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**REPORT
ON
VOLUNTARY HEALTH AGENCIES**

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND:

COMMITTEE ASSIGNMENT

The Committee, consisting of a businessman, a clergyman, a dentist, two lawyers, a psychologist and a physician, was instructed to study voluntary health agencies. The limitations of the study were generally and broadly prescribed by the Research Board to include

“ . . . the various voluntary and official health agencies in the metropolitan area in respect to the nature, adequacy, cost and necessity of facilities available and services rendered.”

Not only United Good Neighbors but also independent health agencies soliciting funds in the Portland area were included in the study. Our report embraces an examination of the agencies' fund-raising methods and their expenditures, areas in which their efforts may overlap, and some current assessments of those agencies.

While the Committee had originally hoped to focus its attention on “local” problems, two factors militated against this, — the fact that the issues are substantially the same nationwide, and the fact that many of the organizations are local only in the sense that they seek local contributions.

Some of the smaller agencies were not reviewed. Because of the tremendous scope of the field of non-governmental organizations, the Committee determined to interview federal, state and local public health agencies only to gain collateral information.

The following agencies, dealing primarily in health, operating within this area were selected by your Committee and considered to be within the purview of the report, and representatives from them were interviewed:

American Cancer Society, Oregon Division, Inc.
American Foundation for Allergic Diseases (Oregon)
Arthritis and Rheumatism Foundation (Oregon)
City of Hope
Community Child Guidance Clinic
Epilepsy League (of Oregon)
Mental Health Association (of Oregon)
Multiple Sclerosis Society (Portland)
Medical Research Foundation of Oregon
Muscular Dystrophy Association
Myasthenia Gravis (Oregon)
National Foundation¹
Oregon Heart Association
Oregon Society for Crippled Children and Adults
Oregon Tuberculosis and Health Association
Portland Association for Retarded Children
Portland Center for Hearing and Speech
Rehabilitation Institute of Oregon
Sister Kenny Foundation
United Cerebral Palsy
Visiting Nurse Association

Rather than prolong the report with a detailed discussion of each agency, we append as Exhibit “A” a table giving a rough idea of the size of the agencies and the nature of their operations.

1. Formerly “National Foundation for Infantile Paralysis.”

Persons other than agency personnel interviewed by the Committee are: Mr. John Whitelaw, executive director of the Community Council; Mr. William B. Webber, then chairman of the United Fund Budget Committee, and current President, Community Council; Dr. James C. Caughlan, former President of the Community Council; Mr. Harold Berentson, executive director of the Red Cross; Col. Paul Mielly and Mr. Earl Gardner of Goodwill Industries; Mr. Carl Sandoz of the United Good Neighbors staff; Mr. Arthur M. Cannon, member of the United Good Neighbors Board, and Mr. L. L. Riggs, former chairman of the United Fund Budget Committee.

Your Committee was seriously handicapped in its work by the lack of uniform or reliable statistics whereby one organization could be compared with another. Standards of accounting do not exist for health agencies, and while it is not difficult to question many of the figures, it is patently impossible for your Committee to attempt publicly to challenge any statistics presented by the agencies.

Background and History

The history of charity is a long one, beginning at least as early as the ancient Greeks. Voluntary health agencies, however, are a fairly modern institution. The early development of these agencies is somewhat a matter for speculation, but it is obvious that they arose as a corollary to concern with public health, beginning with the Massachusetts Public Health Law of 1869. In turn, it later became clear that governmental agencies dealing with public health and directing their energies toward control of disease, could not undertake the entire burden of education, of research, and of assistance to victims of widely prevalent illnesses. The first voluntary health organization was the Pennsylvania Society for the Prevention of Tuberculosis, founded in 1892, and followed in 1901 by a similar group in Ohio. This in turn was followed over the next eleven years by some 38 TB organizations in various parts of the country. By 1902 there was a strong movement to form a single national organization. From this there emerged three larger agencies seeking national recognition. Finally in 1904 the various differences were settled and the National Association for the Study and Prevention of Tuberculosis was formed. The conflict that marked the founding of this agency was to plague volunteer health agencies from this time on, both within their own structures, and in the relationship of one with another.

Among the other early health organizations were: the American Cancer Society, founded in 1913; the American Heart Association in 1922, started by and for physicians but turning to a voluntary health agency form and enlisting public support in 1948. The National Foundation for Infantile Paralysis began to campaign publicly in 1938.

