% of budget officials rated lack of information about the effectiveness and performance of programs "severe or very severe" and an additional 35% believed it was a problem. [7] Meltsner's research on the City of Oakland seems to confirm this:

Balancing the budget in the Budget Office is accomplished by a lack of information. Because of his own lack of experience, the analyst is not aware of the impact of his acts on service or on policy; he is free to make cuts and to identify items for which the city manager must make decisions. [8]

Meltsner's research indicated that there were ten rules of thumb that inexperienced budget analysts used to cut program funding requests.

(1) cut all increases in personnel
(2) cut all equipment items which appear to be luxuries
(3) use precedent - cut items which have been cut before
(4) recommend repair and renovation rather than replacement of facilities
(5) recommend study as a means of deferring major costs
(6) cut all non-item operating costs by a fixed percentage (such as 10 percent)
(7) do not cut when safety or health of staff or public is obviously involved
(8) cut departments with "bad" reputations
(9) when in doubt ask another analyst what to do
(10) identify dubious items for the manager's attention

At the next step in the budgetary process, Meltsner found a similar lack of information in the hands of City Managers: "No doubt, the manager's review exhibits a greater concern with program than the blind cutting of the Budget Office. But because of the lack of information, the time constraint, and the volume of minor cuts which are made, it is never possible to trace out the effect of any particular cut on a department's output." [10] To some degree, lack of information may not be a mere by-product of the disjointed nature of the budgetary process. Rather, decision-makers may be positively encouraged to withhold information in order to increase their control. According to Meltsner:

To increase his control, the manager tries increasing his information while decreasing the information of the other participants. Secrecy in budgeting becomes an important means of control. He does not want the analysts to communicate with the departments when they review the budget. If the departments do not know what the manager is considering, he can prevent end runs to the council. [11]

Decision making is also disjointed in state budgetary processes. One study has shown that policy makers share little information about impacts of their budgetary decisions. Rather, governors and legislators tend to act as mere "reviewers" of agency requests. Indeed, state
legislatures take an even more deferential attitude than
governors:

The finding that legislatures attribute greater
importance to the governor's recommendation (rather
than to the agency's request) in making
appropriations indicates the legislature's dependence
on the governor's budget cues. This may reflect the
greater staff-resources of the governor and the
typically amateurish character of state legislatures.
When they are compared to the professional analysts
in the governor's office, Legislators appear to have
little experience in public budgeting, no
professional training in a relevant discipline, an
impossibly brief time to consider agency budgets, and
inadequate staff or clerical assistance. State
legislators have a desperate need for cues that will
guide their budget performance, and the governor's
recommendation is usually the best cue available.
[12]

Not only is information not shared at each step in
the budgetary process but, according to Anton's study on
state spending in Illinois, the information upon which
budget decisions were based was confined to members of the
government budget system until too late in the legislative
session for both the legislators and the public to review
and effectively challenge. [13]

One of the greatest problems with disjointed decision-
making is that the learning that takes place at one step
in the budgetary process is either incidentally or
purposefully not carried over to the next step. In this
type of process there is an increased chance of ending up
with an outcome that is inadequate for most, if not all,
of the parties concerned.
INABILITY TO MAKE TRADE OFFS TO MAXIMIZE JOINT GAIN

The fourth shortcoming of the current budgetary process is that it prevents the participants in the process from making trade-offs likely to yield joint gains. In this sense the process is both inefficient and inelegant.

Parties cannot make trade-offs for joint gains unless they know their competitors' concerns and their competitors' bottom lines. Disjointed decision-making, haphazard involvement of interest groups, and lack of minority representation are all factors that contribute to a budgetary process where nobody really knows what the other parties really want. Part of the problem, at least at the federal level, is that nobody knows how best to get their needs fulfilled.

Shall each bureau ask for what it wants or shall it give priority to the total departmental situation in making requests? (Put in a different way the question might be phrased: Is it best for each interest to pursue its own advantage or shall each seek a solution it believes is in the interest of all?) "One of my most difficult tasks," a budget official asserted, "is finding out what these bureau people really want so I will know how to deal and bargain and oppose them if I have to. Many (bureaus) won't speak up. I don't want them to tell me what's good for the department. That's the Secretary's job and my job and his staff's too. But it is difficult to divide the pie if you don't know for sure how much a piece each one really wants."

Another reason why the parties are unable to maximize joint gains is that the budgetary process is incremental in nature. As discussed previously, the "...essence of incrementalism is its small (or partial) view of the
issues at hand. Instead of trying to make rational choices about the whole of a government budget, the incrementalist limits his concern to a manageable portion of the whole." [15] Incrementalism is encouraged by the paperwork, rules, and traditions of budget procedures, and by the emphasis on the increment of increase or decrease from the previous year in budget requests. [16] Because of incrementalism, spending levels and the programs funded remain virtually the same year after year. In the budgetary process, the "holding power of previous budgetary decisions is usually overwhelming in the face of short-run pressures for change, and it is strong enough to be felt over a span of several decades." [17] Dye also asserts that, at least at the state and local level, the attention of budget policy makers is focused on a narrow range of increases or decreases in the budget. Furthermore, the "budget is almost never reviewed as a whole every year in the sense of reconsidering the value of existing programs." [18]

A further reason why the parties are unable to maximize joint gains is that the budgetary process begins with an assumption about the revenues government expects it can get through taxes, service charges, and state and federal grants. When this assumption is coupled with incrementalism, there is little opportunity for any policy change that might lead to a better budget. "This may be part of the reason why governors and mayors have a difficult time bringing about significant policy changes,
and it contributes to the public's view of "politics as usual" and a feeling that nothing can be done, regardless of who is elected." [19]

**JUDICIAL INTERVENTION IN THE BUDGETARY PROCESS**

The budgetary process frequently fails to produce a budget acceptable to all stakeholding parties. This is primarily due to the haphazard involvement of interest groups, the lack of minority representation, disjointed decision-making, and the inability to make trade-offs that maximize joint gains. It is probably true that, as Dye suggests, disgruntled competitors for limited resources write off the results of the budgetary process as "politics as usual" and feel that nothing can be done to secure representation of their interests. However, with increasing frequency, unhappy parties are turning to the courts to challenge the outcomes of the budgetary process. They obviously anticipate that the courts will be more receptive to their needs than the legislative process has been. It appears that they may be correct in their expectations. According to Stewart:

As the number of judicially protected rights to social services has increased over the past three decades, the federal courts have increasingly assumed the traditional state and local governmental function of evaluating competing uses of community resources. [20]

Although the alternative of litigation may give the traditionally under-represented interest groups an avenue
for relief, there are several problems with this model of resource allocation.

First, litigation is only possible for those individuals or interest groups who can afford to hire counsel and who can afford to wait for a judicial decision. [21] Minority interests are not likely to be the ones who can afford this alternative. After all, if they had ample resources to begin with, they probably would have already attracted the attention and interest of the budget policy makers.

Second, litigation typically involves an even fewer number of parties than are able to participate in the budgetary process. While scholars have claimed that in enforcing federal rights against state and local governments, federal judges frequently involve various institutions and interest groups to help frame the remedial decree, Stewart asserts that it "is doubtful whether all the important affected interests, including state and local taxpayers, are adequately represented in this quasi-political process which often could not meet the standards of openness, accountability, and regularity imposed by federal judges on state and local political decisions." [22]

Horowitz asserts that there are five assumptions that the courts make, often incorrectly, about the parties in dispute: first, "that the plaintiffs have discernable, homogeneous interests; second, that the defendants are officials of organizations with an identifiable and
coherent structure; third, that the relevant organizations are before the court; fourth, that the defendant organizations have more or less consistant interests; and, fifth, that plaintiffs and defendants are on opposite sides of the case." [23] In reality, however, it is often the case: first, that plaintiffs have interests and preferences that are divergent; second, that government bodies are typically composed of a variety of factions and interests; third, that even in complex lawsuits with many parties, major actors are likely to be left out; fourth, that the defendants have a variety of different views about the litigation; and fifth, that a number of defendants are likely to want to lose the case to escape political accountability. [24]

At least two of these misguided assumptions have particular relevance to budgetary policy and merit further discussion. First, with respect to the completeness of the parties before the court, Horowitz stresses that:

Even in a complex lawsuit with many parties, it is quite likely that some major actors in the field have been left out of the litigation. By labeling a controversy a legal question, the judicial process simplifies the issues and the parties. Parties excluded from participation in the litigation by this definition of the issue are likely to appear again later, at the implementation stage, at which point their participation may thwart, deflect, or otherwise impinge upon the implementation of the decree, often producing unintended consequences and preventing the attainment of intended consequences. [25]

Second, with respect to defendants who would rather lose than win the case at hand, Horowitz points out: There is commonly ... a desire on the part of some
officials to use a decree entered against them as a weapon in the political struggle to vindicate their view of the appropriate treatment, rehabilitation, or other policy goal for the institution. An adverse decree that would require additional spending is also a weapon used by officials to augment their budget....

....The more such strategies succeed, the more frequently they will be employed. For, if litigation results in augmented expenditures for the losing agency, then programs not in litigation will suffer as a result of their inability to bring political pressure to bear on the legislature. [26]

The third shortcoming of litigation is that it is usually limited to narrow legal or procedural issues and therefore ignores the larger distributional or policy issues at the heart of the problem of resource allocation. [27]

Budget allocations involve constantly shifting global tradeoffs among a universe of claims. Judges, operating within an expanding and increasingly uncoordinated federal judicial system, are incapable of providing a satisfactory ranking or other ordering of such claims. [28]

Of course, even if judges could provide a satisfactory ranking, there remains the question of whether this is the proper role of the judiciary rather than the legislature. Given the unpredictable financial results of judicial decisions, the limited number of parties and issues before the court at one time, and the costs - in terms of both time and money - of litigation, it is far from clear that the judiciary is a better budget policy and priority setting institution. Furthermore, as Stewart points out:

Because judicial decisions are decentralized and ad hoc, courts are not disciplined by the need to relate particular spending decisions to overall levels of revenue and expenditure. Moreover, social service policies no longer reflect state and local choices
but are decided through federal judicial decrees. In areas such as education, health care, housing, and environmental protection, state and local administrative powers are enlisted to carry out these decrees. Rather than simply removing some subjects from state competence, these rulings conscript state and local governments, short circuiting their accountability to local electorates. (footnote omitted). [29]

The fourth shortcoming of litigation is that it "undermines relationships, pitting parties against one another and inevitably eroding whatever goodwill exist(s)" [30] Such an adversarial setting is unlikely to lead to a free exchange of information and ideas about how to solve the problem of allocating limited resources. Thus, there is possibly even less opportunity in litigation than in the current budgetary process for trade offs to occur to maximize joint gains.

The fifth shortcoming of litigation is that it occurs only after the fact. Litigation is initiated only in reaction to the outcomes of completed budgetary processes. For this reason it is obviously inappropriate in situations where immediate funds are needed. [31] Furthermore, because litigation does nothing to improve the efficiency or fairness of the current budgetary process, it attacks the symptoms of the process and not the underlying causes of the problems.

In sum, to the extent that litigation merely intensifies the shortcomings of the generic budgetary process - the haphazard involvement of interest groups, lack of minority representation, disjointed decision-making, and the inability to make trade offs to maximize
joint gain - it is a hopeless alternative for effecting specific budgetary adjustments.
CHAPTER III

NEGOTIATED INVESTMENT STRATEGIES

AN ALTERNATIVE BUDGETING AND PRIORITY SETTING PROCESS

Increasingly, decisions about the allocation of public funds have become the focal point of discontent among citizens affected by those choices but unable to shape the budgetary process directly. As governments cut back on their levels of spending, the potential for conflict is increasing. The result is, that at the precise time when cooperation and joint problem solving would prove most beneficial, interested parties have a tendency to position themselves as adversaries, seeing a decision that favors their opponent as one which has negative consequences for them. If disappointed parties turn to the courts, the result may be even worse: Those groups with the capacity to sustain legal challenges will achieve an unfair advantage; fewer interests will ultimately be tended to in court-imposed decrees; narrow legal issues will be given disproportionate attention and their impact on overall budget priorities may be ignored. Furthermore, the courts are not likely to focus on the full set of trade-offs that budgetary decision makers ought to be addressing, and the adversarial process is likely to leave all parties in a worse position to deal with their differences in the future. Indeed, adversarial processes tend to polarize interest groups, stifling the
search for integrative bargains.

In an effort to improve upon the traditional budgetary process and, at the same time, avoid the deficiencies of court intervention, a number of scholars and practitioners have developed new consensus building approaches to resource allocation:

Recently, experiments with mediated-negotiation (face to face negotiations involving teams representing key stakeholding interests and an impartial mediator) indicate that traditional resource allocation decision making processes may be supplemented in a manner likely to yield informed and durable agreements. [1]

One such model is the Negotiated Investment Strategy (NIS) developed by The Kettering Foundation. I will describe the generic NIS process along with three applications.

WHAT IS A NEGOTIATED INVESTMENT STRATEGY (NIS)

A negotiated investment strategy (NIS) is a process designed to "solve problems, resolve conflicts, develop plans for joint action, and implement those plans by involving all affected interests, government agencies, and public and private organizations in mediated negotiation." [2]

The negotiated Investment Strategy process was developed by the Charles F. Kettering Foundation as an approach to improve the use and allocation of public and private resources in local communities. The concept evolved from a series of research studies which indicated that the untargeted and uncoordinated use of Federal, state, local, and private resources in urban areas was ineffective and counterproductive to urban revitalization. Hence, the "investment
strategy" which was in place was unlikely to result in desired effects. A means needed to be structured to encourage public and private entities to focus on the same issues simultaneously and to bring complementary resources to bear on the problems identified. Such an investment strategy required a coordinated investment policy which could only be brought about through a negotiated settlement. Such a negotiated settlement requires mediation to resolve conflicts and help negotiate agreements. The NIS process was born. [3]

Since the NIS process was first conceived, it has been used with varying degrees of success in resource allocation disputes in a variety of settings. For example, the cities of St. Paul, Minnesota; Columbus Ohio; and Gary, Indiana; all used NIS processes to coordinate public and private investments in community development. The state of Connecticut used the process to negotiate an equitable distribution of federal bloc grant funds for social services. And most recently, an updated version of the NIS was used to set spending priorities for the allocation of State Social Service funds in Massachusetts.

COMMON ASSUMPTIONS OF THE NIS

All NIS processes share the basic assumption that public resource allocation disputes can be resolved most equitably through a process with the following characteristics:

1) participation of all affected parties in the resolution of the dispute

2) this participation takes place through
representation of the parties' interests by a clearly identifiable negotiating team

3) resolution of the issue at hand is reached through the help of an impartial mediator who keeps the process moving from the outset to the implementation of the final agreement.

Daniel E. Berry and Evan Rogers in "Negotiated Investment Strategy: An Alternative Approach," suggest that four major assumptions should guide the development of an NIS:

First, that there will be fewer shares of new program money to go around in the future and that any real progress in dealing with social concerns will have to come from a better use of existing programs and appropriations. The growing movement to limit government spending at all levels, and the pressure for a balanced federal budget is likely to increase conflict levels in the system as available resources diminish. [4]

Second, that efforts to reform the intergovernmental system have been hampered by the delusion that those reforms can be carried out in a 'cooperative' mode. Robert Bish, among others, has pointed out that cooperation is only one of several relationships which occur among independent political units. Others include collusion, competition, and coercion. [5] Within the intergovernmental system all these relationships can occur simultaneously. Thus processes which recognize the complex and varied nature of intergovernmental relations must be developed and applied. [6]

Third, that the intergovernmental system is already a bargaining system, but one in which agencies negotiate among themselves. Often these negotiations occur without a shared community of interests or compatible objectives. [7] Thus achieving coordination among organizations, says Robert D. Thomas, must be preceded by consensus building: achieving an agreement among the various participants about what objectives should be attained and what means to use. [8]

Fourth, that major reorganizations, both national and
local, require substantial political strength and frequently are followed by such bureaucratic trauma that the initial targets are obscured and often delayed for many years. Furthermore, reorganization may be premature unless intergovernmental consensus has been reached on what it should accomplish. Thus it may be more expedient to rigorously test the existing system. [9]

COMMON CHARACTERISTICS OF THE NIS

The NIS has been used in diverse settings. Each time it is used, it is somewhat varied to take into account the idiosyncrasies of the particular dispute at hand. Yet, there are five essential characteristics which appear in varying degrees in all NISs. These are:

1. An impartial mediator.
2. Negotiating teams, representing the competing interests.
3. Opportunity for informal exchange of information before formal proposals are written and presented.
4. A written agreement containing mutual commitments.
5. A public review and adoption of the agreement, with monitoring of subsequent performance by each party. [10]

HOW AN NIS CAN OVERCOME THE SHORTCOMINGS OF THE CURRENT BUDGETARY PROCESS

There are six key elements of negotiation which must be used properly in an NIS if this model of mediated negotiation is to overcome the shortcomings of the current
budgetary process previously discussed. These elements are: representation and team-building, access to information and joint fact-finding, mediation, ample time for negotiation, and implementation of agreement. In particular, in an NIS, representation and team building can overcome the haphazard involvement of interest groups that characterizes the current budgetary process. Access to information and joint fact-finding can overcome the shortcomings of disjointed decision-making and the inability to make trade offs to maximize joint gains. Mediation and training in negotiation skills can improve the opportunity for minority interests to participate more effectively in the decision-making process. Ample time for negotiation improves the overall quality of the outcome of the process. Finally, implementation of the agreement ensures that the time and effort of the parties is rewarded and that the legitimacy of the process is enhanced. A closer look at these six elements of negotiation is warranted.

Representation and Team-building

To ensure equity in representation in budget policy and priority setting, it is essential that all interested parties in the negotiation are represented at the negotiating table. This requires that people are allowed to participate in negotiations (either directly or through a representative) at anytime during the negotiation
process so that their concerns are represented when and where relevant.

Teams need to be held accountable to the constituencies they represent. Thus they must continually report back to these constituencies for feedback and approval of the decisions reached at the negotiating table.

Equity in representation is dependent on the spread of information. If affected parties are not aware of the decisions which are being made with respect to their interests, they are unable to ensure that their interests are indeed being represented.

One method for ensuring representation is to allow for on-going team-building during the negotiations.

By continuing to emphasize team building, new interests can be melded into the process after it has begun. This is especially important for parties who initially refrain from participation because they are skeptical of the process. As the process builds credibility new groups can affiliate with each team. Teams must take responsibility for bringing new participants up-to-speed. [11]

Access to Information and Joint Fact-Finding

In adversarial processes like the current budgetary process, it is atypical for parties to be using the same information as a basis for their positions. Instead, parties tend to use skewed data and information which justifies a particular, extreme point of view in order to influence the decision made. This behavior is counter-
productive to rational, integrative problem solving.

In a consensus building situation, like an NIS, where the idea is to develop a mutually acceptable solution to the problem at hand, joint fact-finding by all parties helps to overcome this extreme positioning and the problems associated with disjointed decision making. This is a more productive process because it allows the parties to spend less time being defensive and more time being creative - it allows them to make trade-offs to maximize joint gains. A shared body of knowledge, tailored to different levels of understanding, will help ensure decisions made in the best interest of all parties.

To ensure that all constituencies understand the basis for, and implications of, decisions made at the negotiating table on their behalf, the results of joint fact-finding should be available to the public at large. Attempts must be made to share knowledge because if all citizens do not have access to the facts, there can be no claim to a fair participation process.

Mediation

Typically, in public sector disputes, the parties who come to the table not only have unequal power, but they may not be able to effectively represent all the various, diffuse parties with interests at stake. To counteract this inequity in influence, a non-biased mediator can help the parties become more representative and cohesive.
through the initial team selection process and on-going
team building. The mediator can help educate the parties
about negotiation skills and can help them understand the
opponents positions. He/she can provide valuable
information, suggest creative and integrative solutions,
and improve the opportunity for minority interests to
participate more effectively in the decision making
process. According to Howard Raiffa, "joint gains could
be realized if only the contending parties were willing to
yield up enough sovreignty to allow the mediator to help
them devise creative alternatives and to help them analyze
their joint gains." [12]

Negotiation Skills

Because business and government actors often have
considerable negotiation experience, they tend to be
better skilled at influencing others than minority
interest and citizens groups. However, according to Roger
Fisher:

Strong evidence suggests that negotiating skills can be both learned and taught. One way to become a more powerful negotiator is to become a more skillful one. Some of these skills are those of dealing with people, the ability to listen, to become aware of the emotions and psychological concerns of others, to empathize, to be sensitive to their feelings and one's own, to speak different languages, to communicate clearly and effectively, to become integrated so that one's words and non-verbal behavior are congruent and enforce each other, and so forth. [13]

According to Fisher, other types of knowledge that
will increase one's ability to negotiate effectively include knowledge of negotiating styles, the interests of the parties involved, and the facts of the situation. [14] Thus, assuming that one purpose of the NIS is to involve all parties in the negotiations, whether experienced or not, the imbalance can be improved by providing workshops, lectures, roleplaying and simulation opportunities to help interested citizens learn to represent themselves more effectively. Interest groups should also be made aware of the value of team building and coalition building in strengthening their negotiating power. A non-biased mediator can greatly facilitate the learning of these and other negotiation skills.

Ample Time for Negotiations

The element of time is crucial to information sharing and representation. Whereas government officials and developers see public processes like budgeting as part of their job, for citizens and private sector participants, participation in public activities is usually in addition to their regular employment. For this reason it is essential that individual citizens and interest groups be given an appropriate amount of time to fit participation activities into evening and weekend sessions without undue hardship. Citizen and interest group representatives may need additional lead time to learn some basic negotiating skills, the interests at stake, and the implications of
their recommendations, as well as to digest the meaning of reports and impact statements.

In order to overcome time constraints, it is essential that the process start as soon as possible in the budgeting cycle.

Implementation of the Agreement

Obviously, any agreement is useless unless it can be implemented to carry out the intentions of the parties to the negotiations. Presumably the parties also seek a stable agreement - one they will not be forced to review or renegotiate in the near future. While it is never possible to be certain beforehand that an agreement will, in fact, be implemented, certain steps can be taken to greatly improve the odds.

Mediated negotiation can produce more feasible and stable outcomes than other administrative process if two conditions are met: 1) all parties with the power to block or delay implementation must be committed to the final agreement, and 2) no party should be left with an incentive to undermine the agreement. The first condition can be met only if all the parties are invited to participate in the negotiations; in this way the agency not only secures their support, but also learns about potential obstacles the agreement might face. The second condition is more difficult to satisfy, but is the critical challenge in any negotiation--all parties to a negotiated agreement should view the agreement as "better" than their non-negotiation alternatives.

[16]

Because the NIS allows for on going teambuilding, as potential challengers emerge, there is an opportunity for them to be included in the negotiations. While there is
no binding requirement that all parties sign the final agreement, experience indicates that most, if not all, the parties do sign.

To the extent that these six key aspects of the NIS process are handled effectively, the outcome of the process is likely to be better than if the resources at issue were allocated through the current budgetary process. Each NIS should be analyzed with respect to these six key elements.
Columbus, Ohio was one of three cities chosen by the Federal Regional Council to participate in the then-experimental NIS program, to institute a more rational and coordinated approach to government planning and spending. The initial focus of the NIS was on "reforming the intergovernmental process and resolving policy differences on a range of issues", which the City felt interfered with its ability to achieve its priorities.

Three negotiating teams, representing the City State, and Federal government, were chosen by the mayor, governor, and federal representatives, respectively. Team leaders were given a wide latitude in determining the compositions of their teams. They were constrained "only by the requirements that they keep their teams to a manageable size and ensure that the right people were at the negotiating table." Teams were divided into core and support teams once the agenda became clear. The key issues chosen for negotiation determined which team members would be needed most often at the negotiating table.

Prior to their first meeting, each team was asked to prepare a statement of its primary concerns regarding the growth and development of the Columbus area and to list the obstacles to effective intergovernmental coordination.
in addressing these concerns. The goal of this step was to encourage team members to work together and to sort through the issues that cut across agency lines. [21]

Each team brought its statement to the first formal NIS meeting in October 1979. After an open discussion, the mediators were able to draft a list of shared concerns for future negotiating sessions. The draft was mailed to team leaders for review with their team members. Several proposed revisions were incorporated in the second draft which was circulated for final approval. [22]

The range of issues which the negotiators addressed included minority business development, human services, fair housing, historic preservation, water quality management, employment and training, meeting the needs of special populations, and state and federal participation in several development projects. [23] Organizational and policy questions and concerns about program operation and procedures dominated the agenda. [24]

Because the approved agenda was still in need of substantial refinement, the mediators asked each team to develop position papers on each of the agenda items. When these were received by the mediators in early December, the mediators proceeded to take the three team position papers for each agenda item and transform them into so-called "consolidated briefing papers".

These briefing papers were the culmination of all the preparations for negotiations. They summarized the issues at stake, described the point of view of each team on the issue, and most importantly, set forth
the specific items to be negotiated at the negotiation sessions. [25]

Negotiation of the eight items on the agenda took place during three day-long, open sessions in December, January and March. Also, after each full session, "tripartite committees" - a member of each team appointed by the team leader - spent the following day developing implementation proposals for the general points of agreement reached during the full session.

The next full negotiating session was held in March. It was followed by a series of Tri-partite Committee meetings and a flurry of phone calls which resulted in final Tri-partite Committee reports. These reports were forwarded to the mediators in April. The mediators combined, edited and distributed them to the team leaders as a "Draft Agreement". [26]

The final full negotiating session took place on April 30, 1980, at which time the draft was reviewed, substantially revised and signed. [27]

The NIS Agreement covers a wide range of issues and can be found in the Appendix. Examples of the 76 items of agreement include: federal agreement to endorse and support over $480 million of public improvements to spur downtown and riverfront revitalization and neighborhood stabilization; federal agreement to actively consider 15 new projects; federal agreement to endorse a state-local request to waive the state-wide uniformity program so that several demonstration programs could be inaugurated within
Franklin County; City agreement to place more emphasis on economic development; City agreement to institute a minority business development program; state agreement to seek increased matching funds for transit in the next state budget. Thus, the agreement addressed a full range of physical and social development activities to be carried out cooperatively by federal, state, and local officials. All three teams benefitted from their participation in the process. [28] Overall, "The N.I.S. process helped the City to define the nature and scope of these projects more clearly, to evaluate their relative priority better, and to bargain more productively with federal agencies." [29] Furthermore, a great many federal objectives were served through the project agreements. [30]

To enhance the likelihood of implementation, the agreement contained procedures for monitoring progress and resolving future differences.

ANALYSIS [31]

As mentioned previously, the "success" of any NIS is dependent upon how effectively the six key elements of negotiation are handled in the NIS process.

Representation and Team Building

The Columbus NIS suffered from improper and incomplete representation. The most obvious flaw was that
all interested parties were not represented in the process. For example, with the exception of the Chamber of Commerce which was represented on the City Team, there was little, if any, input from private interest groups. The lack of private sector representation was most likely due to the fact that the NIS, at this early stage, was primarily seen as a vehicle for improving "intergovernmental" relations. Nevertheless, in the evaluation of the NIS it was recommended that further consideration be given to how the private sector can effectively and fairly participate in the process. [32]

Involving the private sector will remain problematic. It is difficult to know who can speak for the variety of private interests, or how these interests can be kept from taking unfair advantage. Perhaps it is best to have the private sector represented through the local team, making the local team responsible for obtaining the necessary commitments. [33]

In retrospect, it appears that some state parties involved in the negotiations, were either disinterested in the process or did not have the authority to represent their constituency.

Generally it was the opinion of those surveyed that the appropriate persons for the issue areas were involved in the negotiation, at least for the Federal and local teams. It was indicated that the state could have had representatives with greater authority involved in the process.... [34]

Furthermore, apparently the state was conspicuous in its lack of visibility on most issues. [35]

Another representation problem was that the state and federal team each had difficulty acting in a unified manner. This led to frequent disagreements on particular
agenda items. [36] The evaluation of the NIS attributes this problem in attaining team cohesiveness to the lack of support or mandate from the executive level. [37] On the other hand, the Mediator believes that the real problem, at least at the federal level, was that the players were unfamiliar with the idea of coordinating the responsibilities and concerns of the various agencies they represented; they had never before tried to work together in this type of process. [38]

The Columbus NIS benefitted from on-going team building on all three teams. The Kettering Foundation and Ford Foundation provided resources for inside technical assistance to facilitate team building activities.

