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[Yale Program on Non-Profit Organizations, 7/19/91]

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Yale University

Program on Non-Profit Organizations
P.O. Box 154 Yale Station
New Haven, Connecticut 06520-0154

Campus address:
88 Trumbull Street
Telephone:
203 432-2121

July 19, 1991

Ms. Barbara G. Kilberg
Deputy Assistant
to the President
Room 128
Old Executive Office Bldg.
The White House
Washington, D.C. 20500

Dear Ms. Kilberg:

I just finished preparing letters to our three major supporters -- The Ford Foundation, the Hewlett Foundation, and the Rockefeller Brothers Fund -- to report on the past year's activities at PONPO. This seemed to be an opportune time to update members of PONPO's advisory committee as well. I plan to be in contact soon about arranging a meeting of the advisory committee.

In last year's report to the foundations, I emphasized all of the work that had to be done to get PONPO functioning after the hiatus following Paul DiMaggio's term. I wrote of hiring staff, the challenge of ascertaining the status of ongoing activities, the acquisition of new equipment, the partial renovation of the building, and so forth. It was a pleasure not to have to discuss such matters again. Many things that were a challenge in my first year are now routine. PONPO is functioning smoothly and has a growing set of activities.

John Simon and Paul DiMaggio have maintained their active interest in the Program and are frequent sources of counsel. They, along with Henry Hansmann and Susan Rose-Ackerman from the Law School, Deborah Minkoff (a new faculty member in sociology), and Peter Hall agreed to serve as an informal advisory group with whom I can meet on occasion to discuss PONPO and potential activities. As part of our new project on religion, a new cast of characters has become involved in with us. The project's advisory group includes Thomas Ogletree, the new dean of the Yale Divinity School, and Professors Kai Erikson (Sociology), Perry Dane (Law), Sharon Oster (School of Organization and Management), and Jon Butler (Religious Studies). Awareness of and interest in PONPO has increased at Yale.

Notable activities at PONPO during the past year were:

- * Initiating major new projects on churches as nonprofit organizations and on the changing dimensions of trusteeship. Both of these projects are being supported by the Lilly Endowment with grants totaling more than \$900,000. As a

Handwritten notes:
Helen)
PLS. See me on this BK.
John Simon - Yale Law School
(203) 432-2698
(203) 432-4987

side benefit, these grants gained us a front page headline in the Yale Bulletin and gave PONPO more visibility. See the enclosed.

- * The operation of the John D. Rockefeller 3rd Summer Fellowship Program for doctoral students, which was supported in 1990 by a special gift from Mrs. Blanchette Rockefeller. As in the past, the program was not limited to Yale students. A list of the 1990 Fellows and their projects is appended, as is a list of the 1991 crop (though, strictly speaking, they don't belong in this report on last year).
- * The publication of 15 new PONPO Working Papers. A list is appended; I will be happy to send along any that may interest you. Several of the items on it are outgrowths of activities that I mentioned in last year's report -- including papers by former JDR3 fellows Javier Diaz-Albertini and Rebecca Bordt, and by Kirsten Gronbjerg. We continue to receive several requests per day for copies of working papers.
- * Regular notices are now included in The Chronicle of Philanthropy about PONPO Working Papers as they are published, and The Philanthropy Monthly published several articles (by its editor) discussing new PONPO Working Papers. Beyond these developments, PONPO's work continues to be widely cited in the scholarly and practitioner literature.
- * The regular PONPO luncheon seminar continued. There is regular group of participants, including faculty and graduate students from many parts of Yale, plus non-Yale people such as Henry Suhrke, Dick Magat, and Tom Buckman. We generally have 25-30 people at these bi-weekly sessions. A listing of the 1990 and Spring 1991 seminars is appended. It shows involvement by a variety of Yale faculty members and a distinguished group of visitors.
- * Publication of issue #9 of our newsletter, Research Reports. With Peter Hall as editor, it put current activities into the larger context of previous research at PONPO. You should have received a copy at the time; a more recent one has also been published.
- * We were joined by Hayden Smith following his retirement from the Council for Aid to Education. He is here two days per week and is working on several projects pertaining to corporate giving and contributions to higher education.
- * PONPO provided office space and incidental support for the year to Professor Uri Yanay of Hebrew University in Israel, who studied voluntary citizen actions in response to the threat of crime.

Under a grant from the Association of Fund Raising Counsel Trust, Peter Hall is busy with an extraordinary documentary history of philanthropy, going back to the 17th century. The book will be made up of excerpts from primary source material, with sections and particular items introduced by Peter. The first third of the manuscript is complete, and it is safe to say that nothing that even approaches it now exists.

A portion of my time during the grant period was spent in revising the manuscript for my book, The Profit Motive and Patient Care: The Changing Accountability of Doctors and Hospitals, which was published in 1991 by Harvard University Press. (I'll not try to list all of the publications, speeches, advisory activities, etc. of the various PONPO people this past year. However, I hope you will forgive the shameless plug for my own book; I'll even include a copy of the review from the Sunday NY Times, though I must ask you not to read the last paragraph.)

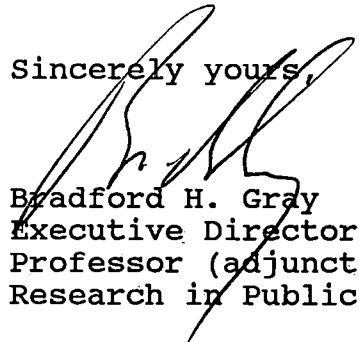
Also completed this past year was Francie Ostrower's doctoral dissertation, Why the Wealthy Give: A Study of Elite Philanthropy in New York City. Francie was involved with PONPO in various capacities over the years. Her study is quite outstanding and is likely to be published. Francie moved to an assistant professorship at Harvard. Three or four graduate students -- from public health, sociology, and religious studies -- currently have a substantial ongoing involvement with PONPO.