The emergence of the voluntary health agency resulted in evolutionary changes in the field of charity, with voluntary health agencies assuming characteristics new to organizations relying on public gifts for support. The health agency was not only a notch higher on the social scale than the old charities, but was considerably more articulate. No longer was the plea for alms with the hopeless knowledge that next year and forever the need would continue, but here was a chance — even an obligation — to make a contribution to mankind by helping to solve a problem that had beset man for so long. The money-raising techniques could be different because the beneficiary might be you or your children, and no opportunity was lost to point this out.

The number of agencies has multiplied, and the amount raised by individual agencies has grown at an astonishing rate. The American Heart Association in 1948 raised about \$2,600,000, and in 1958, \$22,345,000; the National Society for Crippled Children raised about \$5,400,000 in 1948, \$17,267,000 in 1958; United Cerebral Palsy started in 1949 with \$100,000, and in 1958 it raised \$9,248,000; Muscular Dystrophy began in 1949 with \$200,000, and in 1958 it raised \$5,466,000.²

While no thoughtful person would attempt to equate money spent on a particular disease with the effectiveness of combating a disease, nor incidence precisely with need for funds, it is instructive to examine the disparities that existed.³

2. "Facts on Major Killing and Crippling Diseases in the United States Today," National Health Education Committee, Inc., 1958.

3. K. L. Pimsleur, "The Fight for the Charity Dollar," *The Nation*, January 18, 1958, pp. 43-46.

<i>Agency</i>	<i>% of total funds raised</i>	<i>% of incidence among disease listed</i>
National Foundation for Infantile Paralysis.....	36.0	0.27
American Cancer Society.....	19.0	2.0
National Tuberculosis.....	18.0	3.0
American Heart Association.....	12.5	27.0
United Cerebral Palsy.....	6.0	1.3
Muscular Dystrophy.....	2.3	.5
National Association for Mental Health.....	2.1	24.0
Arthritis and Rheumatism.....	1.5	30.0
National Multiple Sclerosis Society.....	1.4	.67
National Council on Alcohol.....	0.1	11.0
	100.0	100.0

Federated giving originated in Cleveland in 1913 with its Community Chest. By 1940 there were 534 such organizations in the country, but a considerable number of agencies still remained outside the Community Chest. In many cities only during a couple of the summer months was there relief from the plethora of fund-raising drives.

Business and Labor succeeded in 1949 in forming the first United Fund drive in Detroit. "Putting all our begs in one askit" soon spread over the nation, but there were still some dissidents who preferred to conduct their own campaign because of the greater amounts which they felt could be raised independently, and because of their fear that in the United Fund there would be a loss of identity.

Two of the largest voluntary health agencies — Heart and Cancer — which have been in United drives in many communities, have announced that they will again become independent, nationwide. The danger that this spells for the United drive movement is obvious. An interesting preview of the course that the struggle between United Fund and the American Heart Association might take occurred in Pittsburgh in 1956. This was the year that the Heart Association had set for its severance with the United Fund in that city. Industrial leaders drew together to support the Fund and offered Heart the same amount that it had obtained the previous year and, when this offer was refused, allocated the money they had obtained in their drive for Heart to institutions working on heart disease in Pennsylvania. The Heart Association's drive fell considerably short of their previous effort. At present Portland's United Good Neighbor does not have the power that Pittsburgh had in 1956, but it may well be that with the withdrawal of both Heart and Cancer from the U.G.N. the Pittsburgh syndrome will appear here.

There is a pervasive feeling that philanthropics are almost monastic in their remoteness from political attitudes and economic considerations. This does not appear to be true, at least so far as health agencies are concerned. Mr. Basil O'Connor, head of the National Foundation, has said that compulsion by the United Fund is un-American. In a recent release to its field staff the National Foundation said in relation to some adverse observation in a February 1959, Reader's Digest article, "The only 'mutiny' among our volunteers and the only 'giver's revolt' are those stirred up in some places by the pressures, intimidations and the misrepresentations used by the United Funds in their efforts to force all separate solicitations into one drive which these self-appointed spokesmen for the community would control to the point of regimentation."

Some health agencies, such as Cancer, Heart and the National Foundation, are formed with strong national offices closely controlling the state offices, while others are a loose confederation of state agencies.

Functions of Agencies

The agencies themselves determine and emphasize their functions, objectives and purposes in a variety of ways, but generally their activities fall into the following categories:

1. Fund-raising and organization
2. Education and information
3. Research
4. Direct service

In the first category fall all the chores of keeping the agency operating: Raising money, creating an effective organizational structure, budgeting, utilizing board members and in some cases broadening the agency's field by helping to organize new chapters. The cost of obtaining funds varies with the method: United drive, mail, seal sales, street solicitation, coin boxes, door-to-door canvassing, and marathon TV programs. One agency, claiming in its filing with Portland's commission on public solicitation that its drive costs were "the lowest," spent \$1136 on a letter campaign which brought in \$1233.