The local and federal teams failed to consistently report back to their constituencies, although the federal team did report back near the end of the process. The state team consistently reported back to their constituencies. [39]

Access to Information and Joint Fact-Finding

The public was not well-informed about the NIS and the issues that were being addressed until well into the process. This shortcoming reflects the continuing difficulty of securing press coverage of negotiations in general. The media tends not to be interested in the process until a final agreement is reached. [40]
To the extent that the participants shared information with each other, the results were positive.

Many of the participants believed the process of having all three teams at the same table was the most valuable aspect of the N.I.S. It improved communication between the levels of government, broadening understanding of other issue areas, and "was a successful teaching effort." Having to develop a coordinated agenda also improved intra-level communication and understanding. [41]

However, there was also some frustration over the federal participants refusal to openly discuss the possibility of alternatives to existing federal resource allocation procedures. For example, the Mayor cited "the refusal by some people to discuss issues because of existing laws, previous decisions, or fear of making a mistake and compromising their agency" as a cause of frustration. [42]

Mediation

During the negotiations, the mediators played a very active role. While trying to avoid voicing their own views on the substantive issues under discussion, they attempted to frame and clarify questions, identify tradeoffs, and facilitate discussions. [43]

Most of the N.I.S. participants thought that the role of the mediator was essential, or at least helpful. Many mentioned that Larry Susskind was an active mediator and guided agendas and negotiations toward his biases. However, few thought that he was excessive in this, or that his activism was a negative point. It was generally perceived that he kept negotiations on track by clarifying issues and stimulating action. Some believed that his active role was necessary to keep things going. After all,
teams could always refuse to follow his suggestions. [44]

Negotiation Skills

None of the teams received special training in negotiation skills. However, given that all participants were government officials, it is likely that they all had prior negotiation experience. It is usually only citizen participants who need extra training to allow them to effectively participate in the negotiations.

Ample Time for Negotiations

Based on the information available, it appears that there were no complaints about the amount of time spent on the negotiations.

Implementation of the Agreement

Perhaps the greatest flaw in the Columbus NIS is that the agreement has proven difficult to implement. This is partially due to budgetary problems at both the state and federal level and to changes in federal policies regarding resource allocation. There has also been widespread agreement that better follow-up procedures, including periodic re-negotiation sessions are necessary to ensure implementation of the agreement. [45]

There was no mechanism which bound a signatory to perform as agreed; compliance rested on good faith. The team leaders were to see that their organizations
followed through on their agreement points. But, as noted previously, the Federal Regional Council had no authority to compel federal agencies to act on the promises made. Lacking support from the Governor, it is unlikely that the state would have been able to deliver on all of its agreements. A number of respondents felt that some participants entered into agreements with no intention of following through to implementation since they had no final authority. If the agreement were to have been more binding, higher levels of authority would have certainly been required at both the Federal and state levels. There was good support for including legislature representation especially on long-term policy issues. [46]

Nevertheless, the evaluation indicated that as of 1982, approximately 50 percent of the actions agreed upon were implemented. The major deterrent to completion of the remaining items has been the elimination of federal programs upon which points of agreement were based. [47]
THE CONNECTICUT NIS

DESCRIPTION [48]

Whereas the Columbus NIS covered a wide range of issues, the goal of the Connecticut NIS was much more narrowly focused. The Connecticut NIS focused on the allocation of the State's federal bloc grant for social services for Fiscal Year 1984, a time when competition for the scarce resources was at its height.

The issues that were negotiated include: general objectives of the social services delivery system; definitions of social services; measures of effectiveness of service, which were deferred to an on-going negotiations process; allocations of the SSBG to services and agencies; definitions and priorities among vulnerable populations; and a continuing process for resolving future conflicts among the parties and concerns about the execution of the agreement. [49]

In Connecticut, the Office of Policy Management convinced the Governor that the NIS process would provide a creative new solution for the political dilemma of how to allocate the funds. The Governor agreed in advance to accept and recommend the results of the NIS to the state legislature. [50]

Team formation in the Connecticut NIS was much more complicated than it had been in the Columbus NIS. There were so many recipients of social service moneys with interests at stake that inviting them all to participate
was regarded as too unwieldy. Finally it was decided to bring only the two largest groups of users - the private non-profit providers and the municipalities into the process. The state was the third team. [51] Selection of the team members was also more complicated in Connecticut than it had been in Columbus, again because of the number of groups with interests at stake. The state team was composed of five representatives from fourteen different departments, boards and offices. The cities and towns decided to depend on two municipal associations to provide a team. The 800 - 1,000 non-profit service providers formed a statewide steering group to select their team members and to keep informed about and have input in the negotiations. [52] An observer team, consisting of two representatives of the United Way, two representatives of community foundations, and two representatives of the corporate sector, was also formed to improve coordination between public and private services funding. [53] However, the observers were discouraged from participating directly in the allocation process.

Virtually all the negotiations were conducted during five intensive, public negotiating sessions that were held between October and December of 1982.

Before the first full negotiating session, each team prepared their own version of the guiding principles for the allocation of the SSBG funds. During the session, the
teams agreed on both the guiding principles and on the components that should be included in the final document. At the end of the session, the teams divided up the tasks that needed to be completed prior to the next full session. For example, the non-profit team agreed to draft and circulate a preamble to the agreement; each team agreed to develop tentative service priorities; the mediator would draft and circulate the guiding principles; and each team would prepare a draft and circulate a set of criteria for evaluation and selection of service providers. [54]

At the second full session, each team was given time to explain the proposals and other work they had developed since the first full session. Next the teams negotiated service definitions and priorities. [55]

At the third full session the teams agreed to a set of criteria for the ranking of service priorities. The categories of priority ranking were also identified for the purpose of discussion. And the teams reached agreement on which services were high priority, which were medium priority, and which were low priority. [56]

At the fourth full session, the mediator distributed copies of a draft agreement that he had prepared based on the definitions and service priorities agreed to by the teams at the earlier sessions. Participants discussed the draft and identified points of disagreement. After lengthy discussion and lengthy team caucuses, a consensus on a revised allocation formula emerged. The teams then

70
divided into three working groups to work on issues that had not yet been fully resolved. [57] Full agreement on conditions and guiding principles were obtained relatively quickly. Consensus on the evaluation and selection criteria emerged slowly. Critical to final acceptance of the criteria was some sort of shared understanding regarding the structure, powers, and functions of a new tripartite structure to implement the agreement." [58] The teams were not able to reach agreement on all the particulars of the tripartite committee. And there were other issues that had to be resolved to ensure the viability of the agreement. [59]

At the the fifth session, these remaining issues (the preamble, the tripartite committee, investment of SSBG funds by service providers, and the definition of cost/benefit analysis and strategies for decreasing administrative costs) were addressed. Consensus was reached on the preamble, and the structure of the tripartite committee. However, the three remaining issues, investment of SSBG funds, payment of bills, and a possible cap on administrative costs remained unsettled. The teams agreed that these issues should be resolved by the Tripartite Committee by October 1, 1983. [60]

The final agreement was signed at this fifth session, and contained sections on the definitions of services, service priorities, allocation mechanisms, criteria for evaluation and selection of service providers, multi-year
plans and processes, and contracts and letters of agreement statements. [61] The Governor accepted the final agreement on January 25, 1983. A complete version of the final agreement can be found in the Appendix.

ANALYSIS [62]

The success of the Connecticut NIS can be reviewed by looking at how effectively the six key elements of negotiation were handled during the process.

Representation and Team Building

One of the most obvious differences between the Connecticut NIS and the Columbus NIS was the role played by federal parties. In the Columbus NIS the federal team members were crucial to the negotiations, but were not the best of participants. On the other hand, in the Connecticut NIS there was no notion of federal involvement. This was primarily because of the changed national political scene and because bloc grants are characterized by fewer federal restrictions. Although federal officials did not need to attend negotiation sessions in Connecticut, they did provide some funding for the process. [13]

According to the evaluation prepared for The Kettering Foundation, among the teams that were chosen to participate in the NIS, the individual parties involved in the negotiations felt that their team represented the
agencies and departments it was organized to represent. The agencies and the departments concurred that they were well represented by the teams. However, there was concern voiced over the representativeness of the non-profit team, apparently because of its heterogeneity and the number of parties it was to represent. Although most of the parties indicated that no parties that were crucial to the negotiations were excluded, there was concern that the legislature was not represented in the negotiations. [64]

The evaluation also pointed out that several negotiators complained that they were not included in the NIS process from the beginning.

Several of these negotiators complained that they had not been brought in earlier, perhaps while initial discussions were held with the Kettering Foundation. Their "ownership" of the process was developed, not inherent from initiation, and this, too, is a component of negotiation. They were invited to the negotiation table, not initially as equals, but that equality evolved. The two, private, nonprofit provider team spokespersons feel that they were not equals in the process until they "participated in selecting the mediator. [65]

Although the negotiating sessions were open to the public, neither citizen nor private sector actors were given a significant role in the process. According to an evaluation by Sylvia Watts, three distinct groups were excluded from the NIS: the legislature, consumer interests, and Hispanic representatives. The exclusion of these interests caused problems in ensuring smooth implementation of the agreement. [66]
Access to Information and Joint Fact-Finding

Initially municipal and private providers were at a disadvantage because they had little knowledge of existing service delivery structures, contracts, services, etc. compared to the knowledge of the nonprofit providers. However, the nonprofit providers helped these other participants learn about such matters as the need arose in the negotiations. The participants were satisfied with this arrangement.

The participants felt that the training in these areas could not have been provided without compromising the process and the results. They felt that had this training been provided, it may have circumscribed the agenda for the process by limiting knowledge and issues to those discussed. Instead, the agenda was set jointly by the three teams and the data needed to support it was generated jointly. While this may have forced participants to use some negotiation time to educate themselves about facts which were available to them even before the negotiations began, they now knew that these facts were important to them and, consequently, they were more likely to pay attention to them. [67]

On the other hand, the parties voiced complaints about the difficulty of getting data from the state. For example, the nonprofit providers and municipal teams exchanged data requests with the state at the first full session, and did not receive the data until the third session, four weeks later. As pointed out by Watts, the mediator did not intervene to eradicate the power imbalance in the negotiations. Rather he "relied on the State Team to prepare the workbook, data, and other materials. This responsibility gave the State the advantage of controlling the data by which decisions were
Despite these complaints, for the most part the parties seemed pleased with the amount of information sharing that took place. "The negotiations led to better understanding of other team's positions, and eventually moved the teams closer toward one another's positions." Yet, according to Watts, the parties primarily engaged in positional bargaining:

This approach to bargaining tended to ignore the underlying interests of the parties. In addition, the parties assumed a "fixed or diminishing pie" in deciding how to meet essential needs in the face of cutbacks. They spent little time exploring ways in which the overall amount of money available to support social services might have been increased. They did not try to invent options through which mutual gain might have been maximized, instead each competed for limited funds in a way that ignored the legitimacy of the needs expressed by his/her counterparts.

Mediation

According to the evaluation, overall, the parties to the negotiations rated the performance of the mediator very high. However, the parties pointed out several situations where the mediator could have played a more active role to help move the negotiations along.

First, although the mediator was quite active in proposing rules of order and rules for conducting the negotiations, after the rules had been set there were still misunderstandings about who would participate in the negotiations. "Ground rules should have been recorded
by the mediator earlier in the process, distributed to participants immediately, and agreement reached before proceeding." [73]

Second, although during the second full session, the mediator was active in forming the issues for negotiation, he did not allow discussion or clarification of the issues at that time. Consequently, some participants felt that several crucial issues were overlooked in the process. "With more exploration of issues at that point, participants could have focused earlier and in more depth on crucial aspects of each issue rather than relying on their general interpretations of the issue." [74]

Third, throughout the process there was confusion over terminology and thus some confusion and lack of specificity in the negotiations. The problem could have been overcome by "a more directed discussion at the beginning of the process led by the mediator in which terms are defined to the satisfaction of the participants. These terms can then be printed and distributed to participants for their use throughout the sessions." [75]

The parties to the negotiations also suggested that the NIS process could have been more structured and better managed. They suggested that the mediator play a stronger and more substantive role in the negotiations and that he pay more attention to administrative details. [76] Some of the negotiators complained that the mediator "allowed pointless, futile arguments to go on and on before intervening", "permitted irrelevant issues to impinge on
the process", "failed to record all understandings", and "rushed the teams." [77] Watts critiqued the mediator's performance more harshly than the parties:

There are several things that the mediator did not do which could have made the negotiations a better process and produced a better outcome. They are the following: he failed to provide the necessary training and orientation; (2) he failed to involve all interests adequately; (3) he alligned with the party that appeared most powerful; (4) he failed to use the appropriate facilitative skills; (5) he failed to utilize other intervention strategies; (6) he failed to employ his mediation team in a more constructive manner; and (7) he failed to develop a final agreement which is fair, efficient, and implementable. [78]

Negotiation Skills

Participants suggested that more orientation would have been helpful. [79] All teams rated the state team the most influential in the NIS. To the extent that the state's influence was due to superior negotiations skills, it may have been helpful to provide negotiation training to other participants to equalize the balance of power.

On the other hand, there was also the concern that providing training in mediation, negotiation, or the substance of the issues to be discussed could limit the range of issues to be discussed to those in which training was provided. [80] However, this concern seems to relate more to substantive training than to training in negotiation skills. Although most participants felt that they had intuitive or learned negotiation skills
which sufficed, several expressed some need for additional training. Watts suggests that procedural training could have focused on more efficient negotiating techniques and alternatives to the win/lose orientation of the parties. [81]

Ample Time for Negotiations

Participants in the NIS suggested that more time was needed for the negotiations. The time constraints were particularly difficult for the private, non-profit providers. Because they were service providers, not just administrators (as were many of the other participants), they had to balance the NIS activities with their client needs. [82] According to Watts, important items that were excluded from the final agreement could have been included under a more realistic time frame. [83]

Virtually all of the participants indicated that the NIS process took more time than previous allocation processes. The NIS process required about ten person days per negotiator in joint meetings, plus two to three times that amount of time in intra-team meetings, and other individual meetings and conversations. Yet, almost all of the participants felt that the time was worthwhile. [84]

Implementation of the Agreement

The State of Connecticut has demonstrated an
effective process for taking responsibility for allocating the SSBG. The process resulted in: (1) a politically-acceptable one-year allocation of the SSBG; (2) a framework for future years' decision-making regarding the SSBG; and (3) identification of key issues requiring resolution through the continuing process. [85]

Despite the praise which the process has received, the ultimate question that must be asked is whether the agreement can be implemented. Watts pointed out three reasons why the agreement does not seem fair, efficient, or easily implemented: First, the language of the agreement was vague; Second, there are no incentives for the parties to keep their agreements; Third, the agreement fails to include compliance mechanisms. [86] Furthermore, other critics have pointed out that no timetable for implementation of the agreement was specified and the mediator did not assume any responsibility for monitoring of the final agreement. [87]
Despite the fact that the Columbus NIS and Connecticut NIS have been labeled successes, as the previous analyses have indicated, they have not been flawless. As with most processes, each time the NIS is used to solve disputes over resource allocation, it is likely that changes will be made to overcome failures in previous applications. The Connecticut NIS attempted to incorporate process improvements to build on the experience from the Columbus NIS. And, even more process improvements have been attempted in the most recent application of the NIS at the Massachusetts Department of Social Services (DSS). In this section, the DSS NIS will be described and analyzed to demonstrate the process innovations that were developed to overcome the weaknesses of both the Columbus and Connecticut negotiations.

DESCRIPTION [88]

In July, 1984, the Massachusetts Department of Social Services decided to use the NIS process to help set budget priorities for the allocation of funds for one of its social service programs -- The Public Private Partnership Program (4P Program). Over 100 parties, representing a full range of constituent groups including consumer and citizen representatives, participated directly in the negotiations. [89]
The 4P program is jointly funded by state and private donors (including private foundations, companies, and municipal governments). Donor contributions are matched by the state on a 3 to 1 basis. In other words, 75% of the funding for 4P services is provided by the state, and 25% is provided by the donors. [90]

The 4P program and its predecessors had, over time, become very popular among contributors because they allowed contributors to direct their donations to their favorite services. Indeed, the current 4P program allows donors to explicitly earmark their donations for specific providers. [91] Unfortunately, the favorite services of the contributors do not always coincide with the greatest needs of the state.

In FY 1984, total spending for 4P services reached $13.2 million in state funds and $4.4 million in private funds. Over half the FY 84 budget was used for counseling services and one quarter was used for day care. Other funded services included camping, services for abused women, information and referral assistance to match clients with other assistance programs, legal aid, mediation, homemaking services, and family planning. [92]

In 1984, the DSS came under the direction of a New Commissioner of Social Services. The Commissioner was concerned about the rigidity of the 4P service mix and the geographic distribution of 4P dollars. She also wanted to ensure that 4P funds were spent in a manner consistent
with the state's overall social service priorities. [93]

After a series of informal conversations among senior staff in the Department of Social Services, the Commissioner decided to initiate an NIS to review and revise budget priorities for the 4P Program. In March, 1984, the Department issued a formal proposal for a 7-month negotiation among the following four negotiation teams: 1) a donors team representing the municipalities, the United Way, and other agencies and foundations which provided the 25% private match for the 4P services; 2) a providers team, representing those who delivered 4P services under contract to the state; 3) a client and citizen advocates team representing the recipients of 4P services as well as the general public; and 4) a DSS team representing the Commissioner, DSS staff, and the DSS as a whole. [94]

Twenty "organizers" were chosen by constituent groups and the Commissioner to help select team members, a mediator, and support staff for the teams and to negotiate a detailed work program. Once the four teams were defined, the organizers began to mobilize their teams. For the DSS team, the Commissioner invited all interested area and regional staff to attend a June organizational meeting. Over the course of this and subsequent meetings, a three-tiered negotiating team was set up. A 25-person negotiating team represented the department at the negotiating table. The negotiation team was composed of three representatives from the six DSS regions, three
from the Central Office, and four at-large to fill in the gaps (to ensure racial, gender, and occupational representation). The negotiating team reported periodically to a 50-person Steering Committee which was composed of one person from each area and regional office. In addition, periodic updates were mailed to approximately 500 people on the DSS Mailing List. [95]

The provider team was more difficult to organize. the existing state association of providers mailed a newsletter to the provider community. After several regional meetings, individual regions selected their own representatives. Additional representatives were located with the help of a strong state-wide providers network. [96]

The Client/Citizens Team was composed of a group of concerned and informed Massachusetts citizens who represented diverse program interests, geographical interests, and minority and handicapped groups. [97]

The Donors or Partners Team included 22 members representing United Way, Municipalities, corporations and foundations.

The Commissioner and Organizing Committee next selected a mediator. The mediator, in turn, recruited staff for a "mediation team". [98]

In mid-July, the mediator conducted a half-day training session for all team members. The participants learned about other NISs and about negotiation skills.
They also participated in a negotiation exercise designed to help them improve their individual negotiating skills.

[99] There were also two subsequent training workshops for the co-leaders of each team. Assistant mediators were assigned to each team and funds were set aside for each team to hire an administrative staff person. [100]

The first full negotiating session took place in late July. The teams tentatively agreed to groundrules governing the negotiation and identified seven agenda items. Each team designated 1 - 2 representatives to serve on "Issue Committees" for each agenda item. These committees were instructed to conduct initial fact-finding and to develop and prepare preliminary recommendations which served as negotiating texts for the full negotiation sessions. [101]

For the next two months, most of the activity took place in the Issue Committee meetings or private Team Meetings. The draft recommendations of the issue committees were reviewed and negotiated within the teams. From October 1984 through February 1985, full negotiation sessions, lasting either a half day or all day, took place approximately every three weeks. In March 1985, at the last full session, the teams reached agreement in principle on the provisions of the extensive agreement. As the Mediation Staff translated the team member's commitments into a formal document, some confusion over the final wording surfaced. To eliminate this confusion, the teams met separately over the next few months and
negotiated final changes in the language through the mail. In addition, the Partners and the Providers used these months to circulate the draft final agreement among their constituents before the signing ceremony. [102] The agreement was signed in February, 1986 and is included in the Appendix.

The final agreement included more than 60 recommendations regarding proposed changes in the 4P Program. These fall into six categories:

1) the roles and responsibilities of the key parties involved in the 4P partnership.

For example, the parties developed recommendations aimed at strengthening advisory boards and creating new regional advisory boards.

2) the process for conducting needs assessments.

For example, the parties recommended that comprehensive needs assessment be conducted once every three years, and that annual updates be used to verify suspected changes in the needs of selected target groups.

3) the request-for-proposal process.

For example, the parties agreed on modifications in the timing of RFP's and dissemination of information about RFP's, and agreed to open bid all new monies to stimulate new initiatives.

4) contract monitoring and evaluation procedures.

For example, the parties agreed on new guidelines regarding notice requirements and the dissemination of
information obtained through the monitoring and evaluation process.

5) strategies for meeting the needs of minority and rural underserved populations.

For example, the parties agreed that funds to underwrite yearly sensitivity training for providers that serve minority and underserved populations will be included in all relevant RFPs.

6) service priorities for FY 1987 and beyond.

For example, the parties agreed that improving services to the underserved, increasing local discretion, and working towards wage parity should be the overriding consideration in guiding future 4P allocations.

ANALYSIS [103]

The DSS NIS was characterized by several process innovations that were designed to explicitly respond to the shortcomings of the Columbus and Connecticut NISs

Representation and Team Building

In both the Columbus and the Connecticut NISs, there were limited opportunities for citizen or private interest groups to actively participate in the negotiations over resource allocation, despite the fact that the outcome of the negotiations would have a definite impact on them. The DSS NIS was designed for maximum consumer and citizen participation. Indeed, all parties with a stake in the
outcome of the process were invited to either sit at or have their interests represented at the negotiation table by joining a negotiation team. These included partners and providers who had an existing financial stake in the 4P Program as well as academics and consumer organizations interested in seeing more responsive state government. Furthermore, every effort was made to try to eliminate any financial barriers to participation. Staff resources, as well as grants totalling between $10,000 and $20,000, were provided to all teams to help them defray the costs of organizing, meeting, and travelling. [104]

Yet, many participants didn't really feel part of the teams organized for the purposes of the negotiations. [105] One problem that emerged in the NIS was how to involve citizens who weren't already clients. The best possible solution was to combine the citizen and client advocates into a single negotiation team even though their concerns were somewhat different. The reasons suggested for this grouping were that the citizen and client advocates had few resources and that there might not be sufficient interest among the general public to sustain an independent citizens' negotiating team. [106] Nevertheless, by combining these two groups in one team, to the extent that their interests diverged, the interests of either may have been poorly represented.

In the Columbus NIS, some of the parties involved in the negotiations either were disinterested in the process
or had no real authority to bind the organization they represented to the agreement. These shortcomings were overcome in the Connecticut and DSS NISs to a great extent. However, in all three of the cases, the legislature was not a participant in the negotiations. While it is true that once an NIS is completed, it is usually to the advantage of the legislature to support the result, it would be best to encourage more active participation from the legislature to ensure that the concerns of the legislature are addressed. This would reduce the possibility of a legislative veto of the agreement. How to involve the legislature in the NIS continues to be a logistical problem because it is not clear what team they should participate on. The DSS NIS made continuous attempts to secure legislative involvement to the extent possible. The Secretary of Human Services held a meeting with key legislators to inform them of the DSS process. Legislators were also notified of all meetings and were sent reports throughout the negotiations. [107]

In the Connecticut NIS, several participants complained that they were not involved in the initial decision-making regarding the NIS process. This problem was repeated in the DSS NIS. The Department of Social Services decided on the composition and number of teams, apparently without input from other participants.

One characteristic of the Columbus NIS was the lack of communication and cohesiveness within each team. The
DSS NIS was designed to overcome this problem by placing a greater emphasis on team meetings and by providing more opportunities for mediation support in the team meetings. For example, assistant mediators were assigned to work with each team to facilitate internal team caucusing and to help the teams reach internal consensus before meeting with the others at the full negotiating sessions. Furthermore, ongoing team-building was used to create more cohesive and representative teams.

Access to Information and Joint Fact Finding

In the Columbus NIS, the participants expressed frustration about the federal participants' reluctance to provide information about existing rules and regulations. In the Connecticut NIS, the participants expressed similar frustration about the state participants' reluctance to make data quickly available. To avoid such problems in the DSS NIS, the mediator hired a research assistant to provide detailed factual information to the parties on request. [109]

There was also much more information-sharing among participants in the DSS NIS. For example, the DSS initiated an in-house survey to identify those services viewed as most important by agency staff. The results of this survey were used to target five broad services for special priority over the next several years.[110]
Not only was more information shared within the DSS NIS, but there was also more information made available to the public at large. For example, the mediation staff and team members made a special effort to keep all interested non-participants informed of the progress of the negotiations. The mediator issued periodic published reports summarizing the results of each part of the negotiations. These reports were mailed to several thousand organizations at the request of the four negotiating teams. [111]

Mediation

In the Columbus NIS, the mediator played a very active role in the negotiations process and the participants seemed pleased that he had. On the other hand, in the Connecticut NIS, when the mediator played a more passive role, several participants had complaints. These included confusion over terminology, not enough discussion or clarification of issues, and not enough attention to administrative details.

In order to overcome such shortcomings in the DSS NIS, the mediator and his staff played an active role in the negotiations. Not only did the mediation staff provide necessary information to participants, and provide extra mediation for team meetings, but they also paid close attention to administrative details. For example, the mediator hired an administrative coordinator to manage
the day to day activities of the negotiations such as scheduling, mailings, responding to inquiries, recording the minutes of full negotiation sessions. The mediator also redirected some of the funds initially designated for the mediator and his staff, to the teams, to pay for each team's staff support, telephone, and in some cases in-state travel expenses. [112] Also, the mediation team worked hard to protect the fairness of the process:

They offered to play an independent fact-finding role when the parties disagreed on past trends in allocations. They helped the teams report back to their constituents on a regular basis. They questioned the participants to be sure that all the legitimate interests were represented at the negotiations table, they recorded the minutes of the negotiation sessions to create a "public record" should anyone wish to know what transpired. Finally, they assisted in the presentation of successive drafts of the written agreement. The presence of the mediation team helped to shape the perceptions of both those inside and outside the process regarding the fairness of the negotiations. [113]

Negotiation Skills

In the Connecticut NIS and the Columbus NIS, there was little opportunity for the participants to learn how to be effective negotiators. Given that most participants in these negotiations were government officials, perhaps they were already familiar with negotiations skills. However, in the DSS NIS because the participants ranged from citizens to public officials there was great diversity in the amount of prior negotiations experience of the participants. For this reason, a negotiation training
session was a necessary step in the ongoing attempts to equalize bargaining power of the participants.

Prior to the negotiations, the mediator conducted a half-day training session during which team members learned about other NIS efforts in public sector disputes. They also learned about the elements of "principled negotiation", and participated in a negotiation exercise to help them improve their individual negotiating skills. [114] There were also two subsequent training workshops for the co-leaders of each team. [115]

Ample Time for Negotiation

In the Connecticut NIS, participants with competing demands on their time, found the negotiations schedule very difficult to meet. The DSS NIS was organized to take such time constraints into account. For example, six months were allowed to pass between the final negotiating session and the formal signing ceremony to allow team members an opportunity to review the draft with their constituents. [116] Yet, full day negotiating sessions were difficult for citizens to attend. In order to compensate for this shortcoming, consumer advocates were included in the process to represent citizens who could not attend. [117]

The DSS NIS was enormously time consuming and participants had very different reactions to this:
In formal post-negotiation questionnaires, about one third of the participants complained that too little was accomplished at too great a cost in contributed time. About one third of the participants were pleased with both the outcome and the process. The remaining one-third either expressed no strong opinion or expressed skepticism regarding the possible implementation of the agreement. [118]

Implementation of the Agreement

In the Columbus and Connecticut NISs it was particularly obvious that there is a need for follow-up implementation procedures and periodic renegotiations in order to bring about the execution of the agreement.