With this being the final year of our three major general support grants, we have naturally begun looking to the future. We have some ideas and some news that we would like to discuss with you. But I will save that until the advisory committee can meet. I will be in touch about that.

In the meanwhile, if you would like additional information about anything I have discussed herein, I would be happy to provide it. I have not communicated as much as I have intended - - it's hard to get any work done around here during much of the year because they have these people at Yale called students! -- but things have been going very well. Lots of back burner items are being moved up now that summer is here, and there will be much to discuss when we meet.

With best regards,

Sincerely yours,



Bradford H. Gray
Executive Director and
Professor (adjunct) of
Research in Public Health

Yale Program on Non-Profit Organizations

Working Papers Published in 1990

PONPO Working Paper-147 "Planning As Crisis Management: An Analysis of London's Voluntary Sector," by Jennifer R. Wolch (February 1990). (33 pp.)

PONPO Working Paper-148 "Private Higher Education Worldwide," by Daniel C. Levy (February 1990). (46 pp.) In: Burton R. Clark and Guy Neave, eds., The Encyclopedia of Higher Education (Pergamon Press, 1991).

PONPO Working Paper-149 "Charitable Associations," by Carl Milofsky and Julie T. Elworth. In: Issues in the Care of Children with Chronic Illness, (Nicholas Hobbs and James M. Perrin, eds.), San Francisco - London: Jossey-Bass Publishers, 1985.

PONPO Working Paper-150 "Managers in Different Fields of Service: Managerial Tasks and Management Training," by Paul J. DiMaggio. In: Educating Managers of Nonprofit Organizations, (Michael O'Neill and Dennis Young, eds.), New York: Praeger, 1988

PONPO Working Paper-151 "Configuration and Strategy Making in Brazilian Universities," by Cynthia Hardy (April 1990). (51 pp.)

PONPO Working Paper-152 "Leadership and Strategy in Brazilian Universities," by Cynthia Hardy (April 1990). (65 pp.)

PONPO Working Paper-153 "Cultures of Trusteeship in the United States," by Peter Dobkin Hall (May 1990). (150 pp.)

PONPO Working Paper-154 "The Emergence of Nonprofit Legal Education in New York: A Case Study" by James A. Wooten (May 1990). (53 pp.)

PONPO Working Paper-155 "Class Authority and Cultural Entrepreneurship: The Problem of Chicago," by Paul J. DiMaggio (May 1990). (45 pp.)

PONPO Working Paper-156 "Managing Nonprofit Funding Relations: Case Studies of Six Human Service Organizations," by Kirsten A. Gronbjerg (August 1990). (60 pp.)

PONPO Working Paper-157 "Development as Grassroots Empowerment: An Analytic Review of NGDO Programs in Lima, Peru," by Javier Diaz-Albertini (September 1990). (87 pp.)

PONPO Working Paper-158 "The Possibility of Tax Incentives for Landing to Charitable Organizations," by Seth M. Hendon. In: Yale Law & Policy Review, Vol. 8, No. 2, (1990). pp. 414-435 (36 pp.)

PONPO Working Paper-159 "How Alternative Ideas Become Institutions: The Case of Feminist Collectives," by Rebecca L. Bordt (November 1990). (54 pp.)

Yale Program on Non-Profit Organizations

Working Papers Published between January 1, 1991 and July 1991

- PONPO Working Paper-160 "Cultural Boundaries and Structural Change: The Extension of the High-Culture Model to Theatre, Opera and the Dance," by Paul J. DiMaggio (January 1991). (56 pp.)
- PONPO Working Paper-161 "Nonprofit Hospitals and the For-Profit Challenge," by Bradford H. Gray. In: Bulletin of the New York Academy of Medicine (National Health Policy Seminar Issue: Toward a Health Care Financing Strategy for the Nation) 66 (July-August 1990): 366-374.
- PONPO Working Paper-162 "Religious Participation, Religious Diversity, and Social Conditions," by Judith R. Blau, Kenneth C. Land and Glenn Deane (February 1991). (41 pp.)
- PONPO Working Paper-163 "A Theory-Driven Framework for Evaluating Youth Programs," by Miriam M. Wood (March 1991). (31 pp.)
- PONPO Working Paper-164 "National Neighborhoods: Communal Class Politics and the Rise of the National Neighborhood Movement," by Albert Hunter (January 1991). (42 pp.)
- PONPO Working Paper-165 "Strategic Planning In Organizations and Environments: Non-Profit Human Services In Rural New England," by James Tober (February 1991). (80 pp.)
- PONPO Working Paper-166 "The Impact of Changes in the Tax Laws on Private Elementary and Secondary Schools," by Hayden W. Smith (July 1991). (71 pp.)
- PONPO Working Paper-167 "Examining Profit and Nonprofit Child Care: An Odyssey of Quality and Auspices," by Sharon L. Kagan. In: Journal of Social Issues, Vol. 47, No. 2, 1991. pp. 87-104.