The educational function is a broad one indeed. Its orientation may be toward either lay or professional groups or individuals. Its areas of concern may be roughly categorized as (1) general awareness of the health problem and its incidence, prevention and detection, (2) public understanding and sympathy for the problems, (3) promotion of community participation such as legislative programs, and (4) professional training. Educational activities are many and varied — scholarships and grants, workshops, literature, lectures, radio, TV, etc.

The national health agencies have done much work in professional education of physicians. The American Heart Association, for example, publishes two journals, "Circulation and Circulation Research" and "Modern Conception of Cardiology." It sponsors numerous scientific meetings. The Arthritis and Rheumatism Foundation, the American Cancer Society, and the American Tuberculosis and Health Society have regular publications. Many of the large national agencies endow teaching fellowships. The smaller agencies engage in similar activities on a somewhat lesser scale. It is in the education category that we have the real problem of evaluation — of measuring results. We can easily see the benefit of an additional psychiatric social worker, but it is frequently difficult to see the results of a campaign to increase public understanding of the problems of the mentally ill, or the need for additional publications. Evaluation is hampered by the lack of standardization in defining what constitutes educational expenditures and by the variations of accounting practices in this field.

Research in the health field offers the greatest hope of direct and dramatic results but a great many of the agencies studied by this Committee are not directly involved in research. Local organizations recognize their limitations in organizing research; even participation by national groups usually takes the form of aid to research centers by grants and supervision rather than direct research.

During the past several years, major national organizations have spent varying percentages of their receipts for research. Over a six year period, the Heart Association spent 31 per cent; over a nine year period, Cancer spent 25.3 per cent. Over a five year period, 1949 through 1953, Arthritis and Rheumatism raised \$5,900,000 and spent \$1,350,000, or 21.5 per cent, on research; Muscular Dystrophy in the three years, 1951, 1952 and 1953, raised \$4,815,000, and spent \$995,000, or 20.3 per cent on research; Cerebral Palsy in these same three years raised \$12,550,000 but spent only \$480,000 or 3.75% on research.⁴ It is interesting to note that during the year 1957, \$165,000,000 was spent for medical research by colleges and universities. Of this sum, \$109,000,000, or two-thirds, came from government, \$19,000,000 from endowment, and \$35,000,000 from individual and organized philanthropy; the remaining \$2,000,000 came from industry.⁵ Of course, in earlier years, agencies did a far higher percentage of the spending; federal spending tripled between fiscal 1955 and fiscal 1959.

Direct service activities, the least-mentioned function of agencies, may take various forms, such as patient care, demonstration projects, special programs, and new equipment and facilities. Child Guidance treats a disturbed child, "TB" Association initiated the chest x-ray program, Visiting Nurses render aid to an invalid, Easter Seals operate a special school, National Foundation spends heavily for patient care, and Multiple Sclerosis furnishes care for victims of this disease. Some are meant to be short range and pioneering activities; some are continuing programs.

4. "Facts on Major Killing and Crippling Diseases in the United States Today," National Health Education Committee, Inc., 1958.

5. Hank Bloomgarden, "Before We Sleep." C. P. Putnam's Sons, 1958.

Despite all of the gifts to private health agencies, by far the greatest amount of money spent on research is provided by the federal government. It is estimated that this is the source of 80 percent of the money spent on cancer research. In 1957, health agencies raised about \$186,000,000, only a part of which was spent on research. In the same year, Congress appropriated \$211,000,000 and in 1958, \$294,000,000, a large part of which went toward research, although part of this money was spent in administration at both the federal level and at the research level.

It is possible, however, that the taxpayer would not stand for such government research expenditures, were it not for the educational work done by the voluntary health agencies. The two sources may have come to a state of symbiosis, each depending on the other for its continuing existence.