In the DSS NIS, it was agreed from the outset that the final agreement would be viewed only as a set of recommendations to DSS, not a legally binding contract. [119] However, the process gave the Commissioner an agreement that was not likely to be subject to hostile lobbying in the legislature when the proposed changes in priority were announced. This is because all parties with interests at stake were invited to participate in the negotiations process.

The final agreement included several provisions designed to ensure the timely implementation of the agreement. For example, team members agreed to meet at least twice within a year of the date of the signing of the agreement to review the progress on implementation. Furthermore, the DSS agreed to distribute the published agreement and an updated progress report annually to all team members and to a host of other DSS, partner,
provider, and citizen representatives. The other participants agreed to seek administrative remedies if any part of the agreement is ignored or violated. [112] Unfortunately, it is still too early to judge the success of the DSS NIS in terms of implementation to see for sure if these innovations have overcome previous NIS implementation shortcomings.
CHAPTER IV

OBSTACLES TO THE WIDESPREAD USE OF CONSENSUS BUILDING NEGOTIATIONS IN THE BUDGETARY PROCESS

The preceding analyses of the Columbus, Connecticut, and Massachusetts Department of Social Services NISs, demonstrate some of the advantages and disadvantages of using a more explicit negotiations approach as a supplement to the formal budgetary process. After looking chronologically at the three applications of the NIS procedure, it is apparent that budgetary negotiation has improved with experience. Indeed, the DSS effort incorporated several process innovations that were explicitly designed to overcome some of the shortcomings in previous NISs. Furthermore, it is apparent that consensus building can be used to supplement formal administrative procedures in a variety of settings. However, despite the process innovations that were initiated in the DSS NIS, there are still several obstacles that must be overcome if consensus building negotiations are to be used more regularly.

Because such negotiations are a relatively recent phenomenon, scholars and practitioners have had little time to study the obstacles to more widespread use. However, I believe that the obstacles to budgetary negotiations are analogous to the obstacles identified in more generic studies of mediated negotiation. These obstacles fall into two categories: political obstacles,
and obstacles to institutionalization. Indeed, included
within these broad categories are many of the same
concerns that surfaced in the analyses of the NISs:
Should citizens be represented? What should be the role
of the mediator? Will the agreement be implemented?

While it is beyond the scope of this Chapter to
detail all the obstacles to budgetary negotiations, the
following overview should suggest to the reader, the types
of problems that may be encountered in widespread use of
consensus building negotiations in the budgetary process.

It should be noted at the outset that there appear to
be few legal obstacles to budgetary negotiations. While
any budgetary process must operate within the constraints
on outcome, procedure, and use of federal funds outlined
in Chapter I, a mediated approach to budgetary policy
making does not seem to trigger any additional legal
constraints. Several reasons have been suggested to
explain why mediated agreements need not be subjected to
close scrutiny. For example, Folberg and Taylor claim
that:

There are several safeguards relating to the fairness
of mediation outcomes. The principle safeguard is
the presence of a skilled and reasonable mediator - a
knowledgeable third party to help the disputants
evaluate their relative positions so that they can
make reasoned decisions that seem fair to them after
considering all relevant factors. The mediator
serves as a check, though not necessarily a
guarantor, against intimidation and overreaching....

A second check on the fairness of a mediated
agreement is ... legal review and processing.
Independent legal review is a necessity in divorce
settlements, labor contracts, enviromental issues,
and other legally oriented and complex disputes...

POLITICAL OBSTACLES

There are several political obstacles to more widespread use of consensus building negotiations of the sort described in this thesis.

One of the most difficult political obstacles to overcome is the representation problem. First, it is essential that all parties with interests at stake are contacted and invited to participate in the negotiations. Second, it is essential that all parties are represented at the negotiations sessions by an appropriate spokesperson. "(S)ince the effectiveness of a negotiated agreement often depends on the ability of representatives to reflect accurately and respond effectively to the needs, priorities, values, and interests of the groups involved, the selection of the spokespersons is critical."

Unfortunately, it is extremely difficult to organize teams to represent diverse interests. This was certainly the case in the NIS examples discussed in the last chapter. In an attempt to mitigate the problem, The DSS NIS was designed to allow for ongoing team building throughout the negotiations. Yet, new team members could only participate via one of the four preexisting teams even if none of these teams adequately represented their needs.

It is clear that representation remains one of the most difficult obstacles to overcome in consensus
building negotiations. Yet, it is not an obstacle that should preclude the use of such processes. Consensus building negotiations can still be designed to represent a more diverse group of interests than are currently represented in the traditional administrative processes or in the courts. Indeed, parties are not precluded from ultimately going to court if they feel the representativeness of an alternative process has broken down.

A second political obstacle to widespread use of budgetary negotiations is the fear of cooptation. The fear of cooptation in mediated negotiation is the fear that unless an agency decision is subject to judicial review, the agency may cut deals with particular interest groups at the expense of the public at large. [3] However, there are many safeguards built into mediated negotiation to guard against just such an occurrence. For example, in the DSS NIS, all negotiating teams were granted the power to veto or block any final agreement. If negotiations appeared to be progressing poorly, or if a team felt they were being coopted, they could simply walk out of the process. [4]

A requirement of unanimity is necessary because an affected interest is likely to feel inhibited from participating in a group discussion if it feels it can be outvoted. The interest may feel that it has more power by forcing the use of a hybrid process or a political process. Mandating unanimity protects that power. [5]

Of course, an individual may have less power in this respect than the team as a whole. While it can be argued
that any individual has the alternative to drop out of a mediated process and lobby or litigate in order to be heard, in actuality, these latter choices are often not available to the neediest because they are time consuming and expensive.

Mediated negotiation may do little to correct the injustices in the distribution of wealth and power in our society, but it can improve the position of disadvantaged groups through access to information and joint fact-finding and other process innovations. To a large extent, this change in relative position of the parties depends upon how active the mediator is in the negotiations process. For example:

Since a lack of information is often a major weakness of less powerful groups, especially in technologically sophisticated disputes, increased access to information may represent a significant gain. The extent to which information is actually shared may depend on the ability of the mediator to encourage cooperation. Nevertheless, mediated negotiation at least offers an opportunity for information sharing not available in adversarial proceedings. Mediated negotiation is also less costly than sustained political action or litigation. [6]

A third political obstacle to budgetary negotiations is the unwillingness of elected officials to relinquish power. Because of their power in the ultimate resolution of the dispute at hand, it is important that elected officials remain active participants throughout the entire mediated negotiation. However, "(e)lected decision makers may hesitate to participate in a mediation effort. They may feel threatened by a process that forces them to
surrender even a modicum of their authority." [7] They may have the view that if they propose negotiations they will lose the power they have over the outcome of the process. They may fear that such a proposal would be interpreted as a weakness - an inability to control a particular agency or solve the agency's problems.

Mediators can be especially useful in this situation:

Mediators are frequently used to introduce the concept of negotiation in a way that minimizes risk to conflicting parties and their representatives. By definition, mediators to some extent assume the mantle of meddlers. As such, they can begin an informal series of inquiries with persons indirectly connected to the dispute....As these discussions progress, the mediator becomes the principle advocate of negotiation. No other party or person need assume the interest based or personal risk. [8]

Elected officials may also be unsure about the propriety of participating in ad hoc negotiation in light of their legislative mandates; they may fear that mediated settlement might be challenged under the Administrative Procedure Act. [9] However, mediated negotiations have now taken place in a range of settings sufficiently wide to put most elected officials at ease. By now, it should be apparent that mediated negotiation is a supplement to the current legislative, administrative, and judicial processes, not a replacement. Mediated negotiation in no way abrogates the formal decision-making authority of elected and appointed officials:

"...mediation can be construed as an extra step in the administrative process. In drafting regulations, framing policy, or making administrative decisions, agencies can encourage face to face negotiations aided by a nonpartisan facilitator before making
decisions. This often helps to smoke out potential objections, develop allies and avoid unexpected and avoidable litigation. [10]

The final political obstacle to be addressed here is the power of obstructionists. Obstructionists are those parties who would benefit from the status quo or who feel they would lose out in the negotiations process. To deal with obstructionists, agencies must devise incentives for good faith negotiation. For example, the mediator or the courts could look suspiciously at challenges by parties who acted in bad faith in the negotiations they are subsequently challenging. Or they could send the agency the agreement that drew widest support along with the obstructionists' reasons for opposing the outcome. The agency could ignore bad faith dissents. [11]

In sum, none of these political obstacles should pose a major threat to more widespread use of consensus building negotiations in the budgetary process. Consensus building processes like the NIS can be designed in a manner to mitigate, if not overcome, the problems associated with representation, cooptation, the unwillingness of elected officials to relinquish power and obstructionists. At the very least, consensus building processes can produce a more rational approach to budgetary decision making than the approach offered by the current budgetary process and the courts.
OBSTACLES TO INSTITUTIONALIZATION

There are several obstacles to the institutionalization of mediated negotiation that prevent it from being used on a more widespread basis. These obstacles pose the most immediate threat to the widespread use of consensus building negotiations in the budgetary process; if parties in dispute are not aware of these alternative process, they will not generate the demand for such processes that is essential for securing the support of the lawmakers.

The first obstacle to the institutionalization of new consensus building processes is the lack of information about the methods and their advantages. This obstacle is particularly evident in the case of mediated negotiation. "Past experiments with mediated negotiation in the public sector have not received much attention in the press, government publications, or in the university programs that train administrators, planners and lawyers. The concept of mediation remains tied, in the public's mind, to collective bargaining, divorce proceedings, and, more recently, community disputes...." [12] Even when the parties to a dispute are aware of such alternative processes, it is often difficult for them to find them because they have not yet gained status as public institutions. [13]

The segregation of alternatives from the judicial process has other adverse consequences, such as the common absence of public funding, which sometimes
requires disputants to pay for alternative dispute resolution services even as the judicial ones are provided free. More subtle discouragements derive from the distrust that often accompanies processes that are new and unfamiliar and that appear to be unaccompanied by the legal protections that disputants have been taught over the years to value so highly. A related deterrent may be the absence of mechanisms for ensuring high standards in the provision of alternatives. [14]

One suggested means to overcome this obstacle is to develop ways of making mediation an adjunct to current public sector processes:

This might mean generating laws to add mediation to administrative processes. Judges might first rely on mediation. Citizen participation processes might incorporate mediation. We are not yet ready to write specific prescriptions, but we must begin to experiment officially rather than unofficially or on an ad hoc basis. [15]

The second obstacle to institutionalization is financial. For example, one mediator has stated: "We need a champion to push for (mediation), and a coalition of those with problems to push for it. And there is a problem of resources. For instance, the Governor of Massachusetts now supports it but there is no money. It may take some incentive, like foundation support, for it to become a reality." [16] Most public sector mediation experiments to date have been financed by private foundations. However, these funds are limited. The alternative of having one of the parties to the negotiations pay for the mediator is not a useful alternative: "The parties to a dispute may question the nonpartisanship of a mediator paid by one of the parties." [17] While there are other funding alternatives, such as
legislative support, judicial support, or some type of revolving fund, they have not yet been adequately tested.

The third and final obstacle to institutionalization is also a result of the fact that mediated negotiation is still a relatively new method of dispute resolution: The role and responsibilities of the mediator have not been clarified. It is not only difficult for disputants to locate mediators but, it is also difficult for them to know what it is they are getting once they have found one. Should they be looking for someone with substantive expertise in finance or budgeting? For a politically powerful person? (Mediator with clout?) For a process expert? What sort of skills and standing should they look for? The current ad hoc network of professionals in the field of alternative dispute resolution is not large enough to meet increased needs that would result from rapid institutionalization.

In my mind, it is these obstacles to institutionalization that pose the greatest threat to more widespread use of negotiations in the budgetary process. The profession must develop clearly identifiable standards and procedures before it will be able to encourage lawmakers to adopt new consensus building processes to supplement formal administrative procedures.
CONCLUSION

As federal transfer payments decrease, state and local governments face increasingly difficult decisions about resource allocation. The traditional budgetary process is ill equipped to deal with increasing competition for decreasing funds because of the haphazard involvement of interest groups, lack of minority representation, disjointed decision making, the inability to make tradeoffs to maximize joint gains and judicial intervention.

This thesis has examined the possible advantages and disadvantages of using mediated negotiation in the budgetary process. One model of mediated negotiation, The Negotiated Investment Strategy, was discussed along with three applications to demonstrate how a consensus building approach to resource allocation can be effectively managed to set better budgetary policy and priorities.

Budgetary negotiation is not a panacea. It will not in and of itself eradicate inequitable or inefficient budgetary outcomes. Rather its success depends upon how effectively the six key elements of negotiation are handled in the process. These elements are representation and team building, access to information and joint fact finding, mediation, negotiation skills, ample time for negotiations, and implementation of the agreement.

Furthermore, there are political and institutional obstacles to widespread use of consensus building
negotiations in the budgetary process. However, in my view these obstacles can be overcome, provided that professionals in the field identify standards and procedures to increase the credibility and legitimacy of the processes they advocate. Only then will the way be paved for institutionalization of budgetary negotiations to supplement formal administrative procedures.
FOOTNOTES

INTRODUCTION


4. St. Paul, Minnesota; Columbus, Ohio; Gary, Indiana; Connecticut; Massachusetts Department of Social Services.

5. For a discussion of how cities and towns in Massachusetts have coped with mandated tax rates and reductions in revenue, see Proposition 2 1/2: Its Impact on Massachusetts, prepared by the Impact: 2 1/2 Project at M.I.T., Lawrence E. Susskind, ed. 1983.

CHAPTER I


3. Id.

4. One example is the Gramm-Rudman Bill. S. 1702, 99th Cong., 1st Sess. (1985). This bill called for an amendment to the Congressional Budget and Impoundment Act of 1974 to require a graduated reduction of the federal budget deficit and to establish emergency procedures to avoid unanticipated deficits.


107


11. Stewart, p.28.


17. Stewart, p. 930.


22. Id.


25. 31 U.S.C.A S.1301 et seq.


29. Id.

30. Id.


32. Id. p. 63.

33. Id. p. 66.


35. Dye, p. 68.

36. Stewart, p. 954.

37. Stewart, p. 955.

38. Id.


40. DiNitto and Dye, p. 36.

41. Dye, p. 496.

42. Dye, p. 497.


44. Wildavsvy, p. 10.

45. Wildavsky, p. 15.

46. Wildavsky, p. 136-137.

47. Sharkansky, p. 5.

48. Id. p. 6.

49. Id. p. 49.

50. Id.

51. Id.

52. Id. p. 50.
53. Dye, p. 53.

54. Id. p. 498-99.


56. Id. p. 56.

CHAPTER II


2. Id. p. 2.


5. Id. p. 96.

6. Id. p. 60.


8. Meltsner, p. 177.

9. Id. p. 178.

10. Id. p. 182.


14. Wildavsky, p. 34.

15. Sharkansky, p. 49.

16. Id. p. 97.

17. Id.


19. Id. p. 498.


24. Id. p. 1291-95.

25. Id. p. 1293.

26. Id. p. 1294-95.

27. Susskind, p. 2.


29. Id. p. 939.


31. Id. p. 1.

CHAPTER III

1. Susskind and Ozawa, p. 2.


16. Because I was not present at the NISs, my analysis of the three processes is based on the limited number of papers and reports available to me at the time of my research. At the beginning of the description and analysis for each NIS I will list the sources used.

17. The Description of the Columbus NIS is primarily based on:

18. Armentrout, p.5.


20. Id.

21. Id.

22. Id.

23. Armentrout, p. 5.
25. Id. p. 10.
26. Id. p. 12.
27. Id. p. 12.
28. Id. p. 13.
30. Id. p. 13.
31. The Analysis of the Columbus NIS is primarily based on the same sources noted in footnote 17.
33. Id.
34. Bertsch, p. 8.
35. Id. p. 9.
36. Id. p. 5-6.
37. Id. p. 7.
38. Discussion with Mediator Lawrence Susskind, April, 1986.
39. Id.
40. Id.
41. Bertsch, p. 11.
42. Id. p. 6.
43. Susskind and Keefe, p. 11.
44. Bertsch, p. 10.
45. Id. p. 12.
46. Id. p. 13.
47. Id. p. 4.
48. The description of the Connecticut NIS is primarily based on the following three sources:


49. Armentrout, p. 35.


51. Id.

52. Id.

53. Watts, p. 32.

54. Id. p. 33-35.

55. Id. p. 35-43.

56. Id. p. 43-45.

57. Id. p. 45-51.

58. Id. p. 47.

59. Id. p. 51.

60. Id. p 51-54.

61. Id. p. 54.

62. The analysis of the Connecticut NIS is primarily based on Armentrout and Watts, see footnote 48.

63. Armentrout, p. 7.

64. Id. p. 43-45.

65. Id. p. 19.


70. Watts, p. 98.
71. Armentrout, p. 43.
72. Id. p. 21.
73. Id.
74. Id.
75. Armentrout, p. 22.
76. Id. p. 29
77. Id. p. 49.
78. Watts, p. 113-114.
79. Armentrout, p. 29.
80. Armentrout, p. 20.
82. Armentrout, p. 88.
83. Watts, p. 123.
84. Armentrout, p. 64.
85. Armentrout, p. 29.
86. Watts, p. 120.


The description of the DSS NIS is based on an unpublished paper, "Mediating Public Agency Decision Making," by the Mediator, Lawrence Susskind.

89. Id. p. 5.
90. Id.
91. Id.
92. Id. p. 8.
93. Id. p. 8-9.
94. Id. p. 9.
95. Id. p. 11.
96. Id. p. 12.
97. Id.
98. Id.
99. Id. p. 13.
100. Discussion with Mediator, Lawrence Susskind, April, 1986.
103. Analysis of the DSS NIS is based on an unpublished paper, "Mediating Public Agency Decision Making," by the Mediator Lawrence Susskind. While an evaluation of the negotiations is underway, it was not available at the time of this writing.
105. Id. p. 17.
106. Id. p. 10-11.
109. Id. p. 29.
110. Id. p. 25.
111. Id. p. 25.
112. Id. p. 13.
113. Id. p. 25.
114. Id. p. 13.
115. Id.
117. Discussion with Mediator, Lawrence Susskind, April, 1986.

118. Id. p. 116.

CHAPTER IV


6. Susskind and Ozawa, "Mediated Negotiation in the Public Sector: The Planner as Mediator", p. 34.

7. Susskind and Ozawa, Mediated Negotiation in the Public Sector: Mediator Accountability and the Public Interest Problem", p. 275.


16. Id. p. 123.
BIBLIOGRAPHY


A NEGOTIATED INVESTMENT STRATEGY
FOR COLUMBUS, OHIO

The Agreement
This document is an Agreement executed at Columbus, Ohio on April 30, 1980 by the participants in the Negotiated Investment Strategy process (the "NIS process") relative to the City of Columbus, Ohio.

The participants in this process were the representatives of the Federal Regional Council, Region V (the "Federal Team"), the representatives of the City of Columbus (the "City" or "Local Team"), the representatives of the State of Ohio ("the State" or "State Team"), and a mediation team selected by the FRC, the State, and the City.

Nothing contained in this Agreement shall constitute or be construed to be a waiver by any Federal, State, or Local agency of its statutory or regulatory provisions, guidelines, or procedures, except as noted specifically in the text that follows.

The signatories to this Agreement commit themselves and the agencies, organizations, and interests they represent to implement all of the terms of this Agreement as quickly as possible.
I. INTENT OF THIS AGREEMENT

This Agreement summarizes the results of the negotiations that have been ongoing since August 1979 between the City of Columbus, the State of Ohio, and the Federal Government (represented by the team from Region V).

The goal of this negotiation effort has been the formulation of an Investment Strategy for the City of Columbus, Ohio. Federal, State, and Local representatives, with help from a mediation team, have searched for ways of integrating their various policy objectives and programmatic goals for Columbus.

This document presents the Points of Agreement that have been reached. All the parties involved share the hope that the success of the NIS process will contribute to the emergence of a new and more effective approach to intergovernmental relations in the United States.

The NIS process was designed to be a vehicle for the integration of the policy objectives of federal, state, regional, and local governments and for taking into consideration the variations among states and specific urban areas and the importance of carefully targeting limited resources. The NIS process grows out of the National Urban Policy announced by the President of the United States in March, 1978, calling for "A New Partnership to Conserve America's Communities." The National Urban Policy -- the first in our nation's history -- sets forth nine objectives:
1. Encourage and support efforts to improve local planning and management capacity, and the effectiveness of existing Federal programs, by coordinating these programs, simplifying planning requirements, reorienting resources, and reducing paperwork.

2. Encourage states to become partners in assisting urban areas.

3. Stimulate greater involvement by neighborhood organizations and voluntary associations.

4. Provide fiscal relief to the most hard-pressed communities.

5. Provide strong incentives to attract private investment to distressed communities.

6. Provide employment opportunities, primarily in the private sector, to the long-term unemployed and disadvantaged in urban areas.

7. Increase access to opportunity for those disadvantaged by a history of discrimination.

8. Expand and improve social and health services to disadvantaged people in cities, counties, and other communities.

9. Improve the urban physical environment and the cultural and aesthetic aspects of urban life.
II. AGENDA OF TOPICS COVERED BY THIS AGREEMENT

The agenda of concerns which the NIS process addressed included:

(1) The need to improve the public transportation system through more flexible approaches to the planning and programming of federally funded transportation services, facilities, and equipment and through such specific items as the resolution of the I-670 question, ensuring the viability of C.O.T.A., and increasing private investments in "joint development" projects.

(2) The need to appropriately balance fair share housing objectives, low and moderate income housing needs, and displacement concerns with neighborhood development and redevelopment priorities, historic preservation goals, and other city development objectives.

(3) Maximizing the federal social service entitlements available to the Columbus area (i.e. through more imaginative matching strategies). Examples include the following: rearranging how medical transportation is paid for; use of federal matching funds for child support enforcement; and use of federal general revenue as match.

(4) Maximizing and coordinating the use of federal, state, and local resources to leverage additional private investment and minority business development in existing activity centers in Columbus. This would include improved mechanisms for both initial development and utilization of minority businesses.

(5) Expediting local water quality management and facilities planning and coordinating them with regional planning for future growth and the control of urban sprawl.

(6) Enabling federal and state aid for housing and human services to low and moderate income individuals and other special needs populations to be dispersed throughout the city and not confined to just those individuals concentrated in particular neighborhoods.

(7) Maximizing the effective use of CETA funds through (a) greater cooperation and coordination at the federal level between the Department of Labor and other federal agencies in assisting in the implementation of programs in the prime sponsor's area; and (b) improving the use of public and private funds through more effective state-local coordination and through more flexible application of CETA and other program guidelines concerning pre-job training and private sector involvement.
(8) Ensuring that public service-providing agencies at the federal, state, and local levels exercise sufficient flexibility within their statutory mandates, regulations, guidelines, and procedures, to provide adequate services to special needs populations.
III. POINTS OF AGREEMENT

A. TRANSPORTATION

NIS negotiations concerning transportation investments in the Columbus area covered six separate items: (1) strategies for increasing the level of federal aid for highway and mass transit improvements in the Columbus area; (2) strategies for increasing the level of state aid for highway and mass transit improvements; (3) strategies for strengthening the transportation planning process and making it more flexible; (4) approaches to expediting the I-670 decision; (5) strategies for promoting private sector participation in energy saving efforts such as car pooling and staggered work hours; and (6) approaches to winning public support for increased funding to upgrade and expand the COTA system. The following agreements were reached:

1. The State, County and Federal agencies agree to join the city in designating a single expeditor/coordinator to hasten the completion of the revised draft EIS for I-670.

2. All three teams agree to the following concerning the I-670 issue. Continue on the present course of action with respect to developing the draft EIS, i.e., complete the draft EIS by July, 1980 instead of requiring a study of the Interstate Transfer advantages as part of the DEIS document. When the DEIS is filed for public comment a reading will be taken as to whether there is a consensus for going ahead with the project. If there is not a consensus in favor of constructing I-670 as proposed, then the City will seriously examine an Interstate Transfer. The City agrees that it has not ruled out the possibility of a transfer -- rather, that the DEIS should not be modified to study this immediately.
3. The Federal and State Teams agree to support, consistent with their legal restrictions, the Local Team's effort to mount a public education campaign aimed at explaining the need for an increase in the tax levy to support the upgrading and expansion of the COTA system.

4. Upon voter approval of the COTA levy to assure adequate local funding, the Federal Team agrees to expedite the appropriate approvals of grant applications submitted for the purchase of buses subject to appropriation actions by the Congress.

5. The Federal Team is not able to promise an increase in the federal matching share contributed for local transit and highway construction projects. Statutory limitations cannot be waived. However, the U.S. Department of Transportation is willing to provide a letter of support/"fundability" for the High Street Transitway provided the following conditions and pre-requisites are met/understood:

a. The replacement and expansion of COTA's bus fleet must be the number one priority before the U.S. Department of Transportation will consider the High Street Transitway;

b. There appears to be a definite "linkage" between the Transitway project and other objectives of the Federal Team. For example, in Columbus' downtown development proposals (III-F below), the total package will be structured to emphasize job creation for the hard-core unemployed, revitalization of the downtown area, involvement/active participation by private enterprise, and energy conservation through increased use of public transit. In view of this and the prospect of monies becoming available from the
Windfall Profits Tax, a possible funding source may arise. In that event, the project may indeed be funded by the U.S. Department of Transportation. In addition, the FRC agrees to provide its support to secure funding from other federal agencies — including the U.S. Department of Housing and Urban Development, U.S. Economic Development Administration and the U.S. Department of the Interior — to meet the above objective.

c. The U.S. Department of Transportation's letter about "fundability" can be construed as an indication that it will receive a higher priority than would otherwise be given by virtue of its linkage to the NIS objectives and on the basis of its individual merits.

6. The State, with the help of the Local Team and within the limits of available State resources, will make an effort in the next biennial budget to increase its share of matching funds to support transit authorities in Ohio.

7. The FRC (DOT) agrees to provide a letter concerning the "fundability" of the High Street Transitway by May 15, 1980.

8. In reference to agreement 5 above, these same conditions and prerequisites will apply to the East Busway, one of three alternatives under study in the
east corridor, and the North Transitway which will enter the transit alternatives study process during 1980. With this understanding, the Urban Mass Transportation Administration will provide a letter to the City/COTA regarding the "eligibility" of the two transit facilities.

9. The City agrees to secure public and private sector participation in promoting energy conservation measures such as car and van pooling, staggered work hours, park and ride commuter lots, and a downtown transit mall.

10. In conjunction with the City and the MPO, the State agrees to promote a ride-sharing program among its employees.

B. HUMAN SERVICES (defined as any service provided to an individual or family that is financed in any way by Titles IVA, XIX, or XX of the Social Security Act.)

NIS negotiations concerning human services covered strategies for increasing the level of Federal and State human services funding to the Columbus area. The following agreements were reached:

1. The State, Federal, and Local Teams will undertake a collaborative study by a tripartite committee* that will identify the steps necessary to maximize funding
for human services through federal entitlements, primarily Title XIX of the Social Security Act (Medicaid). This study will include an analysis of federal regulations governing these programs and of the State Plan for their implementation and is intended to result in the identification of those services that can be delivered to client populations in the least restrictive and least expensive environment, while still assuring quality care. This study will also include an analysis of State and Local financial expenditure patterns to determine how, collectively, these resources can legitimately be used to maximize their leveraging potential for human service entitlement funds that require non-federal matching support. Study results will be made available to the teams and mediators at the end of the study. This date is anticipated to be September 1, 1980. Each team agrees, through its appropriate members, to commit personnel to this effort commensurate to accomplishing the task in an expedient manner. In addition, the Local and State Teams will commit the necessary fiscal resources to accomplish that work best done through contract. Further, it is understood that the goal of this study is the design and implementation of one or more experimental programs in Franklin County, and that the Federal Team will support the request for a waiver of the federal requirement of
"statewideness" where the waiver is necessary to the experimental effort.

*Local Team (MESC, 648 Board, 169 Board, CSB, CWD);
State Team (OEM, MHMR, DPW, ODH, LBO); Federal Team (HEW).