Yale Program on Non-Profit Organizations
Seminars -- Spring and Fall 1990

- January 16, 1990. **Mark Schlesinger** (JFK School, Harvard), "Ownership Form and Organizational Performance: Property Rights in Organized Professional Services in Health Care."
- January 30, 1990. **Wolfgang Seibel** (University of Konstanz, West Germany) "Successfully Failing Organizations: A Cross National Perspective on the Third Sector as a Non-Problem Solver."
- February 13, 1990. **Peter Dobkin Hall** (PONPO) "Cultures of Trusteeship."
- February 27, 1990. **Vincent Mor** (Brown University), "The Emergence of Community-Based Nonprofits in Response to Aids."
- March 13, 1990. **Charles Tremper** (National Law Center, George Washington University), "Reconsidering Legal Liability for Charitable Organizations and Volunteers."
- March 27, 1990. **Carl Milofsky** (Sociology, Bucknell University), "The Love Life of an Alternative School: The Oligarchy Problem in Democratic Organizations."
- April 10, 1990. **Emmett Carson** (Ford Foundation), "Black Philanthropy and the Shape of Tomorrow's Nonprofit Sector."
- April 24, 1990. **Richard Frank** (Johns Hopkins School of Public Health), "Altruistic Motives in Nonprofit Hospitals and the Supply of Charity Care."
- May 8, 1990. **Francie Ostrower** (Sociology, Yale), "Why the Wealthy Give: A Study of Elite Philanthropy in New York City."
- September 18, 1990. **Helmut K. Anheier** (Rutgers & Johns Hopkins), "The Nonprofit Sector in Comparative Perspective: The Johns Hopkins Comparative Nonprofit Sector Project."
- October 2, 1990. **Bradford H. Gray** (Public Health, Yale), "Cataract Surgery vs. System Building: International Blindness Organizations and the Dilemmas of Assistance in Less Developed Countries."
- October 16, 1990. **Richard Magat** (The Foundation Center), "Which Media, Which Messengers? Public and Scholarly Reporting on Philanthropy and the Nonprofit Sector."
- October 30, 1990. **Julie Fisher** (Consultant, Fisher & Peck Associates), "Rethinking Political Development: The Growth of the Third Sector in the Third World."
- November 13, 1990. **Teresa Odendahl** (Author), "Charity Begins at Home: The Giving of Elites."
- November 27, 1990. **Paul Schervish** (Boston College), "Religion and Philanthropy: The Spiritual Secret of Money."
- December 11, 1990. **Hayden W. Smith** (PONPO), "Some Observations Regarding Corporate Charitable Contributions as Reported on Federal Tax Returns and the Impact of Changes in the Tax Laws."

Yale Program on Non-Profit Organizations
Seminars -- Spring 1991

- January 22, 1991. **Uri Yanay** (PONPO and Hebrew University), "Securing Personal Safety in the Community: Another Challenge to Philanthropy and Voluntarism?"
- February 5, 1991. **Thomas R. Buckman** (The Foundation Center), "Foundations on Film."
- February 19, 1991. **Ivan Lansberg** (Editor, Family Business Review), "The Influence of Donor Families on Family Foundations."
- March 5, 1991. **Ellen Condliffe Lagemann** (Columbia University), "The Politics of Knowledge."
- April 2, 1991. **Paul DiMaggio** (Sociology, Yale), "The Nationalization of Nonprofit Enterprise in the Arts."
- April 16, 1991. **John C. Lammers** (U.C.L.A.) "What Do We Really Know about the Impact of Boards on Nonprofit Hospital Performance?"
- April 30, 1991. **Sharon M. Oster** (School of Organization and Management, Yale) "Issues in the Management of Nonprofit Organizations."
- May 14, 1991. **Carl Milofsky** (Bucknell University) and **Stephen D. Blades** (East Carolina University) "Accountability in Fundraising: The Case of the Health Charities."

Yale Program on Non-Profit Organizations

JOHN D. ROCKEFELLER 3RD FELLOWS

SUMMER 1990

TERRY BOYCHUK is a doctoral candidate in sociology at Princeton. With a general focus on comparative institutional cultures, his research will examine the development of social insurance in Canada and the United States following the second World War, with a particular focus on health insurance systems.

EVE CHARFAUROS is a doctoral candidate in sociology at Yale. Proceeding from a general interest in the institutional experience of people of color, her research will examine the development of Third College, a multiracial, multicultural experimental unit of the University of California-San Diego, between 1970 and 1990.

PAUL GALATOWITSCH is a doctoral candidate in sociology at Yale. Building on a concern about institutional responses to the AIDS epidemic, he will be studying New Haven nonprofits dealing with populations at-risk for HIV infection.

JENNIFER GUNN is a doctoral candidate in the history and sociology of science at the University of Pennsylvania. She will be studying the role of private philanthropy in the development of population policy in the United States and abroad during the twentieth century.

DANIEL C. HUMPHREY is a doctoral candidate in education at Teachers' College, Columbia University. With a general interest in the problems of translating reforms originating on the national level into local settings, his research will focus on the impact of Ford Foundation education reform demonstration projects in New Haven during the 1960s.

EVELYNE PAYEN is a doctoral candidate at in American history at Case Western Reserve University. With a general focus on the comparative development of the welfare state on both sides of the Atlantic, her research will focus on the growth of federated voluntary associations in Oakland, California in the period 1900-1930.

Yale Program on Non-Profit Organizations

JOHN D. ROCKEFELLER 3RD FELLOWS

SUMMER 1991

BROOKE JANE BARR is a doctoral candidate in American studies at Yale. Her project will focus on the role of nonprofit organizations in historic preservation and urban planning in New York since the second World War.