Finally, some consideration must be given to the question of what becomes of an agency when the problem to which it had devoted itself is solved. An agency finding itself in such a situation is reluctant to pay off its employees, close its offices, and climb into its grave. At the same time, ethical questions present themselves, if the agency moves into a territory presently occupied by another. The Cancer Society has said that it will go out of business once cancer has been conquered. The various natures and forms of cancer, however, guarantee this organization a long life. On the other hand, the National Foundation for Infantile Paralysis with the problem of poliomyelitis largely solved, contracted its name to The National Foundation, looked for new fields, and now embraces virus diseases and crippling diseases in its program. Over a year ago the Arthritis Foundation made overtures to consolidate with National Foundation; after extended negotiations, the attempt to merge was defeated, apparently because of pressures at the local level. Accordingly, both organizations continue to function, competing for the same financial support and with the possibility of some duplication of program. If general programs of consolidation are to occur, some division of activities will have to be worked out with some form of overall supervision. Perhaps, on the other hand, duplication of effort will be more productive than consolidation, and there would be a social loss in discarding a well-organized administration.

United Giving

Portland's first Community Chest was formed in 1921 and was succeeded by the United Fund in 1952. For reasons not entirely clear to this Committee, in 1959 the United Fund was renamed United Good Neighbors.

The number of agencies within the United Fund continued to increase until 1958, but there have been numerous health agencies preferring to go it alone. In America it is inevitable that organizations can and will mushroom to meet unmet needs and desires. In fields which are naturally fertile, their growth is dependent largely upon the skill of their leadership, rather than on medical statistics or need. A number of agencies large and small have come into being and have remained independent. Why?

(1) For many donors the independent approach is irresistible. Only through direct donations does the contributor feel that he has freedom of giving and the satisfaction of determining in what direction his money is going. A child on crutches relaxes one's purse strings, whereas taxes or social pressures are hardly attractive.

(2) There is a natural objection to the pressures of any highly organized giving, whether it be through the United Good Neighbors or via taxes. When industrial plants boast about 100% employee contributions, it is obvious that some donations are voluntary in only a technical sense. In fact some contributors who resist organized campaigns can be reached only by emotional appeals and other methods.

(3) An independent drive focuses attention on an agency, its purposes, its identity, and to some extent its efficiency. Competition and initiative and choice have a place in the field of charitable giving and furnish a means of eliminating inefficiency and complacency.

(4) Additional drives inevitably reach additional dollars.

However, coordinated fund-raising has a number of advantages:

(1) Agencies benefit because collection costs, in man hours, in dollars and in percentage of funds tend to be lower. Compare, for instance, the 6 per cent indicated overall cost of the United Good Neighbor drive with the previously mentioned 92 per cent ratio of cost to receipts in one agency's direct mailing campaign.

(2) Contributors are spared the cost and harassment of numerous appeals, and at the same time have greater assurance that their contributions are being coordinated and supervised. Organized employers and organized employees, the National Association of Manufacturers, and the AFL-CIO, agree on this point.

(3) Allocation of funds is based on community considerations of need rather than by comparative appeal of fund-raising techniques. The individual contributor may relax in the knowledge that a community effort is being made to determine relative needs and values; he is spared the intricate problem of charitable budgeting, a problem which he is, after all, seldom equipped to do intelligently. He is given a chance to decide rationally how much he will give, but loses, however, the emotional satisfaction of knowing exactly where his contribution goes.

(4) Reasonable protection is afforded to those who give to a united drive, through auditing and analysis. Full information can be put in the hands of contributors who are in a position to absorb the data. This is not easily accomplished with independent drives.

Your Committee recognizes that any organization restricts freedom. Centralized fund-raising necessarily involves centralized budgeting, and with this, a degree of control over program and expansion. Whether this is a "price" to pay, or simply the essential purpose of coordination is a value judgment.

It is difficult to assess the "hidden cost" of man hours spent on fund-raising drives. It is consequently even more difficult to compare these costs between coordinated effort and independent drives. The Committee noted that in 1948 a large company assigned an executive to the United Fund for two days to call on 48 previous contributors, and that his gross collections were only \$37.00. But are the hourly returns any higher when mothers march? It should be pointed out, too, that these efforts are not all "costs,"—that they are counterbalanced substantially by community and corporate esprit, interest and experience.

Duplication of Function

In a democratic society persons may associate freely for any lawful purpose. Since there are many closely related diseases, this Committee believes that many voluntary health organizations have been formed which overlap in function. Further, it is felt that to a certain extent the capacities of individual agencies are not always fully utilized by them, with a consequent waste of the contributing public's dollar. These are two areas which the Committee believes constitute one of the great continuing problems which must be faced both by agencies and contributors in each community.

Your Committee is not sure that overlap or duplication of function is of itself undesirable; rather, the Committee feels that the tests of a competitive economy may not necessarily be most effective in assuring the best use of the charitable dollar. For example, we all know that organizations have internal pressures which urge and demand their continued existence even after the purpose for which they were originally created has been achieved. The National Foundation for Infantile Paralysis was placed in such a situation with the development of Salk Vaccine with results discussed elsewhere in this report.