2. Subject to federal approval, the State Team indicates that regulations are forthcoming regarding AFDC-Foster Care revisions. The State Team agrees to work with local and county human service planners to evaluate the potential effects of a "cap" on the allocation of AFDC-Foster Care funds.

3. The Federal Team agrees to endorse a state-local request for a waiver of the statewideness provision so that the State and Local Teams could formulate a human services investment plan for Franklin County aimed at demonstrating (on an experimental basis) new approaches to leveraging federal Medicaid funds and programming these funds in a manner most responsive to local needs.

4. The Local Team agrees that current levels of local human services investment should be maintained regardless of any increase in the leveraging of federal funds for human services that might be achieved through agreement 3 above. The Local Team agrees to produce letters from the Boards of all the key local and county social service agencies endorsing this policy.

5. The State Team agrees to the principle of maximizing federal aid and quality care at the lowest possible cost. Strategies for putting this principle into practice
are described in agreement 1 above.

C. FAIR HOUSING

NIS negotiations on Fair Housing covered several closely related points: the adequacy of Title VIII of the Civil Rights Act of 1968 as a means of ensuring open housing in Columbus and the desirability of adding further local, county, or state legislation; other affirmative steps the city, county, and state might take to help implement the principles of fair housing; and strategies for strengthening the enforcement of existing or new fair housing laws. The following agreements were reached:

1. The Federal, State, and Local Teams re-affirm their shared commitment to the goal of fair housing and to the specific intent of Title VIII of the Civil Rights Act of 1968 and agree to seek more effective ways of achieving this intent.

2. The City agrees to cooperate with and assist throughout staff and financial support the Mid-Ohio Regional Planning Commission (MORPC) in expanding and implementing MORPC's fair housing educational outreach efforts throughout the City.

3. The City agrees to continue working with Franklin County to develop a metropolitan (areawide) fair housing strategy and implementation schedule with the participation of the Housing Opportunities Center, Columbus Board of Realtors, and other groups.
currently involved in fair housing.

D. HISTORIC PRESERVATION

NIS negotiations concerning historic preservation in the Columbus area covered six items: the prospects for more direct and extensive local involvement in the federally-defined process of identifying and preserving historic and cultural resources in Columbus; the prospects for more direct and extensive local involvement in the process of identifying and preserving historic and cultural resources designated by the State Historic Preservation Office; the link between community revitalization and historic preservation; the use of easement purchases and other techniques that the City might use to maintain the facades or architecturally important buildings; the appropriateness of the Department of Interior guidelines prohibiting the use of inferior rehabilitation techniques or the destruction of fine architectural elements in the city; and the prospects for enhancing the level of professional expertise in cultural resource management at the local level. The following agreements were reached:

1. The City (Department of Development) and the State Historic Preservation Office agree to jointly study ways of minimizing displacement resulting from historic preservation.

2. The State and Federal Teams agree with the Local Team's concern that revitalization efforts should not be unnecessarily impeded because of historic preservation considerations. This agreement stems from the Federal
and State Team's view that historic preservation and rehabilitation efforts can and do enhance the prospects for effective revitalization.

3. The City agrees to consider an easement program for the maintenance of facades of buildings with outstanding architectural characteristics when it is shown through careful studies that such a program, on a case-by-case basis, would not have a detrimental effect.

4. For properties on the National Register or eligible for the National Register, the City agrees to endorse the rehabilitation standards promulgated by the Secretary of the Interior aimed at protecting fine architectural elements and prohibiting inferior rehabilitation techniques. In those few instances when these rehabilitation standards appear to prohibit the level and type of intensive reinvestment that the City deems to be in its best interests, the City agrees to work cooperatively with Federal and State agencies to seek ways of maintaining the spirit of the standards.

5. All three teams agree to the creation of an Historic Preservation Tripartite Committee charged with responsibility for devising ways of achieving greater local participation in the Federal and State planning processes and the identification and preservation of cultural resources in the City of Columbus by means of the following:

   a. The creation of a commission or council which
shall be representative of the local community and whose role shall be defined in terms of its relationship to the community and to city government.

b. The establishment of professional expertise within the city government which will serve as technical staff to the local commission.

c. The development of a mechanism whereby recommendations of the local commission will be acted upon by City Council for the purpose of preserving vital cultural resources.

d. The establishment of a formal means of interaction between the City, State, and Federal governments which shall accord appropriate status and responsibilities to the City. Such formal means shall take into consideration short-term measures to afford the City additional input and involvement in the process and explore long-term measures to delegate certain authority to the City in the determination of the eligibility process and the consideration of alternatives per adverse effect(s).

e. The identification of Federal, State, and Local funding sources and other resources to meet the greater programmatic demands -- including staffing -- resulting from any agreements reached.

6. The Federal and State Teams agree that the revised draft ordinance proposed by the Local Team (Appendix A) furthers items (a) through (d) in agreement 5 above and will serve
as the primary vehicle through which they will be implemented.

7. The City Team agrees to pursue the creation of an Historic Resources Commission whose role is defined and which is representative of the community.

8. The City agrees to adequately fund, staff, and maintain its professional expertise in the area of historic preservation and agrees that said staff shall serve as the technical staff for the Historic Resources Commission.

9. Contingent upon sufficient federal funding and approval by the Ohio Historical Society Board of Trustees and the Ohio Historic Site Preservation Advisory Board, the State Historic Preservation Office agrees to provide a $10,000 grant to assist in the establishment and/or operation of the Historic Resources Commission.

10. Based on the spirit of the Heritage Conservation and Recreation Service's process of expediting consideration under "expanded participation," the State Historic Preservation Office agrees to certify, when appropriate, to the qualifications of the Historic Resources Commission's staff, provided the pending local ordinance is approved and implemented.

11. During the short term, the State Historic Preservation Office agrees to expand the degree of local participation in the process by giving the City's Department of Development adequate opportunity to review and comment on proposals submitted to the Office. It further agrees to share the local comments with the Ohio Historic Site Preservation Advisory Board.
12. The Federal agencies endorsing the projects outlined in Section III-F of this Agreement agree to assign "lead agency" status to the City of Columbus. The Advisory Council for Historic Preservation agrees to enter into a comprehensive agreement with the City and the State Historic Preservation Office that would encompass consideration of cultural resources for all of the projects endorsed under Section III-F.

E. DISPLACEMENT

1. The Local Team agrees that it is important to work to maintain the availability of housing stock for low income households. To do this, however, the City and the County need additional financial support from the Federal and State governments (requests for support of specific projects are included in Section III-F of this Agreement. Additionally, the City agrees to reinvestigate the legality of leveraging additional funds for housing rehabilitation loans through local private lending institutions by means of its CDBG monies, and further agrees to pursue such leveraging if found to be legal.

2. Where it can be documented before the fact that Federally-sponsored activities will indirectly cause displacement of low income households, all three teams agree that an early warning system is needed to identify such situations and that a forum is required in which negotiation concerning Federal, State, and Local responses can be conducted. The FRC agrees to provide such a forum. The Local Team
agrees that it will alert the FRC when indirect displacement effects of Federal activities are projected. The State Team agrees to provide technical support to the Local Team in preparing such projections and to participate in discussions hosted by the FRC.

3. The Local Team agrees to concern itself with the displacement effects of locally-initiated (non-federally funded) projects.

4. With respect to the Section 8 Substantial Rehabilitation Program the Local Team is concerned about the "overhousing problem," i.e., the prohibition on allowing the original tenant to return to the rehabilitated unit unless the household meets specific occupancy standards. The Local Team asserts that each year many elderly households in Columbus suffer permanent displacement from their rental units due to this requirement of the program. The Federal Team asserts that it would be imprudent to permit small households to return to rehabilitated units that can accommodate larger households, as to do so would result in an underutilization of scarce publicly-assisted housing resources. Since all three teams agree that the most desirable situation is one in which tenants displaced by rehabilitation can be rehoused in their original unit or, at the very least, in the immediate neighborhood if they so desire, additional meetings will be held by HUD and the City to work out a positive means of resolving this displacement issue.
5. The City agrees to encourage housing developers to re-use existing structures whenever and wherever possible and the City agrees to make every effort to incorporate reusable structures into housing projects that it initiates.

6. The Local Team agrees to prepare a report on displacement for public distribution that analyzes the displacement problem and possible responses to it in Columbus. The State Team agrees to assist the Local Team in completing this report by December 1, 1980. The Local Team agrees that the impact of the City's zoning ordinances will be discussed in this report relative to the displacement issue.

7. The City agrees to consider increasing the maximum grant allowed for city-supported housing rehabilitation beyond the current $5,000 limit and to provide for deferred repayment of loans. The City's final position will follow the City Council's consideration of a Community Development Task Force report on this subject. At present, however, the Local Team is inclined to support an increase in the grant size limit and a provision for deferred re-payment of loans. The City will also continue its efforts to inform the public that energy-related improvements are eligible items under the housing rehabilitation program.

8. The State agrees to seek the elimination of existing constitutional obstacles to state financial participation in the delivery of housing assistance to Columbus and other cities. This will be done through the support of a constitutional amendment.
F. LEVERAGING PRIVATE INVESTMENT AND MINORITY BUSINESS DEVELOPMENT

NIS negotiations on reinvestment covered a variety of topics: the status of the City's comprehensive economic development plan; specific initiatives the City might take (with Federal and State support) to spread the economic benefits of new development across the most distressed areas and the neediest groups; strategies the City might promote (with Federal and State support) to encourage minority business development; and specific projects the City would like Federal and State help in implementing. The following agreements were reached:

1. The Federal Team agrees that the City has made significant progress toward completing comprehensive economic development plans. The City described the array of planning studies that have been completed over the past several years and discussed efforts underway to update certain components of the planning effort. The Federal Team agrees that the local planning process provided adequate opportunities for citizens and private interest groups to participate.

2. The City agrees to the State Team's suggestion that a city-wide development corporation be created to provide a boost to minority business development. In fact, the City indicated that it was in the process of completing a draft of a detailed proposal outlining the structure and operation of such a development corporation. If present thinking prevails, this development corporation would be in a position to provide risk capital to minority businesses. The Federal Team agrees to seek advice from the appropriate Federal agencies regarding the extent to which Federal funds might be available to help capitalize a city-wide development
corporation designed to boost minority business development. And the State Team agrees to provide technical assistance, if needed, in the formation of this corporation,

3. The Federal Team (HUD) states that there are no obstacles (in principle) to local governments using their CDBG funds to leverage private investment in the central business district as long as it can be shown that distressed persons will directly benefit from the funded activities.

4. In March, 1980, HUD, EDA, and SBA, after successfully administering the Neighborhood Business Revitalization Program (NBRP) in a select number of pilot cities, invited 33 new cities to participate in an expansion of the Program. The selection of those cities by the three agencies was based on whether the cities were classified as distressed under both UDAG and EDA criteria and their economic development capacity, population size, and regional distribution. With the selection of these 33 cities, no further expansion of the program was contemplated. The City of Columbus was not selected for invitation.

Subsequent to the announcement of the additional cities, Columbus, through the NIS process, has requested participation in NBRP. The Federal Team agrees that participation of Columbus in the NBRP would provide the City with needed assistance to focus on economic development and enhance its capacity to revitalize neighborhood business and commercial areas. Participation in the NBRP requires, however, strong and visible local commitment to economic development and business revitalization. The Federal Team will endorse the inclusion
of Columbus in the NBRP contingent upon the City providing the following written commitments:

a. The City must give a high priority to economic development by having in place an organizational structure capable of not only supporting the NBRP effort, but overall economic development planning, minority business participation, and planning and implementation of the EDA, SBA, and UDAG programs. Such an organizational structure must be effective and integrated or coordinated with overall city planning and development.

b. The City must seek financial commitments from the State and the private sector to support not only the NBRP, but also the minority business participation and the EDA, SBA, and UDAG programs.

c. The City must designate at least two persons to serve as loan packagers (economic development professionals) for the NBRP.

d. The City must prepare a Program Management Plan and continue development of an overall economic development strategy.

e. The City must agree to pursue alternative methods of financing economic development and business revitalization.

5. All teams agree that in the short-term, the City should focus on comprehensive urban revitalization that emphasizes downtown and neighborhood commercial center strategies in order to reinforce and complement the City's neighborhoods along with employment and minority business development. All teams agree
to continue to negotiate and/or cooperatively develop a longer-
term process for ensuring that the projects related to this objective
receive a higher priority and degree of consideration than would
otherwise be given by virtue of their linkage to the NIS process.

6. The U.S. Department of Labor (DOL) endorses those projects which
have been identified, along with local Minority Business
Development Program (Appendix B) and the City's goal of awarding
a minimum of 10.6% of all federally-assisted contracts to minority
firms and vendors and which supports the March 6, 1980 policy
statement on employment initiatives (Section III-H below). To
the extent that is applicable, DOL will assist the local CETA
Prime Sponsor in the reallocation of funds already budgeted to
provide financial assistance to projects identified on an individual
basis by the Federal and Local Teams to initiate and implement
projects with funding capabilities.

7. The City of Columbus has developed a model employment plan
integrating a commitment that ensures 20% of all jobs created as
a result of the proposed Capital South project are filled by
CETA-eligible persons (Appendix C). The City agrees further to
work toward this 20% employment initiatives goal on all NIS projects.

8. The Federal Team (especially the U.S. Department of Housing and
Urban Development), along with the Local Team, views assisted
housing as a priority. Consistent with this view, HUD agrees
to cooperate on a continuing basis with the City toward the
formulation and implementation of an assisted housing
strategy. To the extent to which such a strategy includes and
integrally depends on specific housing projects, HUD further agrees
to cooperate with the City in seeking discretionary allocations
of assisted housing resources in behalf of such specific projects
when they cannot otherwise be accommodated within the regular
allocations which accrue to the City.

9. In support of the objectives outlined in agreements 1 through
8 above the Federal and State Teams agree to endorse and support
the City of Columbus' request(s) for assistance on the following
projects (described in detail in the NIS Columbus Projects
Listing prepared by the Local Team in April, 1980 and submitted
to the Federal and State Teams) which are consistent with the
President's Urban Policy and the City's urban revitalization
strategy, provided that they remain economic development priorities
in the context of mutually agreeable strategies which are designed
to target and benefit distressed areas in the City. It is
understood that any grant amounts set forth in this agreement
represent the preliminary best judgments of the City as being
the amounts necessary or appropriate to implement the projects
listed.

Five categories of projects have been endorsed: (a) downtown
revitalization, (b) downtown access, (c) neighborhood commercial
center/strip revitalization, (d) riverfront development, and
(e) building preservation.
Downtown Revitalization

HIGH STREET DEVELOPMENT CORRIDOR

The High Street Development Corridor project is composed of five inter-related but separate elements: the High Street Transit Mall, the High Street Shuttle bus, the High Street Improvements Project, the Capital Square Improvements Project, and the Broad Street Median Project. (See #10 on map)

1. The High Street Transit Mall project is a proposal to narrow High Street from six to four lanes between Spring and Main Streets at a total cost of $17.7 million dollars. $14.2 million dollars of the project cost are currently under consideration as a matching grant from the Urban Mass Transit Administration. These improvements are intended to give priority to mass transit and pedestrians.

2. The High Street shuttle bus proposal would provide six buses of unique appearance to run between the Convention Center and the County complex. COTA has not developed detailed plans for service on the High Street Corridor but envisions expanded versions of the existing services, including a shuttle bus service. The total cost of this project is estimated at $868,320 of which $600,000 will be used to purchase new buses.

3. The High Street Improvements project, expected to begin in 1980, will provide for a series of permanent environmental improvements on the downtown portion of High Street. The improvements would include, but not be limited to: street tree planting, signage, lighting, landscaping and street furnishings. This project is expected to cost $3 million dollars and funding is being sought from the City, UMTA, EDA, and private sector assessment.

4. The Capitol Square Improvements project involves the western half of Capitol Square and both sides of the four streets bounding the square. The project calls for landscape and walkway modifications to the western or front side of the Capitol grounds and public right of way.
improvements to the adjacent streets. High Street would be improved with new curbs and sidewalks, street trees, planters, traffic control devices mounted on mast arm standards. The total cost of this project is expected to be $6.6 million dollars, of which $3.6 million is the cost of improvements to the Capitol grounds.

5. The Broad Street Median project is a proposal to construct a landscape median with trees and integrated left turn lanes along the center of Broad Street between the Scioto River and I-71. The project is expected to cost approximately $4 million dollars and would also provide street trees along both sides of Broad Street in conjunction with the median. Traffic and circulation control in the downtown, and particularly at Capitol Square, would be enhanced by this improvement.

CAPITOL SOUTH REDEVELOPMENT (UDAG)
(See #13 on map)

The block 1 Capitol South project, constitutes the first phase of redevelopment for this portion of the Capitol South Urban Redevelopment project. UDAG funds are to be utilized to build public areas. These public areas would consist of a multi level public way (galleria), a Town Square in the center of the project and a pedestrian shopping bridge spanning High Street connecting the Lazarus Department Store. The UDAG project elements would be constructed at a cost of approximately $12,000,000.

The UDAG public walkways system will link the projects main private components to one another: A $49.5 million dollar Western International Hotel; a $22 million dollar Cadillac-Fairview retail development, and; a new Lazarus parking garage and connecting walkway, and the existing Lazarus Department Store which will be remodeled at a cost of approximately $8.75 million dollars. The UDAG funding application will be coordinated with a $4.5 million dollar grant request to the Economic Development Administration. The EDA funding will be used to construct a passageway linking the State underground parking garage with the Town Square, and an above grade bridge linking the Town Square with the second block of Capital South and the improvement of the pedestrian system in the existing State House underground garage.
b. Downtown Access

**I-670 COMPLETION AND AREA REDEVELOPMENT**
(See #14 on map)

The I-670 Project is a proposal to construct six miles of six lane highway designed to serve the northeast quadrant of the City. This project will connect the downtown business district to the outerbelt (I-270) with a connector to Port Columbus. The City has narrowed the six lane alternative down to the most feasible. It is anticipated that a rough draft of the EIS for this alternative will be published by July 31, 1980. The anticipated cost of $160,000,000 will be 90% federally funded, 5% State funded and 5% City funded. The earliest possible date for construction of this project would be in the mid 1980's.

**SPRING/SANDUSKY INTERCHANGE**
(See #15 on map)

The Spring/Sandusky Interchange project is the reconstruction of portions of the inner belt loop which surrounds downtown Columbus. This particular project consists of 5 miles of 6 lane highway connecting I-670 and SR 315 in the northwest quadrant of the inner belt loop. This project was essentially redesigned beginning in late 1978 because of previously identified environmental problems and problems with alignments associated with earlier designs. Public hearings were held in early 1979 and 1980 which resulted in reducing six alternatives down to two. A best alternative will be presented to the public at a hearing in the spring of 1980. Assuming that there will be no major problems arriving at a consensus on the best alternative and no problems with environmental and detail design studies, construction could begin in 1984 or 1985.

Funding breakdown for this project is based on the 90% Federal, 5% State, and 5% City for those portions relating to I-670 and 75% Federal, 12.5% State and 12.5% City for those portions relating to S.R. 315. The total cost of this project is anticipated to be in the vicinity of $150,000,000.
c. Neighborhood Commercial Revitalization Program (NCRP)

The NCRP is a program to begin addressing commercial revitalization needs within the CDBG designated revitalization and stabilization areas based upon specific private sector business investment commitments. Of the 30 Columbus inner city commercial areas, 22 are within the revitalization and stabilization areas and would be considered within this program. Six of these 22 areas have been identified for special attention under this activity due to their unique relationships to existing CDBG designated target areas and special improvement areas, their commercial revitalization needs, and their perceived level of private sector commitment to date. These six areas are: Project #17 High Street: 5th to Goodale; Project #18, Cleveland Avenue: Hudson to Railroad; Project #19, West Broad Street: I-70 to Scioto River; Project #21, Mt. Vernon Avenue: Hamilton to Ohio; Project #23, Parsons Avenue: Broad to Bryden; and Project #24, South Parsons Avenue: Livingston to Frank Road. The Neighborhood Commercial Revitalization Program not only enhances the ability of a commercial area to continue to serve adjacent neighborhoods, it also directly supports the ongoing CDBG neighborhood revitalization activities in many of these neighborhoods. In addition, a comprehensive Neighborhood Commercial Revitalization Program with an internal jobs component can give unemployed neighborhood residents opportunities for training and placement within neighborhood commercial areas. An integral part of this program is the identification and aggressive promotion of significant minority business development opportunities.
HIGH STREET: 5TH TO GOODALE
(See #17 on map)

This project is one of the 30 inner city commercial areas identified for revitalization under the Neighborhood Commercial Revitalization Program. The proposal is to stimulate and support private revitalization of commercial properties by undertaking a series of public improvements including lighting, street furnishings, landscaping and parking. The total cost is projected to be $4.7 million. It is proposed that this project be funded by CD ($5.00M), EDA ($3.15M), and private sector assessment ($1.050M). For additional information, contact Mr. Pat Grady at 222-8546.

CLEVELAND AVENUE: HUDSON TO RAILROAD
(See #18 on map)

This project is one of the 30 inner city commercial areas identified for revitalization under the Neighborhood Commercial Revitalization Program. The proposal is to stimulate and support private sector revitalization of commercial properties by undertaking a series of public improvements including lighting, street furnishings, landscaping and parking. The total cost is projected to be $1.4 million. It is proposed that this project be funded by utilization of the existing $415 CD funds previously allocated and an additional ($100 CD) allocation with the remainder being provided from additional funding sources to be identified in the future. For additional information, contact Mr. Pat Grady at 222-8546.

WEST BROAD STREET: I-70 TO SCIOTO RIVER
(See #19 on map)

This project is one of the 30 inner city commercial areas identified for revitalization under the Neighborhood Commercial Revitalization Program. The proposal is to stimulate and support private revitalization of commercial properties by undertaking a series of public improvements including lighting, street furnishings, landscaping and parking. The total cost is projected to be $1.5 million. It is proposed that this project be funded by CD ($100M), CEDA ($1.050M), and private sector assessment ($350M). For additional information, contact Mr. Pat Grady at 222-8546.
MT. VERNON AVENUE: HAMILTON TO OHIO
(See #21 on map)

This project is one of the 30 inner city commercial areas identified for revitalization under the Neighborhood Commercial Revitalization Program. The proposal is to stimulate and support private revitalization of commercial properties by undertaking a series of public improvements including lighting, street furnishings, landscaping and parking. The total cost is projected to be $2.8 million. It is proposed that additional funds be provided for this project by CD ($0.326M), in addition to the funds already provided to the project from EDA $2.0M, HUD $0.353M, CD $0.075M, NEA $0.015M, OAC $0.0015M, City $1.0M, GCA C $0.0015M, BMIF $0.010M, Columbus Foundation $0.010M. This project includes the development of a shopping complex on the south side of Mt. Vernon Avenue at 20th Street which will be developed by NDC, the neighborhood development corporation. For additional information, contact Mr. Phil Lamax at 222-8601 or Mr. Pat Grady at 222-8546.

PARSONS AVENUE: BROAD TO BRYDEN
(See #23 on map)

This project is one of the 30 inner city commercial areas identified for revitalization under the Neighborhood Commercial Revitalization Program. The proposal is to stimulate and support private revitalization of commercial properties by undertaking a series of public improvements, including lighting, street furnishings, landscaping and parking. The total cost is projected to be $4.0 million. It is proposed that this project be funded by augmenting the existing $1.127 CD funds previously allocated to the project with EDA ($2.83M), CD ($1.00M), City ($0.080M) and private sector assessment ($0.943M). For additional information, contact Mr. Pat Grady at 222-8546.

SOUTH PARSONS AVENUE: LIVINGSTON TO FRANK
(See #24 on map)

This project is one of the 30 inner city commercial areas identified for revitalization under the Neighborhood Commercial Revitalization Program. The proposal is to stimulate and support private revitalization of commercial properties by undertaking a series of public improvements,
including lighting, street furnishings, landscaping and parking.
The total cost is projected to be $1.8 million. It is proposed
that this project be funded by CD ($500M), EDA ($850M),
and private sector assessment ($450M), in addition to the
funds ($0.005M) OAC, and ($0.005M) SBIA, already identified
for the project. For additional information contact Mr. Pat
Grady at 222-8546.

(d) Riverfront Development Program

The Riverfront Development Program will develop a continuous
open area and recreational facility consisting of several
projects along the Scioto River. These projects include:
Rickenbacker Park, Veteran's Memorial, Sunshine Park,
Westbank Scioto River Development, Bicentennial Park River
Access, Civic Center Plaza, Sandusky Interchange Bikeway,
Bikeway: Greenlawn to Sunshine, and Bicentennial Park Housing.
The Westbank Scioto River Park Development project is in ex-
underway, with 50% of the cost from HCRS and 50% from City
funds. The Civic Center Plaza Project is in the process of
securing funds; plan development was done by Godwin-
Bohm-NBBJ in 1979. The City contact for these projects is
Roger Wells, Superintendent, Division of Parks and Forestry.

RICKENBACKER PARK
(See #25 on map)

This project will include the demolition of the old Naval
Reserve Center, to make way for an Educational/Information/
Restaurant Complex. A boat launching facility will be built
which will include docks, parking, picnic areas and land-
scaping. This is a historic location as it is situated at the
confluence of the Scioto and Olentangy River. It is estimated
this project will cost $1.125 million for demolition and excava-
tion, $1.00 million for multi-use center, $0.4 million for con-
crete work, $1.30 for electrical work, $2.22 for asphalt work,
$0.10 for docks and accessories, $0.75 for landscape develop-
ment; at a total cost of $2.05 million. This is one of a series
of public and private projects to improve the Scioto Riverfront
under the Riverfront Redevelopment Program. It is proposed that
this project be funded by HCRS ($0.525M), the City ($1.025M)
and by the private sector ($0.500M).
VETERAN'S MEMORIAL RIVERBANK
(See #26 on map)

This development will include a series of paved terraces leading down to the Scioto River from the Veterans Memorial Auditorium site. Boat docking facilities and river overlooks will be included. The area will be lighted and landscaped and will tie into the west bank walkway. It is estimated this project will cost $5.5 million for demolition and excavation, $1.0 million for concrete work, $0.45 million for asphalt work, $0.15 million for electric work, and $0.1 million for landscape development; at a total cost of $2.2 million. This is one of a series of projects to improve the Scioto Riverfront public and private under the Riverfront Development Program. It is proposed that this project be funded by EDA ($1.176 M), HCRS ($0.512 M) and the City ($0.512 M).

SUNSHINE PARK
(See #27 on map)

This project includes installation of two parking lots to accommodate 35 cars which will be located at Sunshine Park and Main Street. A system of stairs and ramps will provide access to the water and fishing deck. An asphalt bikeway will connect Sunshine Park with the Greenlawn Avenue bikeway. Also included is a small lock system at the Main Street weir. This has significant historical interest as it will be reminiscent of the old canal system. It is estimated this project will cost $0.195 million for demolition and excavation, $0.5 for concrete work, $0.075 for sheet pilings, $0.115 for electrical work, $0.071 for asphalt work, and $0.025 million for landscape development; at a total cost of $0.976 million. This is one of a series of public and private projects to improve the Scioto Riverfront under the Riverfront Redevelopment Program. It is proposed that this project be funded by HCRS ($0.488 M), and the City ($0.488 M).

WESTBANK SCIOTO RIVER DEVELOPMENT
(See #28 on map)

This project extends from Town Street to I-70 on the Westbank of the Scioto River. It will include three overlooks, two of which are multi-level, concrete and asphalt walkways, lighting and landscaping. It is estimated this project will cost $0.286 million for demolition and excavation, $0.6514 million for concrete work, $0.026 million for asphalt work, $0.1297 million for electric work and $0.1 million for landscape develop-
opment; at a total cost of $1.1931 million. This is one of a series of public and private projects to improve the Scioto Riverfront under the Riverfront Redevelopment Program. It is proposed that this project be funded by HCRS ($597M), the City ($597M), and by the private sector ($500M).