RUTH HALPERIN is a doctoral candidate at the Yale Law School. Her project will define, compare, and contrast religious and secular systems of legal adjudication in the United States.

DONGYOUNG (DON) SHIN is a doctoral candidate in organizational behavior at Yale's School of Organization and Management. His project will focus on the responses of Korean religious organizations to democratization movements, 1970-1990.

LISA SULLIVAN is a doctoral candidate in sociology at Yale. Her project will explore the contemporary status of voluntarism and community service in New Haven's black community, with a particular emphasis on its response to the AIDS crisis.

ANDREW WALSH is a doctoral candidate in the History of American Civilization program at Harvard. His project will examine the growth of the Protestant Establishment in Hartford in the late nineteenth century.

NATALIE WEBB is a doctoral candidate in economics at Duke. She will be studying patterns and motives underlying corporate giving in the United States during the 1980s.

PROJECT ON RELIGIOUS INSTITUTIONS
Program on Non-Profit Organizations
Yale University

PROJECT SUMMARY

The Yale University Program on Non-Profit Organizations is launching a three-year project on religious institutions as nonprofit organizations. The purpose is to focus scholars on important matters that have received insufficient study, generate new research, and establish an institutional framework for ongoing social research on religious institutions at Yale University. This will be done by involving a group of scholars and practitioners from Yale and elsewhere in a series of seminars and conferences, commissioning papers, providing support for new research endeavors, and dissemination in working paper and book form for scholarly and nonscholarly audiences.

Religion plays an extraordinarily important role within the nonprofit sector. Nearly half of Americans' giving and volunteering is devoted to religious institutions, which comprise almost half of all charitable tax-exempt entities. The documented connection between people's involvement with a church or synagogue and their charitable behavior is evidence of churches' importance in linking the individual to the community.

However, religion has received relatively little attention as the field of research on nonprofit organizations and philanthropy has blossomed over the past decade or so. To date, little effort has been made to define the place and role of religious organizations in the nonprofit sector or to understand what, if anything, distinguishes religious and secular nonprofits. It is the goal of this project to begin to fill this void in research.

We believe that a major new research initiative, building on the concerns of nonprofits scholars and the Divinity School, can profoundly affect the understanding of the role of religion institutions by academic researchers and practitioners. The involvement of the Department of Religious Studies, the Law School, the School of Management, and other social science departments has also been explored and is expected to add significantly to the success of the project.

Religious nonprofits as organizations

Even though religion has received relatively little attention within the nonprofits field, there is a basis on which to build. Past work by religious scholars and sociologists of religion have illuminated many important topics -- the structure of belief systems, the sources and correlates of religious beliefs, the role of the clergy, the history of churches and denominations, statistical studies of church membership and attendance. Within the nonprofits field, a paper on churches and tax policy was among PONPO's first working papers; another may be issued in 1990.

However, the organizational side of religious institutions has been largely overlooked, both within the nonprofits research community and among the sociologists of religion who have not been connected with it. Moreover, until now, divinity schools, seminaries, and religious studies programs have shown little interest in empirical explorations of the organizational dimensions of religious institutions. Nevertheless, churches and other religious institutions are organizations, and, as such, they share with other organizations a host of managerial, financial, resource allocation, and governance problems. But how do they deal with these problems? How do religious organizations vary among themselves? What are their similarities and differences with secular nonprofits?

In the delivery of services (health, education, welfare, counseling), do religious and religiously-affiliated nonprofit organizations share the same goals of secular nonprofits? Does it make a difference that service delivery is but one goal of religious organizations or that religious ideals lie behind the service delivery? Can distinctions be drawn between the pragmatic and instrumentalist style of secular philanthropy and the orientations of religion and religious charity? Earlier generations of philanthropists and churchmen have faced, but never satisfactorily resolved this dilemma, which is often stated in terms of mission versus money.

The importance of the topic has also been heightened by recent events that make it increasingly clear that the place of religious organizations in the larger framework of the charitable tax-exempt universe can no longer be ignored. High visibility problems, like the well-publicized scandals at Covenant House and the television ministries, as well as the struggle for control of the Lutheran Synod and the Southern Baptist Convention, underline the extent to which insights about governance and management, so extensively studied among secular nonprofits, could also be usefully applied to religious organizations.

If secular scholars and practitioners have insights of potential value to the religious nonprofits community, it is equally true that the wisdom and experience of the latter may illuminate the concerns of the former. Ninety percent of the secular nonprofits currently in existence are less than 30 years old; much organizational theory suggests that old organizations have much to learn from new ones. On the other hand, older, primarily religious, nonprofits which have been dealing with the dilemmas of organizational maturation for many decades, may also have important insights for resolving the tension between mission and economic goal orientation that has bedeviled secular nonprofits over the past two decades.

In sum, the churches and church-affiliated organizations should be better understood not only because of their importance

but also to promote mutual learning between scholars and practitioners in the secular nonprofits tradition and the religious community.

The project

The objectives of Project on Religious Institutions are:

- 1) to convene interested scholars and practitioners to define important issues;
- 2) to recruit mature scholars, research-oriented practitioners, and graduate students in divinity, religious studies, and the social sciences to explore these questions in seminars and in commissioned research;
- 3) to produce in published form the findings of these scholars;
- 4) to create an enduring network of scholars, teachers, practitioners, and students interested in religious nonprofits, the interrelationship of religious and secular nonprofit organizations, and regulatory questions involving religious organizations;
- 5) to create at Yale a dialogue among the Divinity School, the Department of Religious Studies, and the social sciences.