The Committee does not feel that internal pressure for survival of an organization is necessarily bad; for example, in the case of the National Foundation, a highly developed structure has been saved and it is now exerting itself in other directions in a manner it would presumably take a new organization longer to achieve. However, it has resulted in some overlap, and the organizations' desire for a place in the sun is not in any way related to the public interest.

Duplication of Facilities

This Committee believes that there is some ineffectual use of facilities such as office space and equipment, addressographs, etc., but does not know its extent. Each agency interviewed was asked its feeling toward a building for charitable organizations where facilities could be shared, or the possibility of sharing of office space with certain other agencies if a building were furnished. Most agencies indicated an interest in the idea, but, interestingly, were reluctant to be associated with organizations dealing with diseases having less emotional appeal than their own.

Competitive and independent and duplicate research programs have advantages which may outweigh their costs; the same may be said of separate efforts to disseminate health education. On the other hand, public relations and advertising problems are more or less similar for all health fields, whether the target be the medical profession or the PTA. Here a combination and centralization of effort may be expected to net some economies and produce better results.

Community Council

The Community Council of Portland has been established since 1955, replacing the Council of Social Agencies which had been in existence since 1926, performing a similar function in the community. The Council, to which all United Good Neighbors and independent charitable organizations are invited to belong, has a full-time executive staff and is composed of a president, a vice president, and two representatives of each member agency, plus some individual members. The Council functions through three main divisions: Health, Welfare and Recreation. In this report discussion is limited to the Health division. Until this year the Council was entirely supported by the United Good Neighbors, although many of the independent health agencies were voting members. Since January, 1960, all members pay annual dues of \$25.00, but the Council is still substantially supported by the UGN.

The Community Council staff is composed of interested, professionally trained people highly capable of conducting such research investigations as may be required. If there is an overlapping of functions of the health agencies in our city, this could be determined with authority. The duplication of facilities which do exist could be located, and professional opinions expressed toward their elimination. In the light of the time spent by your Committee in attempting to obtain information about the objectives, methods and finances of the various health agencies, and the recognition of our professional inadequacy constructively to analyze the current situation, we hazard the conclusion that at this date the public may be similarly perplexed as to how best to contribute to worthy causes.

It has been suggested that the Community Council be assigned the task of preparing for regular publication by the newspapers of our area, a synopsis or capsule of information about any health agency outside of the United Good Neighbors conducting a campaign for funds in Portland. This information could be placed regularly in a section of the newspaper known by the public, so that it would be an easily available reference when someone with a request for the tax-deductible dollar rings the doorbell. Should the advertising claims of an agency be misleading, the Community Council could so state. It is suggested, in short, that it could serve as a "Consumers Report" on soliciting organizations. The public would be free to contribute, even though it might be pointed out that this is not the "Best Buy." The proposal assumes that with time and integrity and the trend of health agencies to leave the United Good Neighbors, and with more and more campaigns, the Community Council might become a household phrase in Portland.

The average American citizen is emotionally involved when confronted by the outstretched hand. This is as it should be. While your Committee found no such instances, it is popularly felt that questionable organizations are lurking in wait for the easy dollar. Certainly the voluntary health agency that is proud of its methods and efforts, and is conscious of public suspicion caused by an unscrupulous few, would welcome the clearing of the air. It is with this background that your Committee early reached a conclusion that an existing organization should be strengthened or a new organization established, with the responsibility in a field in which it is professionally trained: Analyzing the proliferating drives for charity and informing the people of Portland of their findings.

Regulation

Problem:

Charitable solicitation is big business. In 1950, over four billion dollars were collected nationally for charitable purposes. Estimates have indicated that in succeeding years the figure has increased to six billion. Statistics have been advanced to show that the individual contributor provides 74 per cent of the total of these annual figures, with the bulk of the money coming from the lower-middle, and the middle-income groups.

Charities have been classified into three groups: The well-intentioned, well-administered; the well-intentioned, poorly-administered; and the outright fraudulent or boiler-room-type operations which seek personal profit.

Some of the principal abuses which regulation of solicitation should seek to eliminate are (1) misrepresentations as to an agency's true program; (2) misrepresentations as to sponsorship; (3) the keeping of inadequate records which prevent assessment of an agency's efficiency and integrity; (4) exceedingly high costs; and (5) the front for the commercial enterprise or for the personal enrichment of a few; (6) reluctance to divulge information; and (7) irresponsible attitude toward the local community.