**BICENTENNIAL PARK RIVER ACCESS**

(See #29 on map)

The site for this project is located immediately west of Bicentennial Park and will extend from Main Street bridge to City Hall. The development will provide access down to water level by means of two sets of stairs and a handicap ramp. The area will be lighted and a portion of the revetment will be removed for landscaping. It is estimated this project will cost $.5 million for demolition and excavation, $1.0 million for concrete work, $.1 million for electrical work, and $.35 million for landscape development; at a total cost of $1.95 million. This is one of a series of public and private projects to improve the Scioto Riverfront under the Riverfront Redevelopment Program. It is proposed that this project be funded by HCRS ($575M), the City ($575M) and by the private sector ($500M).

**CIVIC CENTER PLAZA**

(See #30 on map)

This project, a plaza located west of City Hall, includes a series of grass and paved terraces with walkways, multilevel connected pools with a major fountain, river overlook, boat docks, and landscaping. It is estimated this project will cost $1.0 million for demolition and excavation, $2.4 million for concrete work, $.8 million for electrical work, $.5 million for plumbing work, and $.3 million for landscape development; at a total cost of $5.0 million. This is one of a series of public and private projects to improve the Scioto Riverfront under the Riverfront Redevelopment Program. It is proposed that this project be funded by (HCRS $1.0M), the City ($3.0M), and by the private sector ($1.00M).

**SANDUSKY INTERCHANGE BIKEWAY**

(See #31 on map)

This bikeway project will provide a passive link between Rickenbacker Park and the Civic Center Plaza Development. A bridge will be provided for the transition from a Rickenbacker Park to the east side of the Scioto River Bank. It is
estimated this project will cost $.075 million for demolition and excavation, $.2 million for concrete work, $.3 million for asphalt work, $.15 million for lighting, and $.075 for landscape development; at a total cost of $.8 million. This is one of a series of public and private projects to improve the Scioto Riverfront under the Riverfront Redevelopment Program. It is proposed that this project be funded by HCRS ($0.50M) and the City ($0.20M).

BIKEPATH: GREENLAWN TO SUNSHINE
(See #30 on map)

This bikeway project will provide a Scioto River westshore link between Greenlawn Avenue and the West Bank Walk located north of I-70 at Sunshine Park. A passage beneath I-70 will be included. It is estimated this project will cost $.02 million for demolition and excavation, $.11 million for asphalt work, and $.07 million for concrete work; at a total cost of $.2 million. This is one of a series of public and private projects to improve the Scioto Riverfront under the Riverfront Redevelopment Program. It is proposed that this project be funded by HCRS ($0.150M) and the City ($0.050M).

BICENTENNIAL PARK HOUSING
(See #33 on map)

The Riverfront Housing proposal is to encourage the development of a high density housing environment adjacent to the Scioto River and Bicentennial Park. The next activity to be undertaken in this process is to assist developers in preparing viable project recommendations. This is being actively pursued by DOD and private developers. For additional information contact Mr. Ken Ferrell at 222-8172.

e. Building Reuse

HARRISON HOUSE RESTORATION
(See #1 on map)

Harrison House is listed on the National Register of Historic Places. The City of Columbus Department of Development, Department of Recreation and Parks, and the Columbus Landmarks Foundation, have proposed acquisition of the site,
exterior and interior rehabilitation of the main house, and a brick duplex located at the rear of the site, and site development, including walkway protection, landscaping and development of parking. The Department of Recreation and Parks agreed in February, 1980 to take title to the property, presently owned by the Society Buckeye Federal. Local option CDBG funds in the amount of $35,000 are committed for this purpose. Additional funding of $15,671 is also required by March 7, 1980 to prevent foreclosure, for payment of accumulated interest, a private loan, insurance, and land acquisition fees. At present, no commitment exists for these funds. A renovation budget of $370,000 has been developed for the Harrison House, including $80,000 for the duplex. A total of $44,000 in CDBG funds, $7,000 from a CLF donation, and $3,701 from a $6,000 O.H.P.O. grant are currently available for rehabilitation. A grant application has been submitted to E.D.A. in the amount of $750,000, and a preapplication to HCRS, under the Innovative Grant Program established by Title X of the Urban Parks and Recovery Act (UPRA) in the amount of $370,000. The UPRA grant request provides for rehabilitation, site development, and expansion of the Golden Age Hobby Shop at this location, including one staff person.

### SUMMARY OF NIS SUPPORTED AND ENDORSED PROJECTS

<table>
<thead>
<tr>
<th>Project</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Revital.</td>
<td>37.617</td>
<td>3.6</td>
<td>7.07</td>
<td>90.35</td>
<td>137.900</td>
</tr>
<tr>
<td>(H.S. Corridor)</td>
<td>(20.481)</td>
<td>(5.77)</td>
<td>(2.9)</td>
<td></td>
<td>(32.751)</td>
</tr>
<tr>
<td>(Cap. South)</td>
<td>(17.136)</td>
<td>(1.30)</td>
<td>(87.45)</td>
<td></td>
<td>(105.2)</td>
</tr>
<tr>
<td>(I-670)</td>
<td>(144.384)</td>
<td>(8.0)</td>
<td>(8.0)</td>
<td></td>
<td>(160.384)</td>
</tr>
<tr>
<td>(Sprg/Sandusky)</td>
<td>(127.425)</td>
<td>(11.438)</td>
<td>(11.438)</td>
<td></td>
<td>(150.301)</td>
</tr>
<tr>
<td>NCRP</td>
<td>12.825</td>
<td>.0015</td>
<td>1.1065</td>
<td>2.798</td>
<td>16.7295</td>
</tr>
<tr>
<td>(HS:5th to G)</td>
<td>(3.703)</td>
<td>(1.050)</td>
<td>(4.753)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Cleve. Ave.)</td>
<td>.729</td>
<td></td>
<td>(729)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(W. Broad.)</td>
<td>1.152</td>
<td></td>
<td>(1.502)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Mt. Vernon)</td>
<td>2.827</td>
<td>(.0015)</td>
<td>(1.0215)</td>
<td>(3.85)</td>
<td></td>
</tr>
<tr>
<td>(Parsons: B to B)</td>
<td>(3.059)</td>
<td>(.080)</td>
<td>(.943)</td>
<td>(3.139)</td>
<td></td>
</tr>
<tr>
<td>(S. Parsons)</td>
<td>1.355</td>
<td>(.005)</td>
<td>(.455)</td>
<td>(1.815)</td>
<td></td>
</tr>
<tr>
<td>Riverfront</td>
<td>6.335</td>
<td>6.847</td>
<td>1.5</td>
<td></td>
<td>14.682</td>
</tr>
<tr>
<td>Building Re-use</td>
<td>.476</td>
<td>.006</td>
<td>.007</td>
<td>.040</td>
<td>.529</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$329.792</td>
<td>$23.0455</td>
<td>$34.4685</td>
<td>$87.988</td>
<td>$480.5</td>
</tr>
</tbody>
</table>
10. In further support of the objectives outlined in agreements 1 through 8 above, the Federal, State, and Local Teams agree to continue discussions and negotiations following the execution of this Agreement relative to the development of strategies in support of projects described below:

**THURBER HOUSE RESTORATION**  
(See #2 on map)

The Thurber House renovation is a proposal that would rehabilitate an historic 5,000 sq. ft. residential structure and bring it up to minimum code standards at a cost of $125,000. The Thurber House, located in the heart of the Jefferson Neighborhood, and at one time the residence of James Thurber, can be found on the National Register of Historic Places. Because of its historic value, the Ohio Historic Preservation Office will grant $4,485 of funds towards the renovation effort.

This project, which is expected to begin in 1980, is projected to provide eight temporary construction jobs. However, execution is contingent upon the identification of a funding source for the bulk of the renovation.  
For additional information contact Ken Ferell at 222-8172

**STATE DEAF SCHOOL ELDERLY HOUSING REDEVELOPMENT**  
(See #3 on map)

The main elements of the Ohio School for the Deaf project include an extensive revitalization and conversion of two historic buildings into elderly housing, and the development of approximately 12 acres of new park and recreation area. This project would be a cooperative effort between the Ohio Commission on Aging, the Columbus Metropolitan Housing Authority, the Columbus Recreation and Parks Department, and the Columbus Landmarks Foundation. Primary architectural and financial feasibility studies have revealed that this project is economically feasible. It has been determined that the total project will cost approximately $10,000,000 consisting of: 242 units of HUD Section 8 Housing, $1,000,000 of Heritage Conservation & Recreation service funds for overall site and park development; $300,000 of Department of Energy funds for a solar hot water system; $200,000 of Health, Education & Welfare funds for counseling and Chore services on an annual
basis; $1,550,000 from the State of Ohio for both the
collection of a senior citizens center and social services for
that center for a two year period, and; $6,800,000 of private
funds.

SAWYER-TREVITT HEIGHTS PUBLIC HOUSING REVITALIZATION
(See #4 on map)

The Trevitt Heights proposal is to undertake interior and
exterior rehabilitation of 155 public housing units at a cost
of $700,000. This activity was originally proposed as part
of a $5.4 million HUD urban initiatives rehabilitation program
for Sawyer Tower, Sawyer Manor and Trevitt Heights public
housing projects.

Subsequent detailed cost analysis by CMHA, the public housing
authority operating the three projects, has identified the need
for an additional $700,000 to undertake the Trevitt Heights
portion of the overall rehab project.

The effort to improve conditions in the public housing area
complements a substantial local and federal effort in the
adjacent Mt. Vernon Plaza Urban Renewal Project and Mt.
Vernon South Amendatory area.

BARNETT PLAZA ELDERLY HOUSING DEVELOPMENT
(See #5 on map)

Barnett Plaza is a proposal to construct 125 units of Section 8
elderly housing. The total cost of the project is estimated at
$4.88 million. The Section 8 rent subsidy commitment being
sought would be used to document a guaranteed income and
entice private lenders to finance the mortgage for the building.
The Columbus Metropolitan Area Community Action Organiza-
tion is the proposed developer of this project.

It is estimated that 78 construction jobs and several permanent
positions will result from this activity. The next step in this
project is to secure the required Section 8 commitment. The
site identified for the project is identified in the City's approved
Housing Assistance Plan as an acceptable location.
RIVERSIDE TOWERS ELDERLY HOUSING DEVELOPMENT

Riverside Towers is a proposal to construct a 150 unit, 100% Section 8 highrise, new construction housing for the elderly consisting of 140 one bedroom units and 10 two bedroom units.

A bank, a pharmacy, and a full service grocery store would be located on the main floor of the proposed high rise.

Adjacent to the proposed high rise would be a low rise full service senior citizen center to serve the general community.

It is proposed that of the 150 units of elderly housing, 36 be reserved for tenants from state mental institutions, geriatrics who have been rehabilitated and who are capable of self care. The Ohio Department of Mental Health and Retardation has offered to participate by providing movable equipment, support services and a supplemental per diem payment for each of the 36 tenants.

The next step in this project is to secure the required Section 8 commitment.

GERMAN VILLAGE RESTORATION CAPITAL IMPROVEMENTS
(See #6 on map)

The proposed German Village Restoration Capital Improvements project is designed in recognition of the unique position of recognized historic areas such as German Village. The proposal involves the identification of resources which can supplement standard City capital improvements funds and thus support the higher costs associated with the unique improvements peculiar to these areas. Specific activities include the rebuilding and repair of brick streets and the installation of character light fixtures. It is estimated that 8000 linear feet of brick street require rebuilding and 1000 linear feet are in need of repair. The total cost of this street work is projected at $1 million. Installation of pedestrian scaled, historically appropriate lighting is projected to cost $2.0 million. For additional information contact Mr. Warthen at 222-8172.
LANDMARKS FOUNDATION REVOLVING FUND
(See #7 on map)

This program which began in 1979 is targeted to the purchase, rehabilitation and sale of abandoned historic properties in the Near East Side National Historic District. The program began in 1979 with a $40,000 grant from the Ohio Historic Preservation Office and a match of over $50,000 from the American Home Foundation, a subsidiary of State Savings. An additional $100,000 was received from CDBG funds and letters of commitment were obtained from both State Savings and Bank Ohio which allow 75-80% leveraging of these funds. So far three properties have been completed and are on the market for sale under the FHA 265 program which is targeted to low and moderate income residents. The current request to HUD is for an additional $200,000 to continue this effort. As with the previous CDBG grant, these additional funds will be leveraged at similar ratios through commitments from Bank Ohio and State Savings. CLF feels that time is of the essence in this effort due to current market price escalation in the area. Further information can be obtained by contacting Nancy Recchie at the Columbus Landmarks Foundation, 22 N. Front Street, 221-0227.

SCATTERED-SITE LOW/MODERATE INCOME SOLAR HOUSING
(See #8 on map)

This proposal is to build an affordable, passive solar, low income, resident/owner dwelling on a vacant lot using low income trainees for the construction work. After construction and sale of this first unit (price will be based on actual construction cost, primarily materials) funds generated will be used to construct an additional dwelling, etc. to create a revolving materials fund for this project. The project would benefit Columbus by providing jobs and training for low income persons, providing energy efficient low cost housing, and help revitalize blighted areas. The estimated cost of this project is $74,030 with donation of all costs for site including sewer and water taps by the City of Columbus, Ohio. The majority of construction labor will be provided as in kind. Advance funds of at least $39,000 would be required to start this project. For additional information contact Joe Ventreska at 222-8679.
THIRD STREET SCHOOL RENOVATION
(See #9 on map)

This proposal is to rehab the Third Street School, 630 S. Third St., as a part of the German Village Historic District to be used by the Greater Columbus Arts Council. The building has advantages of location, setting and size, but has experienced some physical deterioration. With a long term lease arrangement between the Columbus Board of Education and GCAC, this project could represent excellent community level adaptive re-use, and could add to the German Village historic atmosphere. A request has been submitted for a Historic Preservation Matching Grant from the Ohio Historical Society under the Department of the Interior Historic Preservation Grants Program. The Third Street School Preservation Study was prepared for GCAC by Schooley Cornelius Associates, Architects - Engineers - Planners. The proposed project cost is $196,918. For additional information contact Mr. Carl Proto at 222-7520.

PERFORMING ARTS CENTER
(See #11 on map)

The construction of the Performing Arts Center, within the project boundaries of the Capitol South Urban Redevelopment Project area could commence within a short period of time after the identification of a source of funding. Architectural work has already been contracted for through the firm of Hardy, Holliman, Pfeiffer, Architects. Construction of the Performing Arts Center will involve both the acquisition of land and a new theatre and visual arts gallery space at an approximate cost of $15,000,000. Facilities are being planned for: a 1,000 seat proscenium theatre, a 400 seat experimental theatre, two 100 seat studio theatres, rehearsal space and administrative-office space for the arts. It is presumed that the entire funding of this project will occur through grants and contributions.

OHIO THEATRE EXPANSION
(See #12 on map)

The Ohio Theatre Expansion is in two parts. The first is to deepen and widen the stage in the Ohio Theatre which was funded in 1977 with a National Endowment of Arts Grant. This project will proceed as soon as the City of Columbus
relocates the utilities behind the stage. The second part of this project is to expand the lobby areas to the east which would include creating administrative space on the top two floors for local arts organizations. This area would create needed rehearsal space for the community. The next step in this project is to identify funding and local business support. The estimated cost of this project is $4.5 million, which could be reduced if funding is identified and the two parts of the project combined. For additional information contact Mr. Ken Ferell at 222-8172.

15TH/16TH BLOCK RENOVATION
(See #16 on map)

This project consists of an effort to revitalize the east side of High Street between 15th and 16th Avenues in the University area. The existing retail merchants who are tenants in 3/4 of the block have formed a corporation and are negotiating the purchase of the buildings they now occupy in order to renovate the exteriors and interiors in a manner consistent with community objectives. Future acquisition of the remaining 1/4 of the block is also under consideration. Renovation of the block could also involve future development of public parking along the Pearl Alley side of the property.

The estimated cost of the total project, including acquisition and renovation stands at $1.8 million; the tenant businesses are seeking Federal assistance for interest subsidies, with the neighborhood Urban Development Action Grant (UDAG) program being considered as a possibility. A feasibility study marketing analysis for 3/4 of the block is underway; this study has been financed by the affected businesses (2/3 share) and the City of Columbus (1/3 share) at a total cost of $9,000.00.

LINCOLN THEATRE RENOVATION
(See #20 on map)

The proposed Lincoln Theatre Project involves the renovation of an abandoned theatre facility in an inner city neighborhood. The renovated facility would function as a cultural arts center for Columbus' Black Community. A feasibility study conducted through a grant from a local foundation, estimated the total cost of the project at $2.6 million. The project as planned would create 40-50 construction jobs and several permanent positions.
Project needs and activities have been defined, the major stumbling block to execution is the identification of funding sources. Several sources appear applicable, including some related to the possible historic significance of the structure. The next step is to investigate these potential sources and identify a funding program for the project.

**GOVERNOR'S MANSION RENOVATION**

(See #22 on map)

The proposed Governor's Mansion project involves the renovation of a former residence of Ohio's Governors, a designated historic landmark, for privately operated restaurant and commercial use. The total estimated cost of the renovation is $1.4 million. A significant portion of the total project has already been completed, however rising interest rates and construction costs cause completion of the project to be not financially viable.

The project developer is seeking a partial loan guarantee, $400,000 for a proposed $1,000,000 first mortgage. The proposed loan guarantee is designed to reduce the interest costs for the project. It is estimated that the project would create 40 construction jobs and 40 permanent jobs.

Identification of funding sources is the next step in the project. Execution of the project could begin upon receipt of funding.

The Barnett, Deaf School and Riverside Towers elderly housing projects may require the use of the HUD Secretary's Discretionary Funds. HUD has indicated that the City would improve its ability to secure this special supplemental funding if, through the formulation and implementation of an assisted housing strategy, it can demonstrate that these specific elderly housing proposals are both necessary and appropriate relative to the demonstrated needs of the Columbus community. See agreement 7 above relative to the formulation and implementation of an assisted housing strategy.
Resolution of the problems associated with the revitalization/ modernization of the Sawyer and Trevitt Heights Public Housing projects shall be linked to the City of Columbus' financial participation in the rehabilitation of certain scattered site public housing units owned by the Columbus Metropolitan Housing Authority. The City agrees to consider such financial participation, the details of which are the subject of continuing discussion among HUD, the City, and the Housing Authority.

G. WATER QUALITY MANAGEMENT AND THE CONTROL OF URBAN SPRAWL

The water quality program for Columbus involves the rehabilitation of the Jackson Pike and Southerly Wastewater Treatment Plants, the construction of intercepting sewers, and other related projects that will cost approximately $400 million. This agreement will allow these projects to continue, preventing additional cost increases that would occur from inflation by delaying the construction. Also, the progress of these projects will be a key factor in the ability of the State of Ohio to obligate construction grant program dollar allocations. The Federal Team's interest is in solving existing water/sewage problems in Columbus and outlying areas in an environmentally sound and cost effective manner, but also in a manner in accord with the President's urban initiatives. Other interrelated items are: strategies for coping with water quality problems in areas outside the City without encouraging suburban sprawl; strategies for uncoupling City annexation decisions from requests for hook-ups to City services in outlying areas; and approaches to tightening State regulation of package treatment facilities and on site treatment systems in outlying areas.
The following agreements were reached:

1. The Federal, State, and Local Teams agree that it would not be helpful to re-open discussions about the final EIS on the Columbus wastewater treatment facilities and service areas.

2. The Federal Team accepts the Local Team's contention that Columbus' growth policy, though it may appear to promote sprawl at times, is not actually intended to do so.

3. The City agrees to make explicit in its public policy pronouncements that it is committed to a pattern of concentrated development rather than to a policy of sprawl. The City agrees to publish a declaration to this effect in its next annual growth policy document.

4. The State and Local Teams agree to work toward developing stricter local land use and development controls coupled with stricter enforcement procedures for package treatment plants in the metropolitan area. The teams also agree to examine the need for stricter package plant standards and where necessary seek legislative changes in existing laws and regulations.

5. The Federal, State, and Local Teams agree to examine the need for changes in procedures, laws, and regulations concerning certification, construction, and monitoring of on-site systems. Where changes are found to be needed, all parties agree to seek the necessary changes. One problem is that current laws allow County Boards of Health to unilaterally permit installation of on-site systems.

6. The Federal and Local Teams agree that the City of Columbus will pro-
vide services to outlying areas with water quality or sewage disposal problems under several types of situations:

a. The City will accept into its sewer system, publicly owned and operated package wastewater treatment plants existing April 30, 1980, where such a plant is accessible to an existing City line.

b. In the case of on-lot treatment systems, the City will permit hook-up of a subdivision that is developed prior to April 30, 1980 if a City line goes by the overall subdivision and if a collection system is constructed within the subdivision by another public entity.

c. Neither of the above collection systems would be permitted to expand in keeping with the City's non-sprawl policy.

d. If a subdivision is proposed outside the existing sewer system and annexation to the City is not desired, the City will not accept Federal grant dollars to serve this area and will not serve this area because this would promote sprawl. The Federal team will not become involved in the annexation decision between the City and the outlying area.

e. In general, the City will not annex an area unless other basic municipal services such as police, fire, and sanitation can be feasibly provided in addition to water and sewer services.

f. The City now encourages suburban municipalities to develop in a non-sprawl fashion by executing contracts for a growth area within which such suburban municipality can provide
Columbus sewer and water services upon annexation of same growth area to the suburban municipality rather than to Columbus. The growth area of the suburban municipality provides for the reasonable growth of the suburban municipality over the life of the contract. In most cases this is twenty years. The suburban municipality must also provide basic municipal services such as fire, police, and sanitation.

The City has refused to accept private sewer systems into its utility system because the City then becomes a party to the rate-making process under the Public Utilities Commission of Ohio. If the private system agrees to transfer ownership to a public entity, the City will permit hook-up of such a system provided it is accessible to an existing line.

The Federal, State, and Local Teams agree that additional areas of water pollution problems need to be studied and included in the areawide plan.

H. EMPLOYMENT AND TRAINING

NIS negotiations concerning employment and training in the Columbus area covered three items: approaches to enhancing the accuracy and the timeliness of unemployment data used for federal and state planning and policy-making purposes; approaches to achieving parity between CETA clients and WIN clients relative to the support services they receive; and strategies for linking CETA's objective of securing permanent non-subsidized employment for its clients to other federal and state
programs. The following agreements were reached:

1. The Federal Team agrees to have the Columbus SMSA considered as a priority in current or future expansion of the Current Population Survey (CPS), which will be effective as of January 1, 1981. This would increase the reliability of CPS data for the substate area and improve the overall quality of labor force information.

2. The Federal Team endorses the expansion of CPS data for use in all fifty states rather than just the current ten states. This would provide a more equitable basis for the distribution of funds as compared to the hybrid approach which has 10 states using CPS data and the other forty using Local Area Unemployment Statistics (LAUS). Inequities in these statistics lead to inequities in the distribution of funds. The cost of developing CPS system for the remaining forty states should be considered against the cost of misappropriating billions of federal dollars over the next ten years prior to the 1990 Census.

3. The Federal Team agrees that income and education information should be included in the CPS sample. The type of information which should be included is the type used in the Survey of Income and Education (SIE). The Federal and Local Teams agree that it would be desirable to use Columbus as a pilot project city to test the feasibility of including this type of information in the CPS base.

4. The State and Local Teams agree to pursue the implementation of two Bureau of Labor Statistics (BLS) programs in the State of Ohio. With respect to the
Coding of City Residency for Unemployment Insurance Claimants and the National Claims Data Exchange System, the State Team agrees to explore ways of implementing these programs including the presentation of Federal and Local Team concerns about these programs to the appropriate legislative and administrative bodies.

5. The Federal Team agrees to seek a waiver and, if necessary, a rule change eliminating the regulation (676.25-5) that limits the continuation of child care support services to 30 days after moving from CETA to non-subsidized employment so that these services are available for 90 days as in the WIN program.

6. The Federal Team agrees to investigate the possibility of making the support services available to CETA workers comparable to those of WIN clients and to seek the necessary administrative changes needed to ensure the comparability of services.

7. The Local Team (Local Prime Sponsor) agrees to develop a model program for private sector leadership through the Private Industry Council in linking CETA clients to permanent unsubsidized jobs. The State Team agrees to assist in establishing this program and to contribute special grant funds to support this effort if such funds are available.

8. The Federal Team agrees to solicit input from prime sponsors to ensure that technical assistance and training needs are adequately met through management and training offices (both national and regional) in all program areas.

9. The Local Team agrees that of the new jobs created or maintained (construction jobs and new permanent private sector
jobs) through federally-assisted projects, a minimum of 20% of these jobs will be made available to CETA (eligible) clients referred by the Local Prime Sponsor. The Local Team also agrees to develop employment goals on a project-by-project basis consistent with this commitment. Given this commitment, the Local Team anticipates a comparable funding commitment for those federally-assisted projects where employment goals can be identified and assured.

I. SERVING SPECIAL NEEDS POPULATIONS

NIS negotiations concerning the provision of services to special needs populations covered a range of issues including: strategies for meeting the needs of low income and special needs groups living outside federally-targetted neighborhoods; approaches to providing housing for low and moderate income families living outside of areas in which the federal government prefers to target housing assistance funds; approaches to developing a unified (integrated) human services delivery system that can overcome a lack of agency coordination and meet the multiple needs of clients; and approaches to coping with technical and financial obstacles to developing a unified service access system. The following agreements were reached:

1. The Federal Team (HUD) agrees to consider a request to waive CDBG regulatory restrictions in order to allow at least a percentage of each year's CDBG allocation to Columbus to be used to support code enforcement services in expanded areas of the inner city without reference to any other targeting objectives HUD and/or the City might have. Such requests must
be consistent with the provisions outlined in the letter
dated April 24, 1980 to the City from HUD (Appendix D).

2. The Local Team agrees to exercise its existing powers and
abilities to provide housing assistance to lower income house-
holds outside of areas in the City in which these households
have traditionally been concentrated. The City states
that this is currently its policy and it will be maintained.

3. The Federal and State Teams agree to support the transportation con-
solidation initiative proposed by the Local Team in the following manner:
   a. The State Team agrees to initiate a request to the
      appropriate Federal agencies and the FRC agrees to
      facilitate this request for whatever waivers might
      be necessary under the terms of the Older Americans
      Act. The Local Team is seeking support for a waiver
      of any and all administrative requirements that would
      restrict the use of Title III-B project income (that
      comes by way of donations) as matching for other
      programs that would increase nutrition-related transportation
   b. The Federal and State Teams support the
      Local Team's request that the local consolidated
      social services transportation project, Transportation
      Resources Incorporated, be designated as a technology
      transfer site by HEW. This transfer involves sub-
sidized technical assistance to TRI drawing from the
      experiences of previous social service consolidated
      transportation projects funded by the Federal govern-
      ment. It also involves proposing to the Federal level
a request to support an independent evaluation of

is understood that the financial amount of this request shall not exceed $25,000.

c. The Federal Team agrees to support, to the extent that existing regulations permit, the Local Team's request that the transfer of vehicle ownership or long term leases to a single administrative authority be permitted.

d. The Federal Team agrees to the Local Team's request that the consolidated transportation project in Columbus be designated, on a priority basis, as a site for the application of any breakthroughs relative to the management of billing and invoicing for transportation services that result from the HEW-sponsored pilot projects through their Michigan and Pennsylvania consortia.

4. The Federal, State and Local Teams agree to the formation of a Tripartite Task Force that will pursue the development of a pilot unified service access system in Franklin County. Central to the concept of the unified access system will be: (a) the creation of a decentralized intake model where eligibility for multiple services can be determined simultaneously; (b) the existence of a centralized information system with remote terminals at intake points and service provider locations; and (c) the establishment of an independent case management system with sufficient authority.
to assure accountability of the human service system to the consumer. Initially, the focus of this effort will be on the reporting and accountability requirements of the Title XX program. Members of the Task Force will include, at a minimum, HEW, State departments of Public Welfare and Mental Health and Mental Retardation, Metropolitan Human Services Commission, Franklin County Welfare Department, Children's Services Board, 648 Board, Columbus Community Services Department, CMACAO, and United Way. The Metropolitan Human Services Commission will be responsible for convening the Task Force and it will commence subsequent to completion of the Human Services re-financing strategies, as agreed to in Section III-B above. The first meeting will occur during the last quarter of the 1980 calendar year with a project plan finalized by June 30, 1981.
IV. PROCEDURES FOR IMPLEMENTING AND MONITORING THE TERMS OF THIS AGREEMENT

A. IMPLEMENTATION

The Points of Agreement outlined in Section III indicate the responsibilities that the signatories have accepted by co-signing this Agreement. All parties, by signing, accept responsibility for overseeing the attempts of their member agencies to follow through on the responsibilities outlined in Section III. All parties, by signing, accept responsibility for overseeing the efforts of their agencies and organizations to follow through on the responsibilities indicated. Where dates are specified by which certain tasks are supposed to be completed, it is the responsibility of the Team Members to ensure that these deadlines are met. When deadlines cannot be met, it is the responsibility of the Team Leader whose team has failed to meet the deadline to contact the other Team Leaders to explain why the deadline has not been met and what the new dates are for task completion. The other Team Leaders should notify all of their Team Members whenever such deadline changes occur.