Beginning: An advisory committee has been named to meet at the beginning of each of the three phases of the study to provide guidance. The distinguished Yale scholars who have agreed to serve in this capacity are: Dean Tom Ogletree (Divinity School), Kai Erikson (Sociology), Perry Dane (Law), Sharon Oster (School of Management), Jon Butler (Religious Studies), and Jaroslav Pelikan (History).

Phase One: The first phase of this project will be devoted to identifying interested scholars and practitioners, convening them to discuss potentially fruitful areas for research, and planning further research. Activities in this phase (the 1990-1991 academic year) would include:

- convening an invited group of up to 20 scholars and practitioners from seminaries, religious studies programs, and the social sciences to identify areas of common concern. This group -- which would not be limited to Yale people -- would meet as a bi-monthly seminar/workshop;
- commissioning a critical survey of the social science literature bearing on religious organizations; the purpose would be to summarize what is known, identify gaps, and draw comparisons with other nonprofits;
- recruiting a group of younger scholars -- graduate and professional students with interests in the area --

- through the seminar and through the John D. Rockefeller 3rd Graduate Summer Fellowship Program at PONPO.
- providing modest funding for pertinent research projects;
 - recruiting a senior scholar to serve as a mentor and convener for the implementation phase of the project (the 1991-2 academic year). (We assume that this would be a visiting scholar who would spend the year at PONPO, although new faculty would also be a possibility). This would be a person suitable for teaching a seminar between the Divinity School and a social science department such as sociology.

The structure of this phase follows procedures which PONPO has used in the past. Rather than attempt to impose a "research agenda" on researchers, it creates an open forum in which concerns can be brought forward, discussed, and pursued.

Phase two: The second phase of the project (1991-92) will be devoted to exploration of the questions and concerns raised in the first phase. Activities in this phase would include:

- a graduate seminar jointly sponsored by the Divinity School, PONPO, and the social science department in which the senior visiting scholar has an appointment.
- the presentation of papers by scholars recruited in the previous year to colleagues and interested members of the public in the bi-monthly seminar/workshop;
- the publication in working paper form of projects undertaken in the previous year, and arranging for other publications in scholarly and nonscholarly articles and books. (PONPO Working Papers circulate both within and beyond the university.)
- continuing support for work by graduate and professional students;
- at the end of the second year, convening a group of interested scholars and practitioners to evaluate the progress of the project, to consider the adequacy of questions and methods, and to suggest dimensions of the concluding phase.

Phase three: The third phase (1992-93) will be used to carry on research and writing projects that will have been initiated, to consolidate the efforts of the previous two phases, and to construct a basis for institutionalizing the work. In addition to continuing dissemination activities and support for the graduate seminar, the bi-monthly seminar/workshop, and research projects, activities would include:

- presentation of research at national meetings of scholarly and professional associations;
- producing an edited volume, which could perhaps be published in the Yale Studies of Nonprofit

Organizations series by Oxford University Press;
-- a concluding conference to present major findings, to
evaluate the project, and to suggest future directions
for scholars and practitioners.

People: Key project leaders are Bradford H. Gray, PONPO's director whose work on nonprofit hospitals has included consultation with groups including the Catholic Health Association; Thomas Ogletree, new Dean of the Divinity school, who brings expertise in ethics and church organization to the project; and Peter Dobkin Hall, senior scholar at PONPO who has done pertinent historical work on the role of the church in American cultural life, on trusteeship, and on the place of religious institutions in the nonprofit sector. Day-to-day management of the project will be the responsibility of Terry Schmitt, a senior sociology graduate student who is also an ordained and practicing minister.

Project on Religious Institutions

Program on Nonprofit Organizations

The following people have agreed to participate in the Project's ongoing seminar. A brief introduction to their work is included as part of this list.

1. **Perry Dane**, Associate Professor, Yale Law School. Author of "Religious Exemptions Under the Free Exercise Clause: a model of competing authorities," Yale Law Journal, (1980), and is currently at work on "The Corporation Sole and the Encounter of Law and Church."
2. **Jim Davidson**, Professor of Sociology, Purdue University. Executive Director of the Society for the Scientific Study of Religion, and author of Mobilizing Social Movement Organizations: the formation, institutionalization, and effectiveness of ecumenical urban ministries (1985).
3. **Jay Demerath**, Professor of Sociology, U. Massachusetts, Amherst. Author of A Bridging of Faiths: religion and politics in a New England city (forthcoming), and "The Separation of Church and State: notes on a mythical past and an uncertain future," Society (1984) (Rhys Williams, co-author).
4. **Jeffrey Hadden**, Professor of Sociology, U. Virginia. Author of The Gathering Storm in the Churches (1969), Televangelism, Power, and Politics (with A. D. Shupe) (1988), and editor (with A. D. Shupe) of the three volume study, Religion and the Political Order.
5. **Margaret Harris**, Assistant Director, Centre for Voluntary Organisation, and Lecturer in Social Administration, London School of Economics. Author of "The Governing Body Role: problems and perceptions in implementation," in Nonprofit and Voluntary Sector Quarterly (vol. 18, no. 4, 1989) and the monograph, "Organising Modern Synagogues: a case of multiple models," for Leo Baeck College, 1990.
6. **Dean Hoge**, Professor of Sociology, Catholic U. Author of Division in the Protestant House: the basic reasons behind intra-church conflicts (1976) and (with Jackson Carroll & Francis Scheets) Patterns of Parish Leadership: cost and effectiveness in four denominations (1988). Currently at work on exploring institutional factors influencing giving patterns among church members of different denominations.