Governmental Regulation

Federal, state and local laws affect the solicitation of funds for charitable purposes in the Portland metropolitan area.

1. **Federal Regulation.** The only federal statute which has a direct effect on charitable solicitation is that prohibiting the use of the mails to defraud.⁶ It has been said that this law alone stands in the way of complete anarchy in the area. Suggested additional federal legislation not yet enacted would (1) improve the administration and enforcement of this statute, (2) compile information on all charities operating under federal statute, and (3) prohibit sending of unordered merchandise through the mail.

2. **State Regulations in Oregon.** Any group soliciting for a charitable purpose which receives over \$250 a year (except an educational institution soliciting for itself; organizations, religious or social, soliciting only from members; and political groups otherwise required to file a report) is required to file by February 15th, a detailed annual report with the clerk of each county in which funds are solicited. The report is to contain a detailed list of all salaries and wages paid, including expenses, allowances given any person (listing names) and all other moneys expended.⁷

An audit may be had of the accounts of any of the organizations subject to these requirements, on petition to the Circuit Court by any ten persons who contributed to the organization during the calendar year.

As can be seen, this statute does no more than require a disclosure of certain financial facts of these organizations, and sets no standards for the report.

In Multnomah County, only 22 agencies had filed by May 24, 1960. Only Arthritis and Rheumatism Foundation, Visiting Nurse Association, and Community Child Guidance Clinic, of all the health agencies studied by this Committee, had complied. The others remain potentially subject to a \$250 fine upon each officer and board member. Although the statute has been in effect since 1931, there appears to be no enforcement and little compliance.

3. **City of Portland Regulations.** A municipal ordinance⁸ requires that any person who solicits funds for charitable purposes to first obtain a permit from the City Council. The Council depends upon the recommendation of a licensing commission pertaining to public solicitation which consists of nine members drawn from various municipal offices, the Better Business Bureau, the Retail Credit Bureau, the United Good Neighbors, and the general public.

To obtain a permit an application must be filed with the Commission. Among the important facts elicited by the application are the total amounts proposed to be raised, the use to be made of the funds, the need for the funds, the estimated cost of the solicitation in amount and percentage of the total amount to be raised, the names of all professionals connected with the solicitation, and the fees and expenses to be paid them.

The Commission investigates each applicant and the applicant must make its books available for inspection by the Commission. The Commission then makes its recommendations to the Commissioner in charge of the Bureau of Licenses. The City Council may then, in its discretion, grant or deny the application. In the relatively short time during which the Commission has operated, it has recommended against permits to a

6. United States Code, Section 1241.

7. Oregon Revised Statutes, Sections 61,972 to 61,984.

8. Ordinance No. 105313, effective April 28, 1957.

number of applicants, and to date the Council has never acted contrary to the Commission's recommendation. On June 18, 1959, the Council rejected a permit sought by the National Multiple Sclerosis Society as largely duplicative of the United Good Neighbor contribution to the Portland Multiple Sclerosis Society.

One serious problem is a determination of legitimate promotion expenses, which necessarily vary according to the nature of the campaign. The use of paid solicitors and a mail campaign are among the more expensive. The Commission has a scale of what it believes to be reasonable promotion expenses. For instance, a mail campaign may be expected to cost up to 30 per cent of the amount to be raised without receiving a negative recommendation by the Commission.

Some agencies apparently have not taken the city licensing procedures too seriously. The City of Hope, in response to the question, "What is the estimated total cost of the entire soliciting campaign?" responded in its filing, only "We are proud to relate that expenditure is kept at the lowest level of any fund-raising campaign." Although a permit was issued to that agency, members of the Commission have assured us that this type of answer is not generally tolerated. In some cases the Commission has had audits made of the applicant's books. How reputable a drive may be is often judged by the type of person who undertakes the fund-raising. The Commission carefully examines the qualifications of the professionals connected with the drives.

Within ninety days after a solicitation is completed, a detailed report and financial statement showing the amounts raised by the solicitation and the amounts expended in collecting the funds must be filed with the Commission. Reports and applications for permits are available at the office of the Commission for public inspection, but these reports have been examined so infrequently that a clerk in charge of the records refused to permit your Committee to examine them without permission from the City Attorney.

The ordinance also prohibits solicitations by telephone unless the person soliciting and the person solicited are personally known to each other.

One area in which this ordinance is ineffective is its inability to control telephone and mail solicitations which initiate outside the city limits. The Committee queried The Sister Kenny Foundation, which conducts campaigns solely by mail from its Eastern headquarters. Although it supplied information as to the amount of money allocated back to Portland, it gave no answer to a specific question as to the amount of money raised locally.⁹ A second area of limited effectiveness involves the expenditures of funds, raised locally, but sent to parent or affiliated agencies outside of the city.