If a Team Member responsible for implementation of a particular Point of Agreement finds that unexpected obstacles to implementation have emerged, it is the responsibility of that Team Member to communicate this to his or her Team Leader, regardless of whether or not a deadline for task completion is specified in the Points of Agreement. The Team Leader involved should communicate whatever is learned about these obstacles to the other Team Leaders as quickly as possible. They, in turn, should communicate to their Team Members. The Tripartite Committees that helped to draw up many of the Points of Agreement can be used, at the discretion of the Team Leaders, to help work out alternative arrangements.
Team Leaders are responsible for working out alternative arrangements for the implementation of Points of Agreement should unexpected obstacles to implementation arise. These alternative arrangements should, in all cases, be developed through close cooperation with the relevant Team Members.

If the Team Leaders can not work out mutually satisfactory alternative arrangements, they may, if they wish, call on a member of the Mediation Team to meet with them in an effort to effect a compromise alternative arrangement, satisfactory to all parties. Should the Mediation Team be unable to effect a mutually acceptable compromise agreement, a full reconvening of all the parties to the NIS process would be possible, assuming all parties and the Mediator can work out satisfactory arrangements as to time, place, and date.

The failure of one or more parties to follow through on the implementation of one or more Points of Agreement should not be construed as a rejection of the terms of the overall NIS Agreement. All Team Members are responsible for working toward implementation of the Points of Agreement for which they are responsible or in which they are involved, regardless of any difficulties that others may have implementing particular points. If any Team Member feels that it has become impossible for him or her to adhere to this Agreement, this concern should be communicated immediately to the appropriate Team Leader.

Individuals in the NIS process representing certain agencies, organizations, or interests may be replaced by other appointed or elected individuals. It is the assumption of all the participants in the NIS process that this Agreement commits their agencies and organizations (and not just the individuals involved) to the terms enumerated in this
document. It is further understood by all the participants in the NIS process that the terms of this Agreement shall be binding, to the extent legally possible, on any and all individuals who may subsequently hold the positions of the individuals who participated in the Columbus NIS process.

Should any member of any Team feel that the individuals who replace current NIS participants are not abiding by the terms of this Agreement, they should contact their Team Leader.

The Mediation Team will take responsibility, if asked by a Team Leader, for contacting the new party and explaining the terms of the NIS Agreement. Should subsequent negotiation fail, the Mediation Team will contact all the other parties to the NIS process (especially Team Leaders and their successors) and discuss possible courses of action. Should further negotiation fail, the Team Leaders, in conjunction with the Mediators if they so choose, shall determine whether all parties are still bound by their commitments.

B. MONITORING

It is the responsibility of each Team Member to monitor progress toward the implementation of the Points of Agreement for which he or she is directly or even indirectly responsible. Concerns about the implementation of this Agreement should be directed to the appropriate Team Leaders and/or to the Mediation Team. Team Leaders should be in touch with each other on a regular monthly basis between May 1980 and October 1980 to discuss progress toward implementation of the terms of this Agreement. Team Leaders should prepare a jointly written Monitoring Report by October 30, 1980 to send to all Team Members and the Mediation Team, documenting the progress that has been made toward
implementing the terms of this Agreement and indicating any steps that they deem appropriate to accelerate the pace of implementation if, for any reason, it is moving too slowly.

The NIS Negotiating Teams for the City, the State, and the FRC shall reconvene in mid-November 1980 at a time and place to be set by the Team Leaders. The purpose of this meeting will be to review the progress made in implementing each of the specific Points of Agreement and to make such additions and modifications to this Agreement as may be deemed desirable or appropriate by the parties. At the mid-November 1980 meeting, the Teams shall set the time for additional meetings deemed desirable or advisable.

If, at any time, Team Leaders feel it would be helpful to appoint NIS Coordinators, they are empowered by the terms of this Agreement to do so.

C. RESOLVING CONFLICTING INTERPRETATIONS

Should conflicting interpretations of the terms of this Agreement cause disagreements among or between Team Members, the relevant Team Leader(s) should be contacted directly for clarification. Should the Team Leader(s) feel that the involvement of the Mediation Team would be helpful in clarifying the terms of the Agreement, Team Leaders should feel free to contact the Mediation Team. If a speedy clarification is not possible through mail or phone contact, the Mediators and the Team Leaders may decide to meet to discuss whatever conflicting interpretations have emerged. Failure to resolve conflicting interpretations at such a meeting may lead to a call for a full reconvening of all the parties to the NIS process, assuming mutually acceptable date, time, and location can be arranged. Reports of clarifications reached by
Team Leaders (with or without the involvement of the Mediation Team) should be put in writing and distributed to all parties to the Agreement. Should the Team Leaders find that the members of the Mediation Team have not been responsive or have been unable to help resolve conflicting interpretations, the Team Leaders, together, should seek conciliation or mediation assistance from other quarters. This holds true for any aspect of implementation or monitoring.
V. SIGNATORIES

Team Leaders

Fran Ryan, Regional Representative, Office of the Secretary of the Department of Labor
Federal Team Leader

David M. Gehr, State Office of Management and Budget
State Team Leader

Tom Moody, Mayor of Columbus
Local Team Leader
V. SIGNATORIES

Team Leaders

James A. Rhodes, Governor of Ohio, Office of the Governor

Tom Moody, Mayor of Columbus
Local Team Leader

Fran Ryan, Regional Representative, Office of the Secretary of the Department of Labor
Federal Team Leader
Local Team

Affiliation:

Affiliation:

Affiliation:

Affiliation:

Affiliation:

Affiliation:

Affiliation:
State Team

Affiliation: Ohio Historical Society

Affiliation: State & Local Government Commission

Affiliation: Legislative Budget Office

Affiliation: Ohio Dept. of Public Welfare

Affiliation: Ohio Dept. of Transportation

Affiliation: Dept. of Economic & Community Development

Affiliation: Environmental Protection Agency
Federal Team

Affiliation: U.S. Department of the Interior - Fish and Wildlife Service

Affiliation: U.S. Department of Housing and Urban Development

Affiliation: U.S. Department of Commerce - Economic Development Administration

Affiliation: U.S. Department of Health and Human Services

Affiliation: U.S. Department of Transportation

Affiliation: Federal Office of Human Development Services - U.S. Environmental Protection Agency

Affiliation: Community Services Agency
Mediation Team

Lawrence Susskind, Massachusetts Institute of Technology

Frank Keefe, Harrington, Keefe, and Shork

William McCoy, The Academy for Contemporary Problems
STATE OF CONNECTICUT

A NEGOTIATED INVESTMENT STRATEGY

A Joint Agreement on Principles
Priorities, Allocations, and Plans for the
Social Services Block Grant

October 1, 1983 to September 30, 1984

Prepared by Teams Representing the Executive Branch
of the State of Connecticut, Connecticut Municipal Governments
and Connecticut Non-Profit Social Service Providers
PREAMBLE

The Social Services Block Grant (SSBG), which amends Title XX of the Social Security Act, is an important source of money for the provision of human services for Connecticut's citizens. For federal fiscal year 1984 (beginning October 1, 1983), it is likely that Connecticut will receive approximately 33 million dollars. This amount represents a significant decrease from the 47 million dollars received in federal fiscal year 1981.

Connecticut, through the Negotiated Investment Strategy (NIS) process, has accepted the challenge and opportunity to re-examine its past and current policies and programs supported by Title XX and to design a rational course for the future.

Historically, state policies and procedures have evolved through a wide array of mechanisms and influences, including multi-level planning efforts, guidance from legislative intent, tradition, needs assessments, federal requirements and fiscal constraints. The flexibility of the SSBG and of the NIS process has offered a unique and valuable opportunity to review, revise and improve upon past practices.

The NIS process has allowed the three sectors which provide direct services - the state, municipalities and non-profit organizations - to take part in an open and participatory dialogue regarding service priorities, the allocation of block grant monies, reduction of service duplication and increases in inter- and intra-sector communication. The process has also facilitated the integration of state and federal funding and improvements in monitoring and evaluation mechanisms.

The healthy balance among state, municipal and non-profit service providers which the NIS has provided will help ensure that we do not return to a narrow categorical perspective when allocating funds for social service programs and when actually providing services. This cooperative interaction should be the norm in the future for the Social Services Block Grant.

The agreement which follows represents the joint conclusions of the State, Connecticut's municipalities and the non-profit sector regarding which services should be funded by the SSBG, how those services should be defined, what criteria should be used in setting priorities among services, how much funding should be allocated to each and what procedures and criteria should be used in judging applications from individual service providers. It also reflects the conclusion and determination of the three sectors that the type of cooperation established in the NIS process should be maintained through the period of the agreement's implementation and beyond. The establishment of the Tripartite Social Services Block Grant Committee will assist the implementation of this agreement and will help assure that flexibility can be maintained so that effective responses to decreasing fiscal resources and increased human services needs can occur.
Section I
DEFINITIONS

STATEMENT OF GUIDING PRINCIPLES

Conditions of vulnerability, uniform service definitions and budget categories shall apply to all activities funded by SSBG dollars.

RESOLUTION I-1

The following definitions for services and pertinent budget categories shall govern all activities supported in whole or in part by SSBG allocations:

A. Services

1. Adoption Services: To enable children and youth\(^1\) with special needs (e.g., physically, developmentally, neurologically or mentally disabled, minority, and abused/neglected) who cannot remain with their families to be adopted by individuals or families through a formal legal process.

2. Child Day Care Services: To protect and meet the developmental needs of infants, children, and youth, or to assist families by providing direct care to children in licensed family or group day care programs.

3. Client-Oriented Coordination of Services: Assessment of an individual's needs, development of a plan to ensure that the needs are met, connection of the individual to the providers that can meet the identified needs, support of the client in his or her receipt of services, follow up to ensure the service plan is fulfilled, and avoidance of duplication in the provision of services.

4. Community-Based Non-Residential Services: Community-based non-residential services consist of:

   (a) Adult Day Care Services: Provides for direct care and protection of adults during a portion of a 24-hour day inside or outside the individual's own home. The direct care and protection activities are designed to meet the physical, social, emotional and intellectual needs of the individual, including physically, developmentally, neurologically or mentally disabled individuals. Services are geared to provide caring for an individual's needs for food, activity, rest and other necessities of physical care, including minor medical care, for a portion of the 24-hour day in a setting approved by the administering agency; and

\(^1\) "Youth" is defined throughout as those persons under 18 years of age.
(b) Community Care for the Elderly and Disabled: Includes services that provide elderly and/or disabled persons in danger of inappropriate institutionalization with a service system to strengthen their ability for independent living, enable them to live safely in their own homes or to return to their homes or communities after deinstitutionalization. Services may be provided to the aged and/or disabled person, relatives or other interested community members in order to avoid inappropriate institutionalization of the service client.

5. Community-Based Residential Services: To avoid, forestall or shorten the length of institutionalization for individuals who are unable to function fully in the community without some level of intermediate care or alternative living arrangements (e.g., halfway houses, group houses, etc.). This service focuses on treatment, habilitative or rehabilitative care through the provision of supportive living experiences to enable individuals to return home, if possible, as soon as personal, social adjustment and development permit.

6. Counseling Services: To assess, modify, or resolve problems (e.g., psychological, emotional, or behavioral) through individual, group or family counseling or guidance. (Although most human services include some type of counseling activities, counseling as here defined is limited to those situations in which counseling is the major service provided.)

7. Day Treatment Services: To habilitate or rehabilitate seriously impaired individuals in order that they can remain in their families and communities. Day treatment services are available in a planned program with individuals returning home in the evening.

8. Emergency Shelter Services: To arrange or provide the minimum necessities of life on a limited and short-term basis for individuals or families during periods of dislocation, crisis or emergency, pending formulation of longer-term plans.

9. Employability Services: To develop employability and training opportunities for vulnerable populations.

10. Family Planning Services: Social, educational and medical services to enable individuals of child-bearing age (including minors) to limit their family size, space their children, or resolve fertility problems.

11. Foster Family Care Services: To protect or support abused and/or physically, developmentally, neurologically or mentally disabled children, youth and adults and meet their developmental needs in a licensed foster family home when the individual's own family cannot provide necessary care.

12. Home Management-Maintenance Services: To enable individuals and families to function adequately in their own homes by providing, when necessary, services for and on behalf of children, youth
and adults by professionals and para-professionals, aimed at supplementing the clients' efforts to maintain an independent living arrangement when unable to perform such tasks themselves, or to prevent family disruption through helping to maintain or improve family functioning.

13. Information and Referral Services: A broad range of services to impart information to clients and potential clients regarding the availability and relevance of social service resources in the State and referral and follow-up when appropriate.

14. Legal Services: The provision of legal services to individuals and families in civil and administrative proceedings.

15. Recreation, Social Development, and Enrichment Services: To provide access to recreational and cultural opportunities and encourage the acquisition of recreation and leisure-time skills to prevent or minimize psychological, social or economic isolation.

16. Residential Treatment Services: Provide 24-hour supervised care and treatment in an appropriate residential setting under the direction of professional staff to impact significant levels of dysfunction. Placement for these services may be up to 24 months.

17. Safeguarding or Protective Services: To protect individuals from physical or sexual abuse, neglect, abandonment or harm. Safeguarding services consist of assessment, counseling, referral for treatment, placement (when necessary) and reunification.

18. Transportation Services: Assisting individuals and families in obtaining adequate means of transportation to access needed community services and activities and, when required by a case plan, to actually provide transportation and escort.

B. Pertinent Definitions Related to Delivery of Services

1. Administrative Costs: Those costs associated with managing a direct service program such as supervisory personnel costs and the indirect costs of organizational operations such as supplies, rent, utilities, maintenance, insurance, telephone, and travel.2

2. Direct Services: Those services rendered to individuals eligible under the vulnerable population categories as established by SSBG eligibility criteria.

3. Service Provider: Service Provider shall include State of Connecticut, Municipal and Non-Profit service providers.

4. Training: Educational programs, conferences, workshops and training materials to enhance the competence and assure an appropriate supply of service staff to deliver direct, humane and effective services.

2 These costs do not include those expenditures for direct program staff, contractual services, or capital outlay.
RESOLUTION I-2

The Social Services Block Grant will be used to provide needed social services to vulnerable persons or families in Connecticut, with special emphasis on those groups which are less able than others to care for themselves (e.g., special needs children, youth and elderly). Vulnerable persons or families are those which exhibit one or more of the following conditions (not presented in any ranked order):

- Economically disadvantaged (unemployed, under-employed, or low income).
- Physically, mentally, neurologically, or developmentally disabled.
- In need of language and cultural awareness assistance and/or technical immigration assistance.
- Abused/neglected (e.g., sexual assault victims, abused and/or exploited children and elderly).
- In need of drug or alcohol services.
- In need of family planning services.
- In need of mental health support services (e.g., distressed families or persons who may be at risk of institutionalization).
- In need of supportive services in order to remain in the community.
- In need of shelter assistance.

RESOLUTION I-3

In addition to the criteria of conditions of vulnerability, the provision of social services from the resources of the Social Services Block Grant will be subject to the following eligibility criteria:

- Recipients of services shall have incomes no higher than 150 percent of federal poverty income guidelines, except that certain services (safeguarding, family planning, information and referral and emergency shelter) will be provided without regard to income.
- Criminal offenders or ex-offenders may be eligible for SSBG services, but SSBG funds cannot be used to support services provided directly by staff of a correctional facility (per federal law and regulations).
- The Connecticut General Statutes, Section 8-210(b) requires the State to provide day care centers for children disadvantaged by economic, social or environmental conditions. Potential recipients of service from State child day care centers shall have incomes no higher than 80 percent of State median income.
- Recipients of purchased child day care services (e.g., employed AFDC and low income) shall have incomes no higher than 45 percent of State median income.
- Recipients of legal services shall have incomes no higher than 125 percent of the federal poverty income guidelines.

- Recipients of home management-maintenance services and the DHR Essential Services Program shall have incomes no higher than 45 percent of State median income.

- Fee schedules are being, or will be, used for day care centers, purchased day care, family planning, and home management-maintenance services, which will be based on family size and income.

---

3 Currently, a fee schedule is used for day care centers and has begun to be used for purchased day care services. This fee schedule is based on the concept of free service for low income people up to a certain level, roughly equivalent to the maximum welfare flat grant. Beyond that point, service recipients pay fees on a sliding scale, which gradually increases to the point of the full cost of providing the service. The same principles will be followed in the implementation of a fee schedule for home management-maintenance services and may be followed for other services as determined by the Tripartite Social Services Block Grant Committee (see Section V). Projected fees, based on fee schedules, are budgeted as income to the programs financed by the SSBG, thus reducing the net State cost, or can be applied to an expansion of the service if need has been substantiated. Determinations of fees and the accounting of fee revenues shall be part of the contractual relationship between the State and appropriate service providers. Finally, the Planned Parenthood League of Connecticut applies a fee schedule to recipients of family planning services, which is based on income and family size, the proceeds of which are used to defray the cost of providing the service.
Section II

SERVICE PRIORITIES FOR SSBG FUNDS

STATEMENT OF GUIDING PRINCIPLES

1. Service priorities shall be based on social service needs.
2. Criteria utilized for identifying and ranking social service needs shall be explicit.
3. Adverse impacts on service recipients should be minimized.

RESOLUTION II-1

In order to establish the priorities among the SSBG-supported services, the following criteria are adopted as indicators of service importance. The specific question or questions accompanying the statement of each criterion identifies the way in which each criterion is used to measure or evaluate service importance. The criteria are:

Abuse curtailment

Does the service provide intervention and/or shelter from physical or sexual abuse?

Emergency intervention

Does the service provide intervention in acute, emergency and potentially life-threatening situations requiring immediate action?

Avoids/prevents greater expenditures for service

Does the provision of this service prevent or delay the provision of more expensive services? If this service were not available, would the needs of the recipient require State expenditures for higher, (i.e., more expensive) levels of service, such as hospitalization, nursing home care and/or other types of institutionalization?

Human Services Annual Agenda

Does the service address one or more of the categories delineated in the 1983-84 Human Services Annual Agenda (Connecticut General Statutes Sections 4-35b and 4-83c)?

Prevent inappropriate institutionalization

Does the service provide a humane, appropriate and cost-effective alternative to institutionalization?
Reduce dependency

Does the provision of this service reduce the dependency on institutional support services, thereby increasing one's self-sufficiency?

RESOLUTION II-2

Social services, as defined in Section I of this Agreement, are divided into three priority groupings. In addition to identifying service priorities based upon social service needs, these three priority groupings also outline the general principles on which allocation formulas are predicated. Those principles are defined as follows:

High Priority Services

Services within this category shall be eligible for a cost-of-living adjustment or a cost-of-living adjustment plus additional financial allocations. Those high priority services for which funding is not being currently provided shall be financially supported at a level commensurate with their status as high priority services.

Medium Priority Services

Services within this category shall remain at their present level of funding or remain at their present level and receive a cost-of-living adjustment.

Low Priority Services

Services within this category shall remain at their present level of funding or receive a decrease in funding.

RESOLUTION II-3

Utilizing the service definitions contained in Resolution I-1 of this Agreement and the principles contained in Resolution II-1 and Resolution II-2, the service priorities are:

High Priority Services (listed in alphabetical order)

- Adoption services
- Child day care services
- Client-oriented coordination of services
- Community-based non-residential services
- Community-based residential services
- Day treatment services
- Emergency shelter services
- Safeguarding or protective services

Medium Priority Services (listed in alphabetical order)

- Employability services
- Family planning services
- Foster family care services
Medium Priority Services (continued)

Home management - maintenance services
Legal services

Low Priority Services (listed in alphabetical order)

Counseling
Information and referral
Recreation
Residential treatment services
Transportation services

4 To the extent these services are part of a service with a higher priority ranking, they would retain the priority of that other higher-ranking service.
5 It was agreed to study this service category to see if a unitary statewide system can be established.
Section III

ALLOCATION MECHANISMS

STATEMENT OF GUIDING PRINCIPLES

1. Mechanisms shall be developed for allocating to social service needs and providers the full amount of SSBG funds available each federal fiscal year. Specific allocations shall be identified by budget category (service categories, set-asides, etc.).

2. Innovative programming efforts shall be encouraged. Whenever appropriate, funding shall be available on a competitive basis for service delivery or management innovations.

3. SSBG funds shall be used to support those services as agreed to in the NIS process and in accordance with federal and state law. SSBG dollars shall directly support human services and shall not supplant general funds within any agency except in accordance with the agreement reached in the NIS process. SSBG funds shall be accounted for under generally accepted accounting principles.

RESOLUTION III-1

There shall be no transfer of SSBG dollars to other block grants.

RESOLUTION III-2

A specific set-aside of money shall be available on a competitive basis for service delivery or management innovations. The Tripartite Social Services Block Grant Committee established pursuant to this process shall review such innovative applications and programs.

RESOLUTION III-3

Funding shall be based on (a) priority needs for social services, (b) service providers' performance in meeting such needs and (c) cost-efficiency in service delivery.

RESOLUTION III-4

Allocations of SSBG funds in federal fiscal year 1984 shall be made in accordance with the attached allocation schedule and its accompanying explanation, with the provision that "medium priority services" identified in Resolution II-2 shall be eligible to receive, on a competitive basis, a cost-of-living increase not to exceed 5.8 percent.
### SOCIAL SERVICES BLOCK GRANT ALLOCATIONS FOR FEDERAL FISCAL YEAR 1984

#### AGENCY/PROGRAM COORDINATION

<table>
<thead>
<tr>
<th>Service</th>
<th>1983 Allocation</th>
<th>Changes to Accomplish After Reallocation Per Definitions &amp; Reordering</th>
<th>1984 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Child Day Care</td>
<td>9,815,115</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>9,815,115</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Client-Oriented Coordination</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Agency to be determined</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Community Based Non-Residential</td>
<td>1,502,401</td>
<td>2,769,476</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>142,349</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Dept. on Aging</td>
<td>1,360,032</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Child Day Care</td>
<td>10,616,967</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Community Based Non-Residential</td>
<td>319,965</td>
<td>1,594,457</td>
<td>0</td>
</tr>
<tr>
<td>Alcohol &amp; Drug Abuse Commission</td>
<td>162,290</td>
<td>1,594,457</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Correction</td>
<td>156,475</td>
<td>1,594,457</td>
<td>0</td>
</tr>
<tr>
<td>Day Treatment</td>
<td>2,415,721</td>
<td>3,747,002</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>6,094</td>
<td>3,747,002</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Mental Retardation</td>
<td>2,410,627</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>0</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Emergency Shelters</td>
<td>879,500</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>210,000</td>
<td>237,477</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>210,000</td>
<td>237,477</td>
<td>0</td>
</tr>
<tr>
<td>Alcohol &amp; Drug Abuse Commission</td>
<td>0</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Agency to be determined</td>
<td>0</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Safeguarding</td>
<td>1,245,027</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>1,074,519</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>1,074,519</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>1,074,519</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Human Rights &amp; Oppurtunities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>578,422</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>Protection &amp; Advocacy - Handicapped</td>
<td>30,795</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>Commission on the State</td>
<td>30,795</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>Agency to be determined</td>
<td>0</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>NOTE: See note on line 132.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### REALLOCATIONS PROPOSED FOR FEDERAL FISCAL YEAR 1984

<table>
<thead>
<tr>
<th>Service</th>
<th>1983 Allocation</th>
<th>Changes to Accomplish After Reallocation Per Definitions &amp; Reordering</th>
<th>1984 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Child Day Care</td>
<td>9,815,115</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>9,815,115</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Client-Oriented Coordination</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Agency to be determined</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Community Based Non-Residential</td>
<td>1,502,401</td>
<td>2,769,476</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>142,349</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Dept. on Aging</td>
<td>1,360,032</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Child Day Care</td>
<td>10,616,967</td>
<td>10,616,967</td>
<td>0</td>
</tr>
<tr>
<td>Community Based Non-Residential</td>
<td>319,965</td>
<td>1,594,457</td>
<td>0</td>
</tr>
<tr>
<td>Alcohol &amp; Drug Abuse Commission</td>
<td>162,290</td>
<td>1,594,457</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Correction</td>
<td>156,475</td>
<td>1,594,457</td>
<td>0</td>
</tr>
<tr>
<td>Day Treatment</td>
<td>2,415,721</td>
<td>3,747,002</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>6,094</td>
<td>3,747,002</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Mental Retardation</td>
<td>2,410,627</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>0</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Emergency Shelters</td>
<td>879,500</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>210,000</td>
<td>237,477</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>210,000</td>
<td>237,477</td>
<td>0</td>
</tr>
<tr>
<td>Alcohol &amp; Drug Abuse Commission</td>
<td>0</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Agency to be determined</td>
<td>0</td>
<td>3,740,908</td>
<td>0</td>
</tr>
<tr>
<td>Safeguarding</td>
<td>1,245,027</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>1,074,519</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>1,074,519</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Children &amp; Youth Services</td>
<td>1,074,519</td>
<td>1,013,277</td>
<td>0</td>
</tr>
<tr>
<td>Human Rights &amp; Oppurtunities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dept. of Human Resources</td>
<td>578,422</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>Protection &amp; Advocacy - Handicapped</td>
<td>30,795</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>Commission on the State</td>
<td>30,795</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>Agency to be determined</td>
<td>0</td>
<td>686,422</td>
<td>0</td>
</tr>
<tr>
<td>NOTE: See note on line 132.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SERVICE/AGENCY OF PROGRAM COVERAGE</td>
<td>FEDERAL REALLOCATIONS</td>
<td>CHANGES TO ACHIEVE PRECISION</td>
<td>ALLOCATION</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------------</td>
<td>-----------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>MEDIUM PRIORITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>00 AGENCY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 MEDIUM PRIORITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02 Employment</td>
<td>1,081,198</td>
<td>0</td>
<td>1,081,198</td>
</tr>
<tr>
<td>03 Dept. of Human Resources</td>
<td>1,081,198</td>
<td>0</td>
<td>1,081,198</td>
</tr>
<tr>
<td>04 Family Planning</td>
<td>1,132,701</td>
<td>0</td>
<td>1,132,701</td>
</tr>
<tr>
<td>05 Dept. of Human Resources</td>
<td>1,132,701</td>
<td>0</td>
<td>1,132,701</td>
</tr>
<tr>
<td>06 Foster Care</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>07 Dept. of Children &amp; Youth Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>08 Home Management</td>
<td>1,183,322</td>
<td>0</td>
<td>1,183,322</td>
</tr>
<tr>
<td>09 Dept. of Human Resources</td>
<td>1,183,322</td>
<td>0</td>
<td>1,183,322</td>
</tr>
<tr>
<td>10 Legal Services</td>
<td>2,031,895</td>
<td>-1,023,047</td>
<td>1,008,848</td>
</tr>
<tr>
<td>11 Dept. of Human Resources</td>
<td>980,276</td>
<td>0</td>
<td>980,276</td>
</tr>
<tr>
<td>12 Protection &amp; Advocacy - Handicapped</td>
<td>28,572</td>
<td>0</td>
<td>28,572</td>
</tr>
<tr>
<td>13 Public Defender</td>
<td>1,023,047</td>
<td>-1,023,047</td>
<td>0</td>
</tr>
<tr>
<td>14 Cost of Living Reserve (5.8%)</td>
<td>+192,912</td>
<td>+192,912</td>
<td>0</td>
</tr>
<tr>
<td>15 MEDIUM PRIORITY SUBTOTAL</td>
<td>5,429,116</td>
<td>-1,023,047</td>
<td>1,008,848</td>
</tr>
<tr>
<td>16 LOW PRIORITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Counseling</td>
<td>4,847,434</td>
<td>-2,338,427</td>
<td>2,509,007</td>
</tr>
<tr>
<td>18 Alcohol &amp; Drug Abuse Commission</td>
<td>640,795</td>
<td>0</td>
<td>640,795</td>
</tr>
<tr>
<td>19 Dept. of Consumer Protection</td>
<td>660,075</td>
<td>0</td>
<td>660,075</td>
</tr>
<tr>
<td>20 Dept. of Correction</td>
<td>821,495</td>
<td>-821,495</td>
<td>0</td>
</tr>
<tr>
<td>21 Judicial Dept.</td>
<td>1,430,698</td>
<td>-1,430,698</td>
<td>0</td>
</tr>
<tr>
<td>22 Dept. of Human Resources</td>
<td>1,168,212</td>
<td>0</td>
<td>1,168,212</td>
</tr>
<tr>
<td>23 Info and Referral</td>
<td>2,157,912</td>
<td>-113,672</td>
<td>2,044,240</td>
</tr>
<tr>
<td>24 Dept. of Human Resources</td>
<td>1,602,183</td>
<td>0</td>
<td>1,602,183</td>
</tr>
<tr>
<td>25 Alcohol &amp; Drug Abuse Commission</td>
<td>153,032</td>
<td>0</td>
<td>153,032</td>
</tr>
<tr>
<td>26 Blind &amp; Services for Blind</td>
<td>17,639</td>
<td>0</td>
<td>17,639</td>
</tr>
<tr>
<td>27 Commission on the Deaf</td>
<td>244,936</td>
<td>0</td>
<td>244,936</td>
</tr>
<tr>
<td>28 Protection &amp; Advocacy - Handicapped</td>
<td>244,936</td>
<td>0</td>
<td>244,936</td>
</tr>
<tr>
<td>29 Human Rights &amp; Opportunities</td>
<td>113,672</td>
<td>-113,672</td>
<td>0</td>
</tr>
<tr>
<td>30 Recreation</td>
<td>-660,075</td>
<td>0</td>
<td>-660,075</td>
</tr>
<tr>
<td>31 Dept. of Human Resources</td>
<td>-660,075</td>
<td>0</td>
<td>-660,075</td>
</tr>
</tbody>
</table>