7. **Thomas Jeavons**, Associate Director of Programs, Association of American Colleges, and Adjunct Professor of Organizational Behavior and Management, Seton Hall U. Author of "Giving, Getting, Grace, and Greed; an historical and moral analysis of religious fund raising," in Taking Fund Raising Seriously (in press). Dissertation title: When the Bottom Line is Faithfulness: towards a philosophy of management for religious philanthropic organizations.
8. **Christa Klein**, Independent scholar. Current research for the Lilly Endowment is in two areas: 1) seminary governance structures, and 2) the changing shape of American denominationalism.
9. **Greg Krohn**, Associate Professor of Economics, Bucknell U. Author of "Religious Organizations and the Nonprofit Sector in a Mixed Market Economy," (1988), "'An Economic Model of Religious Congregations's Expenditures," (1989 Spring Research forum working Papers), and "Economics Outside the Garden of Eden," in God, Goods, and the Common Good (1987).
10. **David Nygren**, Visiting Assistant Professor, Graduate School of Management, Boston University, and Research Associate, Center for Applied Social Science, Boston University. Author of "The Catholic Diocese of Louisbourg: strategic planning intervention," (with M. Monette) in Cases in Organizational Development (1990), and "Contextual Correlates of Religious Leadership: structure, climate, and leader attitudes," (dissertation, 1988).
11. **David Roozen**, Professor of Religion and Society, and Director of the Center for Social and Religious Research, Hartford Seminary Foundation. Recent work includes, "The Unfolding Story of Congregational Studies," (with Allison Stokes) in Carriers of Faith: lessons from congregational studies (forthcoming), and "Congregational Identities in the Presbyterian Church," (with Jackson Carroll), Review of Religious Research (vol. 31, no. 4, June, 1990).
12. **Harry Stout**, Professor of American Religious History, Yale U. Author of A New England Congregation: First Church, New Haven, 1638-1988 (with Catherine Brekus) (1991), and "Declension, Gender, and the 'New Religious History,'" (with C. A. Brekus) in Beliefs and Behaviors (1991). Co-editor of Dictionary of Christianity in America (1990).
13. **David Swartz**, Assistant Professor of Sociology, Wesleyan U. Author of Culture and Domination: Pierre Bourdieu and Contemporary Social Theory (forthcoming), and "Pierre Bourdieu: culture, education, and social inequality," in Education and Inequality: a reader (1990).

14. **David Williams**, Assistant Professor of Sociology and Public Health, Yale U. Author of "Religion and Psychological Distress in a Community Sample," (with D. Larson, R. Buckler, R. Heckmann, and C. Pyle) Social Science and Medicine (forthcoming), and "Socioeconomic Differentials in Health: a review and redirection," Social Psychology Quarterly (vol. 53, 1990).
15. **Jim Wood**, Professor of Sociology, Director of Indiana U. Project on Governance of Nonprofit Organizations, Indiana U. Author of Leadership in Voluntary Organizations: the controversy over social actions in Protestant churches (1981), and "Alternatives to Religion in the Promotion of Philanthropy," and "Liberal Protestant Social Action in a Period of Decline," in Faith and Philanthropy (1990).
16. **Charles Zech**, Professor of Economics, Villanova U. Author and presenter of "The Efficient Management of Resources in the Private Nonprofit Sector: Roman Catholic Dioceses," Midwest Economics Association (April, 1991), and "The Determinants of Contributions to a Nonprofit Organization: the case of religious organizations," (with Peter Zaleski) Eastern Economic Association (March, 1991). Also with Peter Zaleski: "The Optimal Size of a Religious Congregation," (working paper, 1991).

Book Review

April 28, 1991

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Medicine: What the Traffic Will Bear

THE PROFIT MOTIVE AND PATIENT CARE

The Changing Accountability of Doctors and Hospitals.

By Bradford H. Gray.

440 pp. Cambridge, Mass:

Harvard University Press. \$37.50.

By John D. Donahue

AMERICA is selective in its commitments. Causes that other nations find compelling — basic schooling, economic competitiveness, the dreaded, dull infrastructure — leave many of us cold. But where our will is engaged we stand ready to consecrate nearly limitless talent and treasure, to scorn crass calculations of cost, to push out against the

John D. Donahue teaches at Harvard's Kennedy School of Government and is the author of "The Privatization Decision: Public Ends, Private Means."

limits of scientific knowledge itself.

The two most prominent objects of our collective passion seem in some ways opposites: medicine and armaments. Health care and national defense each claim huge shares of America's national income. Our technological virtuosity in each is the envy of the world. And there is one more similarity: both our military system and our medical system rely, to a degree unmatched by those of other major nations, on private organizations driven by the profit motive.

Bradford H. Gray is the director of the Program on Nonprofit Organizations in the Institution for Social and Policy Studies at Yale University. In "The Profit Motive and Patient Care," he has written a fine book that examines the large and growing role of profit seeking in American health care. As recently as the late 1960's, Mr. Gray reminds us, the appetite for financial gain that we accept as the main engine of our economy was a secondary force in the health care system. Most hospitals were run by charities, or by local nonprofit groups. While physicians made good livings, and while the selfless healer may have been more a television staple than a real-life standard, nearly all doctors acknowledged duties beyond maximizing their incomes. Profit-

seeking corporations were important as suppliers, but mostly stayed at the periphery of patient care. Two precepts — "Doctor knows best" and "spend whatever it takes" — summarized, without much distortion, the system's essential norms.