4. *Voluntary Regulation.* The limited control which is exercised by the Community Council and the United Good Neighbors over agencies within their jurisdiction has been discussed elsewhere in this report, but should not be overlooked in evaluating the overall question of regulation. Neither should we overlook the role that the Better Business Bureau plays in making available any information which comes to it. Effectiveness is, of course, limited by the absence of any effective power to obtain any information other than that which is volunteered.

SUMMARY

The cumulative effect of these regulations gives considerable protection to the contributor in Portland. However, the greater part of the state is without effective protection except that which is offered by the federal statute relating to the use of the mails to defraud and the ineffective state disclosure provisions.

The Los Angeles Approach

To supervise the solicitation to meet increasing demands for welfare service not provided by government, a "Social Service Commission" has existed in Los Angeles since

9. Subsequent to the preparation of this report, the Attorney General of Minnesota has announced an investigation showing that the Sister Kenny Foundation has spent 53 per cent of its funds during the past seven years in fund raising and has paid \$48,000 per year, plus huge extraordinary payments to the Executive Director.

1939. The five-man commission, appointed by the Mayor with full time staff, assumes the inevitability of numerous drives.

Each organization is required to submit data on income, costs and expenditures, based on a uniform accounting procedure. An information card bearing a synopsis of these data is issued to each solicitor and must be shown to each prospective donor, included with each solicitation by mail, and summarized on radio or T.V. broadcasts. Children are not permitted to solicit unless accompanied by adults. Coin receptacles, un-ordered merchandise, and street sales are forbidden. Upon application to the Commission, local organizations may be officially endorsed.

In respect, however, to the major national drives, the Los Angeles Social Service Commission appears to be effective only in publicizing the results of their drives, including a breakdown as to total receipts, fund-raising expenses, local social service, education, administration, and payments to state and national affiliates. Their 1959 report¹⁰ shows that fund-raising costs per dollar varied between 8.8 per cent for the United Fund to as high as 48.3 per cent for the Los Angeles Mental Health Association in 1958.

CONCLUSIONS

Because of the many agencies involved, a full study of all, with audits and comparisons, could not be made. It seems clear to your Committee that some regulation and control of agencies seeking the charitable dollar is necessary in order to assure public responsibility. Perhaps a single campaign would provide the simplest means of obtaining proper controls. However, your Committee recognizes of course that a single campaign is impossible to achieve, except perhaps in respect to local social welfare agencies. Inevitably competing with them in separate drives will be the needs of churches, colleges, hospitals, emergency drives, as well as those initiated to meet new needs.

Many health agencies are national in character, with national aims and a centralized pattern of operation. Thus any solution for the improvement of controls over local campaigns would have a limited application to national organizations.

Local Controls

Control of the local agencies, of their accounting, of their solicitation, and of their integrity, can be achieved on a local level. Such control can be accomplished either through a strengthened Community Council or through the establishment of an active municipal social service commission. Objective evaluation of local health agencies can be achieved by such a responsible group, followed by organized, adequate publicity on the findings of such a group. This would primarily encourage the competent and well-intentioned organizations, and eliminate the unscrupulous few (today not a major problem).

National Controls

Aside from certain limited local controls over the methods of reporting of disposition of solicited funds, control of national health agencies must be obtained through coordination at a national level either on a voluntary basis or with the assistance of federal legislation. Only in this manner can any improvement of accounting standards, reduction of fund-raising costs, coordination and elimination of competitive, duplicative, and ineffective expenditures classed as education be obtained.

In the field of health as in the whole field of charity, or — even more realistically — in the whole field of spending, the question is ultimately one of individual choice and participation. Your Committee does not urge a reduction of giving, but a careful selectivity of charitable budgeting. The City, the Community Council, the Medical Society, labor, industry, the press, and other public agencies must continually keep the public informed in the field of charity and particularly in respect to health agencies.