7 Counseling, home management-maintenance and legal services which are part of another service rather than freestanding are ranked with the services of which they are a part.
8 A cost of living increase will be considered upon an individual review of each service provider.
<table>
<thead>
<tr>
<th>SERVICE/AGENCY OF PROGRAM COGNIZANCE</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FEDERAL</td>
<td>CHANGES TO</td>
<td>ALLOCATION</td>
<td>REASSIGN CHANGES TO</td>
<td>REORDER</td>
<td>REALLOCATIONS</td>
<td>PROPOSED</td>
</tr>
<tr>
<td></td>
<td>FY 1983</td>
<td>ACCOMPLISH</td>
<td>AFTER</td>
<td>REORDER PER</td>
<td>ALLOCATION</td>
<td>FFY 1984</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SWAP</td>
<td>Swap</td>
<td>DEFINITIONS &amp; REORDERING</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Priority | Low Priorities | Residential Treatment | 2,302,730 | 0 | 2,302,730 | 0 | 2,302,730 | 0 | 2,302,730 |
| Priority | Low Priorities | Dept. of Children & Youth Services | 2,302,730 | 0 | 2,302,730 | 0 | 2,302,730 | 0 | 2,302,730 |
| Priority | Low Priorities | Transportation | 196,764 | 0 | 196,764 | 0 | 196,764 | -196,764 | 0 |
| Priority | Low Priorities | Dept. of Human Resources | 196,764 | 0 | 196,764 | 0 | 196,764 | -196,764 | 0 |
| Priority | Low Priority Subtotal | | 10,164,915 | -2,452,099 | 7,712,816 | -939,596 | 6,773,220 | -1,426,764 | 5,346,456 |
| Priority | Low Priorities | SET-ASIDES | 858,069 | 0 | 858,069 | 0 | 858,069 | -258,069 | 600,000 |
| Priority | Low Priorities | Innovative Projects | 0 | 0 | 0 | 0 | 0 | 250,000 | 250,000 |
| Priority | Low Priorities | Data Base, Strategic Planning, Evaluation & Technical Assist. | 0 | 0 | 0 | 0 | 0 | 138,488 | 138,488 |
| Priority | Low Priorities | Contingencies | 0 | 0 | 0 | 0 | 0 | 138,488 | 138,488 |
| Priority | Low Priorities | SET-ASIDES Subtotal | 858,069 | 0 | 858,069 | 0 | 858,069 | -258,069 | 600,000 |
| Priority | Low Priorities | CENTRAL ADMINISTRATION | 696,456 | -332,396 | 164,060 | 0 | 164,060 | 0 | 164,060 |
| Priority | Low Priorities | Dept. of Human Resources | 164,060 | 0 | 164,060 | 0 | 164,060 | 0 | 164,060 |
| Priority | Low Priorities | Office of Policy & Management | 372,396 | -332,396 | 0 | 0 | 0 | 0 | 0 |
| Priority | Low Priorities | Balance for Reallocation | 0 | 927,633 | 927,633 | 0 | 927,633 | -927,633 | 0 |
| Priority | Low Priorities | Total | 33,140,885 | 0 | 33,140,885 | 0 | 33,140,885 | 0 | 33,140,885 |

There is potentially another $386,998 as listed in the 11/26/82 Federal Register. This, plus any carryover funding, will be apportioned as follows:

1. The contingency fund will be restored to 1 percent of the present block grant total ($331,400). Second, an additional $250,000 will be reserved for Client-Oriented Coordination of Services and will be released for that purpose after six months experience with the service in the fiscal year and a Tripartite evaluation. Third, $125,000 will be reserved for Transportation. Any additional funding will be allocated through a Tripartite agreement.
EXPLANATION OF ALLOCATION SCHEDULE

I. DESCRIPTION OF COLUMNS ON THE ALLOCATION SCHEDULE

A. **Column A** lists the service categories and the State agencies of program cognizance under each. The services are grouped according to the agreed-upon priority rankings.

B. **Column B** shows the SSBG allocation for the current fiscal year based upon the service definitions in effect prior to the negotiations.

C. **Column C** reflects all of the pluses and minuses in SSBG funding necessary to accomplish the swap of SSBG and General Fund money. The swap was negotiated in order to permit agencies and important services not directly related to the statutory Block Grant goals to withdraw from the Block Grant. Those services affected as a result of the agencies' withdrawal are: Community Based Residential (Depart ment of Correction - line 24), Safeguarding (Human Rights and Opportunities - line 42), Legal Services (Public Defender - line 85), Counseling (Consumer Protection, Correction, Judicial - lines 83 to 85), Information and Referral (Human Rights and Opportunities - line 93), Administration (OPM - line 126).

The services and agencies which contributed General Fund dollars and are to receive SSBG dollars in their place are: Child Day Care (Department of Human Resources - line 9), Community Based Non-Residential (Department on Aging - line 18), Community Based Residential (Alcohol and Drug Abuse Commission - line 23), Day Treatment (Department of Mental Retardation - line 29) and Emergency Shelter (Department of Human Resources - line 34).

D. **Column D** is the total of column B plus column C. It is an intermediate step which shows the allocation after the swap. All other allocations remain the same. In each instance, swap dollars were placed in high priority services.

E. **Column E** reflects changes in classification of existing services to reflect the newly negotiated service definitions. For example, it is agreed that counseling, home management-maintenance services and legal services which are part of another service rather than free standing will be classified with the service of which they are a part. Each plus indicates an activity moved from somewhere else in the column. Each minus indicates an activity moved to another classification. There is no net change in funding in the column; each plus is balanced by a minus. The changes include:

1. Movement of $972,000 from DHR - Home Management (line 66) to Community Based Non-Residential (line 17).
2. Movement of $17,639 from the Board of Education and Services for the Blind - Information & Referral (line 92) to Community Based Non-Residential (line 19).
3. Movement of $534,995 CADAC - Counseling (line 82) and $77,026 CADAC - Information & Referral (line 91) to CADAC - Community Based Residential (line 23).
4. Movement of $51,300 from CADAC - Counseling (line 82) to CADAC - Emergency Shelter (line 36).
5. Movement of $108,000 from DHR - Home Management (line 66) to DHR - Safeguarding (line 43).

6. Movement of $13,200 from Protection and Advocacy - Information & Referral (line 94) to Protection and Advocacy - Safeguarding (line 44).

7. Movement of $244,036 from Deaf and Hearing Impaired - Information and Referral (line 93) to Deaf and Hearing Impaired - Safeguarding (line 45).

F. Column F summarizes the net effect of the swap changes and the definitional changes.

G. Column G presents all of the negotiated reallocations of funding. The minuses are program reductions and the pluses are program increases. The reductions are as follows:

1. The $927,613 balance available for reallocation in Column F (line 123)
2. Transportation - Department of Human Resources (line 109) - $196,764
3. Counseling - Department of Human Resources (line 86) - $123,000
4. Information and Referral - Department of Human Resources (line 90) - $800,000
5. Recreation - Department of Human Resources (line 99) - $330,000
6. Training (line 113) - $235,069

The increases are:

1. Adoption - $20,000 - Department of Children and Youth Services (line 5)
2. Client-Oriented Coordination of Services - $500,000 - agency to be determined (line 13)
3. Community Based Non-Residential - $405,000, including $360,000 through the Department on Aging (line 18) and $45,000 for the Board of Education and Services for the Blind (line 19)
4. Day Treatment - $200,000 - Department of Mental Retardation (line 29); $60,000 - Department of Children and Youth Services (line 30)
5. Emergency Shelter - $251,066 - agency to be determined (line 37)
6. Safeguarding - $100,000 - agency to be determined (line 46)
7. Foster Care - $120,000 - Department of Children and Youth Services (line 62)

It is also agreed that funds will be set aside for the following purposes:

1. Innovative Projects - $250,000 (line 116)
2. Data Base, Strategic Planning and Evaluation - $380,000 (line 117)
3. Contingencies - $138,488 (line 119)
A reserve is set aside (line 74) for cost of living increases in medium priority programs. Eligibility for increases will be determined based upon a review of each provider. Any leftover money will revert to the Contingency Fund (line 119).

The total amount allocated is $33,140,885, the same amount available in the current year. Data published in the Federal Register on November 26, 1982 indicated that an additional $836,998 may be available in FY 1984, if appropriated by Congress. It is agreed that this sum, plus any carryover funding, will be allocated as follows: First, the Contingency Fund would be restored to $331,400 (1 percent of the present block grant total). Second, an additional $250,000 will be reserved for Client-Oriented Coordination of Services and will be released for that purpose after six months' experience with that service and a review by the Tripartite SSBG Committee. Third, $125,000 will be reserved for Transportation. Any additional funding would be allocated by the Tripartite Committee.

II. DESCRIPTION OF SET ASIDES

A. Training (line 115)

The teams agree to set aside $600,000 in training dollars. This money would be administered by the Department of Human Resources, with planning by a committee of involved agencies in order to preserve the integrity and provision of generic training of staff and service providers.

B. Innovative Projects (line 116)

There shall be a set aside of $250,000 for the purpose of encouraging and entertaining new and innovative requests for proposals (RFP's) which fall under the purview of priorities established under the Social Services Block Grant. RFP's will be reviewed pursuant to the procedures established in Section V of this Agreement.

C. Data Base, Strategic Planning, Evaluation and Technical Assistance (line 117)

The teams agree to set aside $380,000 for the tripartite development of an automated human service data base/management information system, for strategic planning related to the SSBG, for evaluation, and for technical assistance to SSBG service providers.

The maintenance of this data base and the coordination of the programmatic and fiscal data will rest with OPM and DHR. The State will develop the planning and evaluation of data into an overall management information system which will strive for computer compatibility throughout the State, initially among grantor and service provider agencies with automated capacity. It will develop these systems and the necessary tools for implementation of the system (manuals, forms, etc.). The initial objective will be an expanded capacity to develop and maintain common service definitions, fiscal allocations, client characteristics, and related types of data. The goal will be to provide a common source of reliable data and to assist the Tripartite Social Services Block Grant Committee in timely policy, management and fiscal allocation decisions.

In the area of evaluation, the teams agree to hire a consultant to review current State grant administration requirements, including audit, reporting.
and evaluating requirements and to offer recommendations to simplify and reduce administrative burdens on all service providers.

D. Contingency Fund (line 119)

The teams agree to set aside $138,488 (plus other funding which may become available as described in the final paragraph of Part I, above) The fund will be available for activities that are liable to occur during the year but cannot be fully anticipated in advance of the start of the program year.

Contingency uses would be limited to:

1. Funding new, unanticipated priority programs
2. Meeting unanticipated emergency program situations and needs (e.g., flood, etc.)
3. Funding unanticipated time-limited activities: studies, consultants, etc., which will enhance SSBG management and/or service delivery.

III. STATE AGENCY RESPONSIBILITIES

A. SSBG Lead Agency: Department of Human Resources

Working with OPM, the Lead Agency has central responsibility for:

1. Liaison with the U.S. Department of Health and Human Services
2. Executing letters of agreement with the State agencies of cognizance for the funds allocated by SSBG service definitions
3. Coordinating ongoing data base, grant administration reform, needs assessments and other ongoing planning and administrative functions
4. Maintaining appropriate audit records (State/federal)
5. Liaison with the General Assembly
6. Providing technical assistance to State agencies of cognizance and other service providers.

B. State Agencies of Program Cognizance

Identified State agencies of cognizance10, in coordination with OPM and the lead agency, shall have responsibility for:

1. Reviewing current and potential service providers, utilizing the accepted Criteria For Evaluation and Selection of Service Providers as agreed in Section IV of this Agreement.
2. Executing contracts or letters of agreement with service providers

10 State Agencies of Cognizance include: DHHR, DMR, DCYS, DMH, CADAC, SDA, Board of Education and Services for the Blind, Commission on the Deaf and Hearing Impaired, and Office of Protection and Advocacy.
3. Monitoring programs
4. Maintaining appropriate audit records for provider contracts
5. Performing impact assessments
6. Participating in ongoing data base, grant administration reform, needs assessments and other planning and administrative functions
Section IV

CRITERIA FOR EVALUATION AND SELECTION OF SERVICE PROVIDERS

STATEMENT OF GUIDING PRINCIPLES

1. Performance criteria shall be established for the selection and evaluation of service providers.

2. Service providers must be accountable for the services they provide.

3. Reporting and evaluation instruments shall be minimized to the extent compatible with service provider accountability.

4. A consistent, comprehensive data base shall be developed. The three parties agree to develop an automated SSBG data base and shall set aside funds for its development.

5. SSBG funds shall be distributed in accordance with the allocation criteria on the basis of the service provider's ability to meet social service needs, rather than on the level of government, public or private sector, or previous funding.

6. Selection and evaluation processes shall be implemented in a manner compatible with principles of procedural due process.

RESOLUTION IV-1

The process for selecting a service provider for the delivery of SSBG-supported services shall be as follows:

Step 1. The three negotiating teams agree on general criteria to judge program and management performance, service delivery potential and the management systems of specific service providers.

Step 2. The State team identifies specific State agencies with cognizance responsibilities for each of the services as defined by the Tripartite Social Services Block Grant Committee.

Step 3. For each service category, a notice of availability of funding shall be developed and disseminated. Said notice shall identify goals and objectives for the service and those criteria used to assess and evaluate pertinent service providers, if any, and shall identify, for information purposes only, present recipients of SSBG funding.

Step 4. The State agencies of cognizance apply criteria to service providers and make selections. Applications from service providers not under contract/letter of agreement will be considered along with evaluations of those service providers which are currently under contract/letter of agreement. Wherever appropriate, multi-year (indefinite) funding contracts/letter of agreement, subject to a
30-day notice of cancellation provision, will be provided, subject to the continued availability of funding.

Step 5. Tripartite Committee reviews selection decisions.

RESOLUTION IV-2

In order that the criteria below may be fairly applied, it is important that each application submitted by a service provider be complete enough to permit an accurate rating for each criterion. Further, for an accurate rating of any application and determination of the financial soundness of the applicant, it is important that the provider submit a budget for that service which includes and identifies for the service all sources of revenue and support. Such identification is a basic requirement which must be met before the criteria listed below are applied.1

A. Program and Management Performance (60 points12)

- Demonstrated capacity or evidence of capacity for delivering client-effective services in a cost-effective manner to one or more of the vulnerable populations.
- Ability to meet the goals and objectives of the agency's work plan.
- Demonstrated capacity or evidence of capacity to serve the maximum possible number of targeted clients within budgetary limitations.
- Demonstrated capacity or evidence of capacity to live within budget.
- Demonstrated capacity or evidence of capacity for coordinating with or utilizing other available resources for the particular targeted clients and networking with other agencies.
- Demonstrated capacity or evidence of capacity for adequate client follow-up.
- Documented client/staff ratio that permits an adequate standard of care.
- Demonstrated capacity or evidence of capacity that staff has appropriate training, education and experience necessary to perform in their respective positions as well as evidence of performance competency on an ongoing basis.
- Demonstrated capacity or evidence of capacity to provide an integrated approach to serving the needs of individual clients.
- Demonstrated capacity or evidence of capacity for complying with all federal, state and municipal regulations, statutes and auditing requirements.

1 Assuming all the listed criteria are met, preference will be given to existing providers in order to maintain continuity of services.

12 The maximum point total for each category reflects the relative weight attached to each category of criteria.
B. Service Delivery Potential (40 points)

- Presentation of a comprehensive work plan to achieve stated goals and objectives.
- Evidence that program design meets the needs of the targeted population.
- Evidence of service accessibility (e.g., in terms of geographic and transportation constraints; cultural and linguistic needs; requirements to meet the needs of the physically disabled; service availability within minimal waiting time and beyond normal working hours, geared to clients' developmental needs and time frames).
- Evidence of explicit client entry systems which include referral and intake procedures and client eligibility requirements.
- Clear definition of the services offered.
- Demonstrated knowledge and understanding of clientele.

C. Management Systems

Management systems criteria are essential to any provider; thus, no points are attached to this section. The items noted below constitute minimum requirements for the selection of any service provider.

- Evidence of a plan for multi-year operation.
- Presentation of a workable, service-oriented, cost-effective budget indicating all sources of revenue.
- Evidence of fiscal and general management capacity, including timely and accurate fiscal and program reporting.
- Evidence of quality control.
- Independent audits or financial reports.
- Evidence that the organization is duly constituted under the laws of the State of Connecticut.
- Evidence of potential for accessing additional resources by service providers.

---

13 The Tripartite Committee shall develop, by April 25, 1983, standards and principles for the application of this criterion. In so doing, the Committee shall pay due attention to the complexity of the services being provided and to the various types of measurement appropriate to the respective services.

14 The maximum point total for each category reflects the relative weight attached to each category of criteria.
RESOLUTION IV-3

The negotiating teams agree to develop a comprehensive, automated human services data base/management information system and shall set aside funds for its development.
Section V
MULTI-YEAR PLANS AND PROCESSES

STATEMENT OF GUIDING PRINCIPLES

A continuing process for the negotiation, implementation and evaluation of the SSBG shall be the responsibility of a Tripartite Committee which will be constituted in the same manner as the original process.

RESOLUTION V-1

A Tripartite Social Services Block Grant Committee shall be established. The Committee, reflecting the three sectors represented in the Negotiated Investment Strategy process, shall be made up of three members designated by each of the three negotiating teams plus a chairperson appointed by the Governor. The Committee shall convene at the call of the chairperson or at the request of the representatives from two or more sectors. Subject to those exceptions noted in this Resolution, the Committee shall establish its own rules of procedure. All actions of the Committee shall be by consensus save for the exceptions identified herein. The chairperson shall not have voting power. The Committee may, if it deems appropriate, enlist the services of a mediator, with expenses for said services to be charged to the contingency fund. In addition to such other functions as the Governor may charge the Committee with performing, the Committee shall have the following responsibilities and powers:

1. **Oversight.** The Tripartite Committee will have responsibility for overseeing and evaluating the implementation of this Agreement, for monitoring the impact of this Agreement and for assuring the continuance of the positive working relations established among the representatives of the three sectors. Its oversight responsibilities will include, but not be limited to, training, strategic planning and the development of the SSBG data base, fees and eligibility standards, and paperwork reduction.

2. **Interpretation.** Should there be elements of the final Agreement that are unclear, the Committee will be responsible for providing clarification.

3. **Duties.**
   a. In the event that the actual funding level of SSBG dollars available in federal fiscal year 1984 is different from the amount allocated under this Agreement, the Committee will be the forum for the negotiation of any necessary adjustments to the Agreement.
   b. The Tripartite Committee will evaluate and advise on the selection of projects to be funded through the set-asides for Innovative Projects and Training and on all activities undertaken using the Data Base, Strategic Planning, Evaluation, and Technical Assistance Set-aside.
   c. In those cases where this Agreement allocates additional funding to certain high priority services but does not indicate the specific State agency of program cognizance, the Committee will review the designation of the agency or agencies of cognizance.
d. Each State agency of program cognizance, following its selection of specific providers, will inform DHR and OPM regarding its decisions. DHR and OPM will then prepare a draft detailed aggregate allocation plan indicating for each service category the specific allocations to providers (State agencies, municipalities, and non-profit agencies). There shall be a public review and comment period with opportunity for a public hearing after ample notice. After the review and comment period, agencies of cognizance will be responsible for informing DHR and OPM of any revisions to the draft allocation plan. The final draft will then be submitted to the Tripartite Committee for its review. Any recommendations or proposed modifications to the plan shall be specified in writing and sent to the Commissioner of DHR and/or the Secretary of OPM for final determination. The Commissioner and/or Secretary will respond in writing to the Committee's recommendations or proposed modifications and shall state his or her rationale for accepting or rejecting each of the Tripartite Committee's recommendations or proposed modifications.

e. The Committee will be the forum for the negotiation of any amendments deemed necessary in order to implement the terms of this Agreement.

f. The Committee, upon the initiation of the chairperson or representatives from any two sectors, shall reconvene to consider any amendments to the Agreement. The adoption of any proposed amendments shall require the negotiated consensus of all sectors.

4. Future NIS. The Committee will begin preparation for future negotiations on the SSBG and will advise the Governor regarding the application of the NIS process for federal fiscal year 1986 and for future years.

The Tripartite Social Services Block Grant Committee shall carry out its functions in the spirit of cooperation engendered by the NIS process and in a manner consistent with all State and federal laws and regulations.

---

The Tripartite Committee, in discharging its responsibilities, is authorized by the agreement to make written or oral requests of appropriate State agencies, municipalities or non-profit agencies. Said agencies or subdivisions shall respond to said requests in a timely manner.

Any modifications will be sent to the Commissioner of DHR and the Secretary of OPM except in those cases in which DHR is the agency of cognizance. For those cases, proposed modifications will be sent directly to the Secretary of OPM for final determination.
Section VI

CONTRACTS OR LETTERS OF AGREEMENT

STATEMENT OF GUIDING PRINCIPLES

1. Contracts/letters of agreement appropriate to the service shall be the basis for the distribution of all SSBG funds.

2. A funding instrument pursuant to a contract/letter of agreement shall be signed with each provider. Every effort will be made, subject to Congressional or State legislative funding decisions, to provide funds to providers by the start of each fiscal period.

3. Contractual agreements/letters of agreement shall ensure that all service providers are paid for services on a timely basis.

RESOLUTION VI-1

Service providers shall be paid on a timely basis.

RESOLUTION VI-2

The Tripartite Committee shall examine practices and performance regarding the allocation of SSBG funds among administrative and direct service categories. The Committee shall prepare, adopt and publish a report no later than October 1, 1983 which reflects its findings and contains recommendations, if any, for appropriate guidelines and practices to govern these fiscal allocations so as to ensure the most effective program performance possible by a service provider.

RESOLUTION VI-3

The Tripartite Committee shall examine practices and performance regarding the payment of SSBG funds to SSBG service providers and the manner of investing said SSBG funds by various State agencies and SSBG service providers. The Committee shall prepare, adopt and publish a report no later than October 1, 1983 which reflects its findings and contains recommendations, if any, for appropriate guidelines and practices to govern the financial investment options that both maximize the use of SSBG funds and are consistent with all State and federal laws and regulations.
We hereby accept and affirm the foregoing statements, data, and obligations as constituting the terms and conditions of our agreement.

Dated December 23, 1982

For the State:
Barbara Brasel
Executive Director
Comm. on the Deaf & Hearing Impaired

Donald McConnell
Executive Director
Ct. Alcohol and Drug Abuse Commission

Hon. Stephen B. Heintz
Under Secretary
Office of Policy and Management

Hon. Hector A. Rivera
Deputy Commissioner
Department of Human Resources

Hon. Amy Wheaton
Deputy Commissioner
Dept. of Children and Youth Services

For the Municipalities:
Hon. Rudolph Arnold
Deputy Mayor
City of Hartford

Hon. Anthony Alatorano
First Selectman
Town of Marlborough

David Russell
Executive Director
Council of Small Towns

For the Non-Profit Sector:
Robert Burgess
President
Ct. Association for Community Action

Susan Halperin
Attorney-at-Law

Raymond Norko
Executive Director
Legal Aid Society of Hartford County

Joan Quinn
Executive Director
Connecticut Community Care, Inc.

John R. Quinn
Executive Director
Easter Seal Society of Connecticut

For the Mediation Team:
Joseph B. Stulberg
Mediator

Ernest L. Osborne
Associate Mediator

J. Michael Keating
Secretariat
FINAL AGREEMENT

PARTNERSHIP FORUM FOR SOCIAL SERVICE PRIORITIES

OCTOBER 1985
The Partnership Forum for Social Service Priorities was organized in April 1984 at the request of Marie Matava, Massachusetts Commissioner of Social Services. In order to negotiate an agreement regarding the future of the Massachusetts Public-Private Partnership Program--4P (a special social service program involving both public and private funds)--the Forum brought together representatives of the following: (1) the six regional, forty area, and one central office of The Department of Social Services (The DSS Team); (2) the 230 proprietary and non-profit providers of social services (The Providers Team); (3) the 20 United Ways, sixteen municipal and county human service offices, and 80 corporations and independent foundations that provide matching funds to help support particular social services (The Partners Team); and (4) representatives of recipients of social services (The Citizens Team).

The four teams organized themselves independently of each other. They received funds from DSS to hire administrative staff. All four teams were assisted by a professional Mediation Staff that they helped to select. The four teams met on their own and together for ten months to consider possible changes in the administration of the 4P Program as well as possible shifts in funding and service priorities. The agreements reached by the Partnership Forum are contained in this report. The teams did not vote; rather, they worked until a consensus emerged. The individuals and organizations whose names appear on the signature page at the end of this report are committed to working together to implement the agreements spelled out in this document.

Copies of the minutes of all the meetings of the teams and of the Forum as a whole are available through the Massachusetts Department of Social Services.

Preamble

The 4P Program is a general social service program that belongs to the people of the Commonwealth. It is managed by the Department of Social Services with input from Providers, Partners, and Citizens. The hallmarks of the 4P Partnership are flexibility and sensitivity to local needs. Although 4P is jointly managed, DSS is accountable for the expenditure of funds. Due to the special shared funding feature of the 4P Program, the joint-management approach is applicable only to 4P and not necessarily to other activities of DSS.

Composition and Strengthening of Area and Regional Advisory Boards

1. Advisory Boards shall be used to involve community representatives--Citizens, Partners, and Providers--in the development of the 4P service structure. DSS Central Office will regularly update the membership handbook and job descriptions of Advisory Board Members. DSS shall organize training for new Board members that highlights the responsibilities of Board membership.

2. Area Boards and Area Office staff must make a special effort to encourage membership of Partners, Citizens and client representatives. Area Boards should include Partner participation.

3. Special efforts must be made to recruit adequate minority and rural underserved representation on Area Boards.

4. Regional Advisory Committees shall be created in those areas where local cooperation would be especially helpful or where Area Board members desire to form such committees. They will take responsibility for making recommendations relevant to multi-area needs assessment, priority setting, and RFPs. Participants will be drawn from Area Boards within each region and be representative of Citizens, Partners, clients and minority groups in the region.