That changed. Research laboratories presented doctors with a steady parade of advances in medical machinery. Options for improving health and prolonging life exploded, posing ethical and economic challenges we are just beginning to engage. Medical specialization meant fragmented responsibility for patient care and, along with an increasingly mobile population, has made medicine more impersonal. Meanwhile, many local hospitals closed or lost their independence. For-profit hospitals grew from a curiosity to a medical mainstay in many communities. Nonprofit hospitals, struggling to survive in the new environment, remade themselves in the image of their corporate counterparts. Third-party payment schemes interposed new institutions between doctor and patient. And physicians faced powerful pressures to think and act less like professionals and more like entrepreneurs. (To appreciate the speed of this change, consider that the for-profit Hospital Corporation of America was started in 1968. In 1983, it ran one out of

every 14 hospitals in America.)

As health costs surged from less than 6 percent of national spending in 1965 to around twice that today, the old system of accountability crumbled. That system had assumed professionalism and public spirit; the new system assumes commercialism and self-interest, and sets the rules accordingly. We are living through what Mr. Gray calls "an unplanned national experiment to see how much medical care can be managed through the use of incentives and review mechanisms" instead of professional integrity and peer oversight.

Mr. Gray's approach is systematic, respectful of the evidence and relentlessly fair-minded. In one of the many specific questions he examines (do for-profit hospitals provide less free care for the poor than do nonprofit hospitals?) he reviews nine major studies en route to the answer (yes, but not as much less as one might suppose). In chapter after closely reasoned, meticulously documented chapter, Mr. Gray surveys the struggle between cost-control bureaucracies and physicians devoted to maintaining their prerogatives. He helps us appreciate the stakes and the power of the varied forces at work, and makes us marvel that the strains are accommodated as well as they are. Mr. Gray steers safely (for the most part) between superfi-

ciality and stupefying detail — no mean feat in this area. He struggles to avoid the technicalities that make health care an insider's game (though here and there a phrase like "retrospective review and payment denial is also commonly used in IPA-type HMO settings" does slip in).

HE finds that the profit motive is neither so corrosive as some critics warn nor so benignly efficient as enthusiasts advertise. The author stresses that the norms that rule markets for snow tires, machine tools and frozen waffles can't be transferred unamended to this industry, where customers are poorly equipped to understand their own interests, where "needs" are matters of technical judgment, quality is hard to monitor, and someone other than the immediate customer pays the bill.

The core conclusion of "The Profit Motive and Patient Care" is at once simple and starkly challenging: Because our repertory of "incentives and controls . . . will continue to be imperfect for the foreseeable future, it remains essential that the health care system be populated primarily by institutions and professionals who are committed to doing right by the patient." There is no substitute for honor, Mr. Gray concludes. It is not

just that professional integrity is helpful, or that it lubricates the workings of a fundamentally money-driven system, but that without it the system would grind to a halt or collapse into costly chaos.

No project so ambitious as this is without fault, and four stand out. While the tight weave of Mr. Gray's arguments may have made the task seem forbidding to his editor, the book could have been cut by one-fifth or so without losing anything essential, and a shorter book would have been more inviting to the broad audience that this one deserves. Second, he pays disproportionate attention to issues of private third-party payment, at the expense of the public programs (Medicare and Medicaid) and policies (especially tax rules favoring employer-sponsored health care) that have shaped the system. Third, he could have both saved himself some effort and fortified his case by invoking some of the work by economists (from Kenneth Arrow back to Adam Smith) on the incapacity of market forces to manage, on their own, the intricate accommodations involved in subtle undertakings like health care. Fourth, Mr. Gray's writing style is frequently wooden. Yet "The Profit Motive and Patient Care" remains a diligent, deeply informed inquiry into a topic of unsurpassed importance. □

Twentieth Century Fund

41 East 70 Street, New York, N.Y. 10021
(212) 535-4441

NEWS

FOR IMMEDIATE RELEASE

Contact: Laurie Ahlrich
212/535-4441

In the rapidly changing American health care system, "an ethos that emphasizes trust, community service, professional autonomy, and devotion to the interest of individual patients is being replaced by undisguised self-interest, commercialization, competition, and the management of care by third parties," according to Bradford H. Gray's Twentieth Century Fund Report, **The Profit Motive and Patient Care: The Changing Accountability of Doctors and Hospitals.**

Gray, who is director of the Program on Nonprofit Organizations in Yale University's Institution for Social and Policy Studies, and a professor in the Department of Epidemiology and Public Health at the Yale School of Medicine, is concerned with two factors that make the problem of accountability so difficult in medical care: the vulnerability of the patient and the fact that the payer is not present when the purchasing decision is made.

Focusing on these factors, he assesses the evolution--some would say revolution--of health care since the 1960s. He examines in detail how the profit motive has shaped the organization, the availability, and the adequacy of medical care in America.

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According to Gray, "with health care costs in the United States now approaching \$700 billion annually--about 12 percent of our gross national product--it is not surprising that money is central to the changes that have swept health care." The impact can be seen not only in the emergence of more explicitly for-profit health care organizations, but also in the changes that have affected nonprofit hospitals, doctors, and even third-party payers. The question is whether the shortcomings of the American health care system are being mitigated or exacerbated by these sweeping changes in which traditional forms of responsibility are being replaced with new structures of accountability.