10. Board of Social Service Commissioners, City of Los Angeles, California, 46th Annual Report, 1959.

RECOMMENDATIONS

Your Committee therefore recommends the following action:

1. There should be a fortified voluntary Community Council, or, if this proves ineffective, then a municipal or statewide social service commission, with enforcement power, to:
 - a. establish standards and ethics for responsible agency behavior.
 - b. establish uniform systems of accounting for agencies.
 - c. audit reports of each agency soliciting funds locally.
 - d. establish a value judgment on the effectiveness of each organization.
 - e. publicize the findings of such studies, including such details as administrative costs, drive costs, percentage of funds or revenue allocated locally, and other such helpful information.
 - f. familiarize its member agencies with the provision of the current Oregon law on reporting and urge realistic enforcement.
2. The State Legislature should carefully reconsider the state law regarding county filings. Enforcement might be achieved by requiring each county clerk to certify to the Oregon State Corporation Commissioner a list of non-profit corporations who filed, and compelling the Corporation Commissioner to suspend the operation of those agencies not complying with the law. We further recommend that a deadline for filing reports more realistic than February 15th of each year be established, in order to give the agencies a reasonable time to comply.
3. There should be a national agency either voluntary or under federal legislation to establish standards comparable to those recommended by this Committee for the local level and further to encourage coordination or dissolution of charitable organizations past their prime.

Respectfully submitted,

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APPENDIX A
LOCAL RECEIPTS AND EXPENDITURES

AGENCY	Fiscal Year Ending	Who Audits?	Total Local Receipts	LOCAL EXPENDITURES				Drive Costs	Amounts Remitted to Natl. Hq.	Month of Drive
				Education	Research	Casework & Patient Care	Administration & Organization			
American Cancer Society (Ore.)	1959	CPA	\$239,606.81	\$98,913.95	\$64,076.28	\$46,389.35	\$13,181.02	\$20,330.77	\$26,461.77	April
American Foundation for Allergic Diseases (Ore.)	1959	CPA	7,137.87	5,577.00	200.00	662.76	537.76	UGN	500.00	UGN
Arthritis & Rheumatism Foundation (Ore.)	1959	CPA	60,096.02	13,589.47		12,536.92	8,171.87	UGN	14,623.83 ⁽¹⁾	UGN
City of Hope	1958	None	25,207.00			(2)		4,954.00	20,232.00	June
Community Child Guidance Clinic	1959	UGN	76,993.78 ⁽³⁾	1,150.58		66,604.77	10,441.14	UGN		UGN
Epilepsy League of Oregon	1959	UGN	10,273.80	1,211.30			9,041.72	UGN		UGN
Mental Health Assn. of Oregon	1958	UGN	41,781.00	(4)	(4)	(4)	(4)	UGN	3,000.00	UGN
Multiple Sclerosis Society of Portland	1959	UGN	16,380.00		7,500.00	7,459.06		UGN		UGN
Muscular Dystrophy Association	1959	CPA	30,151.07	1,242.05		7,525.55	388.65 ⁽⁵⁾	6,687.00	19,445.00	November
Myasthenia Gravis Foundation (Ore.)	1959	CPA	1,055.37	186.19			269.04		400.00 ⁽⁶⁾	
National Foundation	1959	CPA	156,100.00	30,265.87	(7)	56,740.35	15,053.24	22,761.83	66,664.90	January
Oregon Heart Association	1959	UGN/CPA	211,883.45	27,218.87	56,150.43	17,653.33	20,141.50	11,589.13	62,542.02	UGN/Feb ⁽⁸⁾
Oregon Society for Crippled Children and Adults	1959	CPA	402,550.03	27,279.38		74,426.77	29,241.29	19,954.03	10,971.59	Mar/Apr
Oregon Tuberculosis & Health Assn.	1960	CPA	154,699.66	68,909.21		35,169.82	58,078.21	22,813.22	19,591.53	Nov/Dec
Portland Assn. for Retarded Children	1959	UGN	16,669.00	3,182.00	66.00		12,790.00	UGN	780.00	UGN
Portland Center for Hearing and Speech	1958	UGN	36,728.00 ⁽³⁾	(4)	(4)	(4)	(4)	UGN	107.00	UGN
Rehabilitation Institute of Ore.	1958	UGN	74,344.00	(4)	(4)	(4)	(4)	UGN		UGN
Sister Kenny Foundation	1958	None	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
United Cerebral Palsy	1959	CPA	26,500.00			13,425.00		6,450.00	6,625.00	May
Visiting Nurse Assn.	1959	UGN	83,761.00	980.00		69,250.00	12,052.00	UGN	805.00	UGN

Footnotes for Appendix A—

1. National makes grants for research.
2. Total of 20 Oregon patients treated to date.
3. Income partially from UGN, balance from fees, etc.
4. No reply to questionnaire.
5. Local staff paid by national.
6. Paid to national for Research.
7. Education and Research allocations combined.
8. Under UGN in 1959 in Tri-County (Portland) area only.