5. The 4P Advisory Committee, formerly the Donated Funds Task Force, will be reconstituted and convened. The Commissioner shall take steps to ensure that the Committee includes representatives of the Partner, Provider, and Citizen interests and ensure adequate representation of minorities and the poor. The responsibilities of this committee are detailed in Sections
The Committee should (1) develop an outreach program to locate and involve new Partners, new Providers, and new communities in the 4P Program; (2) advise on priority setting; (3) take responsibility for developing a statewide flexible matching policy; and (4) monitor the implementation of this agreement.

The Assignment of Responsibility for Needs Assessment

1. The Regional and Central Offices of DSS shall manage the process of needs assessment. This entails (1) formulating a framework to guide the analysis of needs assessment data; (2) providing technical assistance to the area level staff responsible for needs assessment; (3) providing relevant state or regional data (e.g., census statistics or labor force trends); (4) promoting information-sharing among different areas and regions, including information on both technical issues and the results of needs assessments; (5) monitoring local data collection and ensuring reasonable consistency with statewide needs assessment standards; and (6) developing a readily accessible data base. DSS shall maintain needs assessment data in publicized accessible locations and at Area, Regional, and Central offices.

2. Area Boards, DSS Area Office staff, and other appropriate Citizen, Client, Partner, and Provider representatives will work together to collect local needs assessment data on a regular basis and to review and comment on the overall framework for needs assessment (i.e., tools and techniques) proposed by the DSS Central Office.

3. Regional Advisory Committees will make recommendations to ensure that multi-area or regional service needs are given adequate attention in the process of needs assessment.

The Assignment of Responsibility for Establishing Service Priorities

1. The establishment of area, regional, and statewide service priorities requires a partnership among DSS, Citizens, Partners, Providers, and Clients. 4P service priorities should reflect the results of a bottom-up process. DSS area boards and area staff, in concert with Citizens, Clients, Partner, and Provider representatives shall develop local service priorities that reflect current needs assessments and that take account of statewide and regional service priorities.

The Assignment of Responsibility for the RFP Process

1. The area staff director, with support and advice from the area board, shall assume responsibility for developing an area-
specific purchase plan and evaluating RFP responses from the provider community.

2. The regional director, with support and advice from the regional advisory committee, shall assume responsibility for developing a region-wide purchase plan, evaluating RFP responses for multi-area services, and ensuring that all proposals from within the region are evaluated.

3. DSS Regional and Central Offices are recognized as the units with ultimate responsibility for the selection, monitoring, and evaluation of Providers chosen to fulfill particular contracts. If there are services or programs for which needs assessments indicate the desirability of statewide administration, the relevant RFPs shall be issued by the DSS Central Office.

4. Issues involving the identification of local service need and the prioritization of services shall not be grounds for a Regional Office rejecting an Area's recommendation for other reasons, the basis of the rejection shall be given in writing to the Area Boards.
II. NEEDS ASSESSMENT

of Needs Assessment

Needs assessment is the process of determining the level of need for social services of different types, both services currently provided and services not currently provided.

Background

The Massachusetts Department of Social Services is mandated by law to conduct a needs assessment each year. Section 7D of the Massachusetts General Laws states,

The Commissioner shall conduct an annual needs assessment for all social services under the control of the department.

DSS conducts needs assessments at the area level. The role of the DSS Area Boards in this process is defined in Section 15 of the law:

1) To act as representatives of the citizens of the area;

2) To advise regarding local needs and resources in the development of a comprehensive analysis of social needs;

3) To review and approve the annual area plan and to make recommendations concerning the annual budget for the comprehensive social services of the area.

Relationship of Needs Assessment to the Setting of Priorities and the Purchase of Services

There is a strong relationship among needs assessment, the setting of service priorities, and the development of purchase plans. All three must be viewed independently; yet the results of a needs assessment guide the setting of service priorities. These, in turn, shape the composition of the purchase plan. The design of a needs assessment includes the previous definition of service priorities and past purchase plans. In short, it is inappropriate to consider needs assessment as completely independent of either service priorities or purchase plans.
Collection of Needs Assessment Data

1. The assessment of social service needs should involve systematic efforts to obtain information from consumers. Assessments should yield measurements of the needs of population groups, particularly underserved groups such as minorities and the rural poor. Data collection should produce quantitative assessments of the needs of various target populations. Some populations, it should be noted, cannot be surveyed directly. Information regarding their needs must be sought from providers, partners, consumer advocates, the Office for Children (OFC), and key informants in the social service network.

2. DSS will either designate or hire an appropriately trained staff member whose primary objective is to design a state-of-the-art needs assessment instrument to ensure the most objective assessment possible. If this is not possible, DSS will engage an outside professional consultant to review and help to improve existing needs assessment instruments. DSS staff (Area, Regional, and Central), along with Area Board members and partners, will also be given regular access to training in needs assessment techniques.

3. A comprehensive needs assessment will be conducted once every three years beginning in FY 1986. Such a comprehensive assessment will encompass all populations and all service categories in order to provide a baseline against which to measure future needs as well as progress. The results of the comprehensive assessment will be available to the public with sufficient notice to allow all parties time to evaluate any changes in needs prior to the issuance of new RFPs.

4. Annual updates will be used to verify suspected changes in levels of need in consultation with the 4P Advisory Board. While every effort should also be made to minimize the cost of annual updates, review of consumer needs shall be conducted annually. Off-year updates shall also make use of data and analyses developed through regular RFP monitoring and evaluation.

5. Needs assessments conducted as part of the $P Program shall be integrated and consistent with other needs assessments carried out by DSS. The results of all needs assessments shall be readily accessible to the public. The public shall also have easy access to the overall needs assessment data base maintained and updated by the DSS Central Office.

6. Needs assessment data will be collected at the most disaggregate level feasible. For most populations and services this will be the area level. In order to reinforce the community-oriented bias of the 4P Program, however, needs assessment data should be analyzed and presented on a community-by-community basis. For some highly populated areas, data may
have to be presented at a neighborhood or sub-community level to be useful to citizens, partners, and providers. The needs of some minority populations can only be assessed efficiently on a regional or statewide basis. The needs assessment guidelines adopted by DSS should be flexible enough to assure that the needs of minorities are evaluated at the level most likely to ensure accuracy.

7. The needs assessment process requires the cooperation of DSS Central, Regional and Area offices. It is the responsibility of DSS Central, Regional, and Area offices to promote standards for statewide comprehensive needs assessment including initial direction and training in the development of needs assessment tools and techniques. Regional and Area offices will supplement the standardized tools and techniques to take account of local concerns.

8. Area Boards must take responsibility for ensuring that citizens, providers, and partners review all needs assessment tools (e.g. surveys) and techniques (e.g. sampling protocols) in sufficient time for their input to be effective. Area Boards will ensure that Partners are involved in any public review of needs assessment tools and techniques.

9. To conduct comprehensive needs assessments every three years, DSS will augment existing PDS staff with citizen volunteers and will solicit participation of Partners in collecting and analyzing needs assessment data. The goal is to produce needs assessment data that all parties in the state will use in planning for changes in the plans for purchasing 4P services.
III. REQUESTS FOR PROPOSALS

Objectives of the RFP Process

Requests for Proposals (RFPs) are used to move from needs assessment to realistic plans for the provision of services. The RFP process must be designed to preserve openness and competitive bidding in the purchase of services.

The Timing of Open RFPs

1. RFPs are to be issued once every three years corresponding to the service cycle. This presumes that annual contracts are rolled over (after careful monitoring).

2. RFPs will be distributed with enough lead time to allow both partners and providers sufficient time to respond. The timetable and schedule will be standardized and publicized in advance. If RFPs are sent out in January (of the preceding budget year), awards should be granted in April, with contracts commencing in July. Partners for whom this schedule presents problems (because of incompatible internal budget timetables) will alert DSS. There shall be at least a 30-day period available to review proposals.

3. DSS shall open bid new monies to stimulate new initiatives.

Information Required to Respond to RFP

1. The complexity of the financial information required by RFPs may discourage small or less knowledgeable agencies from submitting responses. DSS will streamline the financial portion of its RFPs.

2. The amount of information Providers are required to submit in response to RFPs can be onerous. The amount of information requests will be reduced through DSS's use of RFQs—Requests for Qualifications—by which qualified Providers may preregister. Master contracts may also be used in the same way. These will be issued to Providers doing business with DSS and will cover all subsequent individual purchase agreements. It is important to note that such streamlining must not reduce the informational requirements for effective monitoring.

3. DSS and Partner agencies will coordinate their information requests from Providers. Where feasible, they should request the same information in determining financial allocations for the same services.
Dissemination of Information About RFPs

1. It is DSS's responsibility to provide general as well as technical information about RFPs to potential and current Partners and Providers. In addition to maintaining readily accessible and up-to-date lists of all RFPs issued and meeting all public notice requirements, DSS will take several additional steps: (1) inform as many Provider agencies as possible about forthcoming RFPs (and make public the list of agencies it has tried to contact in connection with each RFP); (2) inform as many Partner agencies and Citizen Advocates as possible about forthcoming RFPs (and these groups, in turn, should help DSS expand its list of Providers to contact); (3) allow Providers not initially known to DSS an opportunity to respond to any RFP; and (4) provide all interested Providers and Partners with as much technical information as possible to assist them in responding to RFPs. DSS will share with interested Partners any technical information it receives from Provider agencies in response to RFPs.

2. Provider agencies shall supply DSS and Partners with copies of their RFP responses on request.

3. Representative(s) from DSS will be designated at the regional level to provide assistance in responding to RFPs.

Contracting

Partners shall be notified in a timely fashion of the dates that RFPs will be negotiated and will be invited to participate in these contract negotiations.
IV. MATCHING PROVISIONS

Background

The purpose and effect of any modification of the existing 25% matching provision of the 4P Program should be to generate additional support for those programs of demonstrated need that have had difficulty identifying matching funds as a result of, but not limited to, geographic isolation, the nature of the service provided, or the nature of the clientele served.

Obstacles to Greater Partner Participation

The Partnership Forum identifies several conditions that seem to have inhibited overall Partner participation in the 4P Program: (1) some potential Partners have incorrectly presumed that they will be burdened by excessive contractual and administrative requirements; and (2) many potential Partners have not participated because they have not been aware of the existence of the 4P Program.

Some services have been unable to generate matching funds from Partners even when the two conditions described above have not applied. There are several reasons why this has probably been the case: (1) some services have generated little Partner interest and (2) some areas of the state have had difficulty identifying matching funds because of a scarcity of potential Partners or Providers in their vicinity; (3) some programs that serve primarily minority clients have had difficulty identifying matching funds; and (4) the overall level of 4P funding has not increased rapidly enough to take full advantage of all potential Partner contributions.

There is a Need to Reconvene the 4P Advisory Committee

In order to overcome some of the obstacles to greater Partner participation in the 4P Program, it is agreed that the 4P Advisory Committee will be reconvened. The Committee will seek to overcome the lack of information and the presence of misinformation about the 4P Program among Partners and Providers. DSS shall work with the Committee to spearhead an educational effort to inform potential Partners and Providers about opportunities and recent changes in the Program. Potential Partners and Providers will be targeted and introduced to the Program. They will be given information that will help to dispel popular misconceptions about the contractual liability of Partners. The Committee will also seek to apprise past Partners and Providers of the substantial procedural and regulatory
reforms that have taken place in the 4P Program since 1982.

The Advisory Committee will work to expand its former membership to ensure that groups that have been historically under-represented are included. This applies especially to representatives of service consumers and citizen advocates.

The Need for a Matching Pool

In order to marshall support for needed programs that confront difficulty in identifying matching funds, Providers and DSS staff will alert the 4P advisory Committee when such situations arise. The Committee will advise DSS on the identification of potential new partners that can participate in the creation of a statewide matching pool. These funds will be raised in a manner that will not compete with the fund raising efforts of existing Partners.

The Advisory Committee will define appropriate guidelines and funding criteria relative to the use of the funds in the matching pool. The participants in the Partnership Forum urge the Advisory Committee to focus on sliding matching arrangements for both Partners and DSS. DSS shall determine which programs should be supported with funds from the matching pool in order to redress bona fide inability to identify matching funds.

The Possibility of Collaborative Matching Arrangements

Under current regulations, Partner contributions can be pooled in order to produce a 25% match. Unfortunately, many current and potential Partners are not aware of the possibility of collaborative matching arrangements. It is also permissible for one participating Partner to serve as a financial conduit for the other(s). DSS shall make a special effort to publicize the acceptability of these arrangements.
V. MONITORING AND EVALUATING

The Objectives of Monitoring and Evaluation

Careful monitoring and evaluation of 4P contracts are required to ensure that public and partner funds are administered responsibly and that the highest possible level of service quality is maintained. More specifically, monitoring is aimed at ensuring that contracts are administered in compliance with statewide purchasing and service standards. Monitoring is also a means of providing on-going technical assistance. Evaluation is meant to ensure that 4P-funded services meet measurable program goals and that service providers engage in a process of self-review.

External evaluations, incorporating information gathered through on-site visits, are crucial to effective administration of 4P contracts. In addition, providers must be responsible for developing such plans, providers must be sure to (1) define specific goals and objectives for each funded activity (N.B. these should be measurable at any point in the funding cycle), and (2) collect and analyze client and service data in a fashion consistent with state regulations.

Who Monitors and Evaluates

1. Monitoring and evaluation teams should be comprised of representatives of the DSS, DSS Area Boards, the appropriate Partner agencies, and OFC councils, where appropriate. Maximum effort will be made to locate minority and underserved representatives to serve on monitoring and evaluation teams. There shall be at least one professionally qualified person on each team (i.e. one person with the appropriate license or accreditation and experience evaluating the service being reviewed).

2. DSS will take the lead in organizing monitoring and evaluation teams. This will be done in cooperation with Area Boards and appropriate Partner agencies.

3. In an effort to avoid conflicts of interest, no individual who has or may derive a personal or financial interest, benefit, or gain through a program being reviewed may be involved in monitoring or evaluating that program.

4. Every effort should be made by state, federal, and private agencies involved in evaluations to coordinate their evaluation efforts. 4P evaluations may usefully be supplemented with other past or on-going evaluations.
What To Do With Information Obtained Through The Monitoring and Evaluation Process

1. Monitoring and evaluation reports shall be available to the general public through the Department of Social Services. DSS is responsible for maintaining copies of all reports. To the greatest extent possible, monitoring and evaluation data should be computerized and available through a central source (i.e. DSS Central Office).

2. Monitoring and evaluation reports shall be sent, as a matter of course, to appropriate Partners, Providers, DSS Area Offices, and members of monitoring and evaluation teams (who have asked that copies be sent to them). It is the responsibility of the DSS Regional Offices to be sure that reports are distributed in a timely fashion.

3. As part of its monitoring and evaluation process, DSS should continue to collect data which specify minority clients served. These data should be specific with regard to racial, ethnic, and cultural identification; types of service rendered; and number of contacts with the service provider.

4. Evaluation reports play an important role in the RFP process: evaluations will be considered when contracts are reviewed for renewal.

5. Information obtained through evaluations should be used to provide technical assistance to other agencies involved in providing similar services.

6. Monitoring and evaluation team, when conducting their evaluations, will have access to (1) all staff and management personnel of the provider agency, and (2) all organizational records, including budgets and general data regarding the delivery of services (i.e. how many clients served, their income, eventual disposition of cases, etc.). Client records will be made available only to DSS representatives, subject to regulations and applicable law.

Training and Notice Requirements

1. Training will be provided to all those serving on monitoring and evaluation teams by DSS and, where appropriate, in conjunction with other agencies. Training should include, but not be limited to: (1) review of all relevant state regulations; (2) review of contracting practices; (3) review of provider proposals in response to RFPs and any outside communications regarding the RFP and the contract; (4) review of monitoring and
evaluation policies and procedures; and (5) review of purchasing
and service standards.

2. Providers and Partners shall be notified at least 10 days in
advance of any on-site visits. Notification includes proposed
evaluation criteria and the composition of the monitoring and
evaluation team. If a provider is expected to furnish
information beyond the scope of a self-evaluation or other
routinely collected information, the Provider shall be told this
at least 30 days in advance of an on-site visit. Whenever and to
the greatest extent possible, monitoring and evaluation teams
should coordinate site visit dates and times with providers. If
a Provider agency objects to the composition of a monitoring or
evaluation team, it has the right to appeal, orally or in
writing, to DSS. DSS shall develop a standard appeals process.

3. Exit interviews shall be conducted with the Provider prior to
the preparation of a Final Report. The Provider shall have the
opportunity to make factual corrections or to furnish a formal
written response to a final monitoring or evaluation report.

4. DSS shall, within three years, standardize all monitoring
processes. Formal evaluations, including on-site visits, shall
be conducted once during each three year funding cycle for each
Provider operating one or more 4P contracts.
VI. MINORITIES AND THE UNDERSERVED IN RURAL AREAS

Background

Many easily identifiable minorities have a great need for more responsive and more extensive human services of the sort provided under the 4P Program. Yet, unless special efforts are made to overcome the barriers to meeting the social service needs of these disadvantaged groups, their needs will continue to go unmet.

In Massachusetts, the term Minority Populations is used to refer to people who differ from the Commonwealth's majority in terms of either race, ethnicity, or cultural background, or language. The underserved in rural areas are part of a distinguishable group of people who have readily identifiable needs, but who are not receiving the human services they require because of their geographical isolation. The primary focus within this underserved group should be those at the lower end of the income scale.

There exist a number of barriers that make it difficult for the system to respond fully to the social service needs of minorities and the rural underserved. First, cultural and language barriers sometimes generate misunderstandings. Needs may go unrecognized because communication is impeded. Second, there exists, often unintentionally, institutional discrimination that results in a propensity to respond with insufficient sensitivity to the needs of minorities and the underserved in rural areas. Third, there are insufficient financial resources to respond to all those in need.

The existing human service delivery system emphasizes response to immediate problems. Equal consideration should be given to interventions before problems are manifest.

Service Priorities and the RFP Design

1. There is a major need for a minority role in translating minority needs into service priorities and the design of programs and services. Since service priorities and purchase plans are defined primarily at the area level, a mechanism must be developed to ensure that minorities in each area are adequately represented on Area Boards.

2. Many minorities may be too few in number to be represented on each Area Board without those Boards becoming too large to be functional. To address this problem, DSS shall recommend to State Advisory Committee a Minority and Rural Underserved
Subcommittee of the DSS statewide Advisory Committee. Membership of this subcommittee need not be limited to Area Board members. This subcommittee should include representatives and advocates for minorities and rural poor populations and should act to oversee the assessment of needs, to advise DSS on which services ought to be given priority for each minority and rural poor client group, and to assist DSS in translating those priorities into RFPs that address those needs.

Program Responsiveness

1. DSS will continue to focus on delivering quality services to minorities and the rural underserved in the state. This may require that in responding to RFPs, Providers be asked to demonstrate knowledge of the needs of minority populations within their geographic area and demonstrate that their staff have the requisite language skills and cultural sensitivity to serve minority clients in a manner that can bridge social and geographic isolation.

2. DSS should encourage Providers that serve minority and underserved populations to undergo appropriate training (responsive to concerns of the particular community being served) in sensitivity to the problems of poverty, isolation, and other social issues that affect service delivery. DSS will continue to provide the same training to its own staff. Resources to underwrite annual cross-cultural training may be included in RFPs for services to minority and underserved populations.

3. There is an important need to educate and train more minority professionals and professional working in rural areas in human service delivery. Partners, Providers, and DSS should make greater efforts to allocate resources to increase the opportunities for minorities to secure professional training in human services through scholarships, tuition reimbursement, and other work/study programs.

4. DSS will allow for and encourage the development of flexible and innovative service modalities and will allow for training required for those service modalities.

Building Statewide Capacity to Serve Minorities and the Rural Poor

1. With the help and assistance of Partners, Providers, and Citizen Advocates, the 4P Advisory Committee should initiate an outreach program to identify new Partners willing to provide additional matching funds aimed predominantly at serving the needs of minority and underserved clients in rural areas.
2. Every effort should be made to remove contracting and procurement barriers in the path of minority providers. There are a number of steps that DSS might be able to take in this regard. DSS shall reimburse providers at a fair and equitable rate for services rendered. Second, DSS shall take whatever steps are necessary to implement the Administration's wage upgrading policy so that minority providers can hire professional, multi-lingual minority staff at competitive salaries. Third, DSS shall review its contracting system to be certain that any requirements that encourage minority providers to bid less than competitive amounts for service contracts or that discourage minorities from bidding at all are eliminated. DSS will, for example, remove any barriers to partnerships between minority and non-minority providers seeking to respond together to the special needs of minority and rural poor clients.

3. In allocating resources to regions and areas, DSS shall recognize and provide for increased costs associated with providing services to certain communities, such as the increased costs of time spent in travel by DSS staff and provider staff and the administrative costs of maintaining outreach sites so that services will be accessible to clients.

4. DSS shall ensure that its minimum standards are flexible enough to permit small providers with limited staff to manage administrative and fiscal procedures. DSS and 4P Partner agencies will be encouraged to assist minority providers in building their capacities to handle administrative and fiscal responsibilities.
All services funded from the 1040 (4P) account are 75% state-funded. Priority setting for the 1040 account will be based on a careful analysis of needs assessment results. The indicators that will be used are listed in Appendix II of this report. Although this list is not complete, it will be used in the interim until DSS develops a more complete set of tools and techniques for undertaking comprehensive needs assessment.

Partners interested in purchasing services that are primarily supported through 0200 account may do so to supplement 0200 funding. The participants in the Partnership Forum agree that improving services to the underserved, increasing local discretion, achieving wage parity and prevention are significant considerations in guiding 4P allocations.

Assumptions

1. The 4P Program is unique for several reasons. First, it is rare that a program exists that pairs local Providers and local funding sources (Partners) to provide human services identified by communities. Second, 4P is the only general social services program in the Commonwealth. The Department of Social Services is the administrator of this program, although the program belongs to the larger community. In this light, all services funded by 4P must be open referral unless otherwise negotiated in a three-party agreement among the specific Partner, Provider, and Area office (this does not imply that all 0200 services will be on a closed referral basis).

2. The base budget request for the 4P Program (prior to the allocation of any increment) must remain at least at its 1986 level plus for inflation of 4%.

Scope of This Agreement

The following paragraphs of this section of the agreement focus exclusively on the allocation of additional funds in the 4P budget. The task the participants in the Partnership Forum set for themselves was to generate a consensus on how best to spend additional money. The participants hope it will be easier to win support for additional funds once it is understood that the uses of the new money spelled out in this agreement will have the full support of all the groups involved in the 4P Program.

Wage parity for social service workers supported under any 4P contract. The participants in the Partnership Forum feel
strongly that current salary levels for the social service workers supported under 4P contracts (as well as other state contracts in Massachusetts) are low relative to prevailing wages in the public sector. Such disparities have many different causes and will not be resolved easily. Nevertheless, consistent with whatever EOH agreement is reached, DSS will implement wage parity.

New approached to meeting the needs of heretofore underserved minorities (particularly racial and ethnic minorities). A portion of any increment in 4P funding should be used to broaden and deepen the social services available. The Partnership Forum recommended that special emphasis in this regard be placed on agency and staff development. In the long term, any improvement in the response to the needs of minorities will depend on an expansion of the capacities of new or existing agencies with the potential and ability to serve heretofore underserved minorities. In order to achieve the goal of strengthening minority agencies and minority services and staff within non-minority agencies, 4P money will be set aside for: minority contracts; to provide technical and RFP assistance; to help determine the needs of minorities in the Commonwealth; and other ways to stimulate further staff and agency development.

Creation of a more flexible pool of 4P money. The participants in the Partnership Forum are convinced that the 4P Program should emphasize the desirability of responding to locally determined needs. This means that differences in needs and priorities from region to region and area to area ought to be expected. In order to enhance the responsiveness of the 4P Program, the participants in the Forum agree that a portion of any increment in 4P funding will be set aside to create a flexible pool. This pool will be distributed, with the advice of the 4P Advisory Committee for local need identification, establishment of priorities, and demonstration projects. The allocation of these funds must be based on a demonstrated need for services and can be used to (1) support projects or programs at the local level that might help to underscore the needs that would be of benefit state-wide; (2) redress inequities in allocation that are cause by matching requirements that may be too hard for some areas to meet; or (3) provide greater flexibility at the local level in terms of eligible services and rapidly emerging service needs. This allocation method will also be used as a pilot for local involvement which will be expanded in FY87. A pilot will also allow for the testing and refinement of implementation plans prior to the issuance of regulations.

4. A priority of the 4P Program should be to support families and protect children.

Listed below are statewide priorities presented by DSS for 1040. The participants agree that these will be among the
criteria used when local priorities are established for 4P.

Families in Need of Service

Strengthening the capacity of families and individuals to act responsibly and independently should be given the highest priority. Specific outreach programs for people in their homes and through agencies with services that strengthen parenting skills and strengthen inter-family communication is important. Services that encourage families to stay together and treat family members with proper respect should be emphasized. These include respite care for families with physically and emotionally handicapped members, parent aid programs, the full range of family planning services (including natural family planning), and day care services, especially for infants and toddlers, and for children of parents in training programs. For families and individuals already functioning independently, information and referral programs should be considered as should advocacy for special needs students to assure access to existing services.

Young Parents/Parents-to-Be

The vast increase of teenagers who become pregnant and choose to keep their babies creates a high priority for services. Programs for young parents, particularly school and community based programs, offer an opportunity for comprehensive prevention vocational dollars might be directed to high risk, troubled young parents to help them finish their education. Funds could also be allocated to ensure that this population receives proper medical attention and learns decision-making, future imaging, and parenting skills, thereby preventing unwanted pregnancy, abuse/neglect and welfare dependency.

Adolescents in Need of Services

There are two youthful populations for whom existing resources are inadequate: adolescents who do not live in a family setting and youth with severe behavioral problems. The first group continues to grow since traditional family settings are not a viable option for large numbers of teens. Increased emergency shelter capacity and intensive outreach tracking services are also needed for both these groups.

Linguistic and Cultural Minorities

As the number of linguistic and cultural minorities grows, DSS has become aware of the need to overcome barriers to service and isolation faced by these populations. Additional funding in this category should be devoted to strengthening DSS's capacity to deliver existing services to cultural and linguistic minorities. This goal will be partly realized through DSS's commitment of 7% of all its contract dollars to minority owned
vendors.

The Homeless

This population continues to be a high priority where shelter and housing for homeless families are inadequate or non-existent. Additional funds should be spent to increase housing search and intensive advocacy to both prevent homelessness and locate shelter for already homeless people. This service should be targeted to those geographic areas where enormous housing problems both create family break-up and drain the social work system.
VIII. MONITORING IMPLEMENTATION OF THIS AGREEMENT

The agreements spelled out in this document will be implemented immediately. No legislative action is required. The individuals whose signatures appear on the final page of this document support implementation of the more than 60 specific points of agreement. The signees have made every possible effort to brief their respective organizations on the terms of this agreement and are pledged to take the following steps subsequent to signing.

1. Team members will gather at least twice within a year of the date of the signing of this agreement (preferably at six-month intervals) to review progress on implementation. These meetings will be called by team leaders or someone designated by the current team leaders.

2. The Commissioner and the 4P Advisory Committee will meet at least annually, on or about the anniversary of the signing of this agreement, to review the process of implementation. The Commissioner will take the responsibility for convening this meeting and will make every effort to attend.

3. If any team believes that the terms of this agreement have been ignored or violated by any of the signees (or their organizations), administrative remedies will be sought.

4. The terms of the Partnership Forum agreements are only those spelled out in the Final Agreement (and not in any prior draft agreements or conversations). The participants agree not to cite or quote any of the terms of this agreement out of context.

5. DSS will distribute this agreement annually with a progress report to all Forum participants, the Provider and Partner communities, Area and Regional Boards, Area and Regional management staff, the 4P Advisory Board, and central office staff. The first Annual Program Reports will be in the hands of the groups listed at least two weeks prior to the scheduled meeting of the 4P Advisory (2 above).