Although third-party payers' distrust of health care providers is an understandable response to the developments that Gray documents, he nevertheless cautions that "enthusiasm needs to be qualified and tempered" for the new accountability methods that are being used by third-party payers, who are embracing practice guidelines, monitoring patterns of care, and employing utilization review and management. He warns that the atmosphere of distrust between payer and provider can become "poisonous." And he argues that the "traditional conceptions of professionalism and a patient-service orientation, in which professionals and organizations that provide health care services define their role in terms of the patient's needs and interests, not in terms of doing what third parties are willing to pay for, continue to be essential."

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The Twentieth Century Fund, a bipartisan, not-for-profit research foundation that supports analyses of critical domestic and international economic, political, and social issues, has long been concerned with health care in America. It sponsored Bruce C. Vladeck's Twentieth Century Fund Study, Unloving Care: The Nursing Home Tragedy (Basic Books, 1980), and Dennis P. Andrulis's Twentieth Century Fund Paper, Crisis at the Front Line: The Effects of AIDS on Public Hospitals (Priority Press, 1989), and is currently supporting examinations of public policies for managing epidemics, changing attitudes toward access to health care, and organ transplant policy.

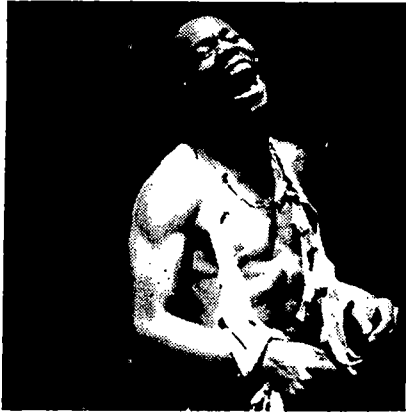
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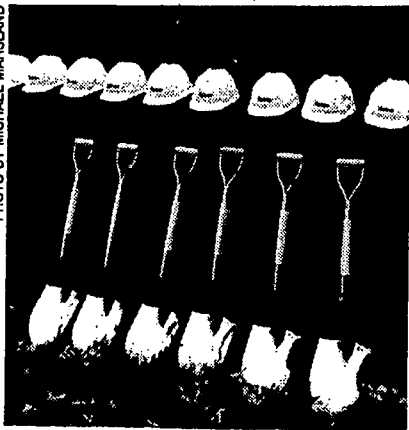


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PHOTO BY MICHAEL MARSLAND



Groundbreaking at Science Hill.
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PONPO receives grants from Lilly Endowment

To fund research on religious institutions, trusteeship in nonprofit organizations

The Yale Program on Non-Profit Organizations (PONPO) has been awarded two grants totalling \$904,000 by Lilly Endowment Inc. of Indianapolis, Indiana, to undertake major research projects focusing on religious institutions and on trusteeship in nonprofit organizations.

A grant of \$778,000 will support a three-year program of activities to enhance understanding of the role of religion in society. The main focus will be on the organizational aspects of churches, a topic "that has been neglected by both scholars who study religion and those who study nonprofit organizations," according to Bradford H. Gray, executive director of PONPO. Designed to stimulate scholarly work and communication across disciplinary lines, the project will approach the topic through symposia, empirical studies, scholarly papers and seminars.

Nearly half of all giving and volunteering in the United States is connected to religious institutions and affiliated organizations, says Mr. Gray, and Americans' charitable and voluntary activities are often linked with their involvement in a church. But little is known about either

the organization and operation of religious institutions or how they compare with each other and with other types of nonprofit organizations, according to the researcher.

"This major grant from Lilly Endowment will enable us to examine the managerial, financial and governance problems that religious institutions share with other nonprofit institutions," says Mr. Gray. "These concerns are of obvious importance to our understanding of the church's role in society."

The project will also probe the organizational sources of such "high-visibility problems as the much-publicized scandals at Covenant House and the television ministries, as well as the struggle for control of the Lutheran Synod and the Southern Baptist Convention," say Mr. Gray and PONPO scholar-in-residence Peter Dobkin Hall in the proposal to the endowment.

The project will involve both individuals from religious organizations and scholars from Yale and other institutions nationwide. Activities will range from a research seminar to the preparation and discussion of scholarly papers to the ex-

ecution of new empirical studies. In addition, the grant includes funding to bring a prominent scholar to Yale as a visiting professor for the 1991-92 academic year.

An advisory committee to help guide the project is being formed. It will include faculty from the Law School and the School of Organization and Management as well as from the departments of religious studies, American studies and sociology. The Reverend Thomas W. Ogletree, dean of the Divinity School, will serve as chairman of the advisory committee — thus marking the first collaboration between PONPO and the school.

The second project, funded by a \$126,000 Lilly Endowment grant, focuses on the nature of trusteeship in nonprofit organizations. "Nonprofits play a vital societal role in many fields, such as health care, education, social services and foundations," says Mr. Hall, who will direct the project. "Yet we know too little about their governance and control."

"There is a large prescriptive literature that talks about how boards of trustees should work and should be organized,"

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he notes. "This literature grows out of authors' reflections on their personal experiences, but has little basis in systematic empirical studies. We believe that void should be corrected."

The program will bring together a group of scholars, practitioners and consultants in a series of meetings and writing projects to discuss the history and evolution of trusteeship in different fields of nonprofit activity; assess what is known about the role and impact of trustees; and identify research opportuni-

ties for enhancing understanding of the governance of nonprofits.

The Lilly Endowment grant will support a one-year planning phase for what is envisioned to be a much larger project, says Mr. Gray.

Lilly Endowment, the nation's fourth largest private charitable foundation, has a longstanding interest in education, religion and community development, with a special emphasis on sustaining the leadership of nonprofit organizations.