

# Vouchers

An international comparison  
of vouchers and similar instruments

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# Management Summary

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On behalf of the Dutch Ministry of Economic Affairs, Public SPACE, the international research and knowledge center of the Boer & Croon Strategy and Management Group, conducted a research project concerning the international experiences with vouchers instruments. The purpose of this research was to gather information on the practical aspects of voucher projects and to identify lessons learned for each project individually and on an aggregate level.

A pragmatic and result- oriented research approach has been chosen. The focus of the search is getting an in-depth understanding of a limited number of projects in a short period of time. The research has been focused on published materials. The use of international correspondents has been kept to a minimum.

The selection of projects was based on a study of ‘Vouchers and personal budgets’, commissioned by the Ministry of Finance and a report of the Ministry of Economic Affairs on ‘Demand steering in practice’. The projects were drawn, for the larger part, from OECD countries. This choice was made to insure that a certain level of similarity would exist between the researched countries and the Netherlands.

Based on information and research materials gathered, a diverse set of projects have been described and analyzed. Each of the projects has been described and lessons learned have been identified. In addition to the analysis on the non-aggregated project level, we have analyzed the projects on three aggregated levels: instrument level, sector level and country level. The instrument level aims to describe the theory and practice of the instrument, the critical characteristics of the instrument and the conditions and use of the instrument. The sector level analysis describes the specific relationships between sectors and instruments. The analysis on country level aimed to find correlations between instruments and country-specific characteristics.

Based on the description of projects on a non-aggregated level lessons can be drawn on three aggregated levels. A number of lessons learned have been identified:

## *Most important lessons learned (instrument level)*

1. Information is critical for the proper functioning of the instrument
2. The more opportunity for choice, the better the instruments works
3. Assigning responsibilities increases chances of successful implementation
4. Increased cooperation and stakeholder involvement is needed for successful programs
5. Programs need to be pushed by a clear owner
6. Low value vouchers help budget constraints, but limit the impact of the instrument
7. Pilot programs are useful for testing effects, but not perfect
8. More freedom and flexibility in the design helps to achieve goals
9. Choice and satisfaction has increased
10. New and innovative services are provided
11. Shortage of service providers limits success
12. ‘Negative’ substitution effects pose a political threat
13. Simplicity of design simple is crucial for effectiveness
14. Instruments should be coordinated with complementary approaches

*Most important lessons learned (sector level)*

1. In the health sector knowing, defining and quantifying target groups or beneficiaries is a problem
2. The use of direct payments in the housing sector is controversial where it concerns the impact on the supply market
3. Schools face identical issues concerning governance and accountability; acceptance within regular school system; flexibility to adapt to given situations; and stakeholder management
4. Re-education programs are aimed at directly at increasing the employability of people which has profound effects on the design of the program
5. When public service provision in a sector is troubled or deficient, it becomes politically much easier for government to introduce demand steering in a sector

*Most important lessons learned (country level)*

- There are a number of common external forces that have effectuated new programs
- Federal systems of government show a division of labor. The federal level usually contributes financially and commits itself to quality control, whereas regional or local authorities are charged with the implementation of the system and the provision of services.

Voucher programs and other similar instruments, are used throughout the world, under many different guises. Whether they are named vouchers, tax credits or subsidies, the common denominator to all these instruments relevant for our purpose is the following: purchasing power is, directly or indirectly, awarded to beneficiaries who can then choose where this purchasing power will be cashed in.

There are uncountable variations of programs centered on this idea. Essentially all of the variations can be characterized by their ranking on two interlinked dimensions:

1. *Level of choice inherent in the instrument:*

The level of choice that an instrument awards the beneficiary is a matter of design. One extreme of this dimension would be to grant a beneficiary money, that is, an unrestricted choice of where and how to spend the awarded purchasing power. The other extreme would be if the beneficiary would have no choice whatsoever as the public authorities essentially make the choice. All instruments can be ranked along this dimension and different levels of choice have different impacts on society.

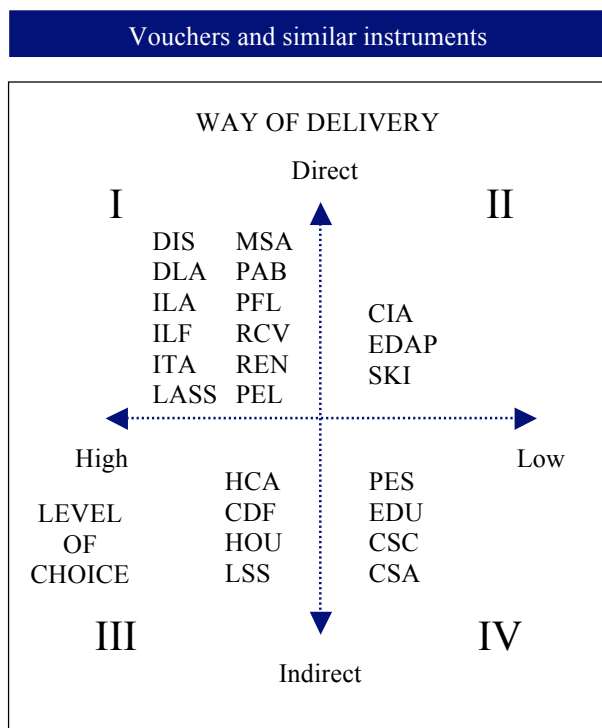
It is important to distinguish the inherent level of choice in the *design* of the instrument from the *real* level of choice as determined by the interplay of design and external influences, such as the supply market. So whereas the design determines sets the outer limits, real-life factors determine the real level of choice within those limits.

2. *Delivery of the purchasing power:*

The awarded purchasing power can be delivered to the beneficiaries in many ways, but essentially the choice is whether to provide the beneficiary the purchasing power directly, in hand, or indirectly, where the beneficiary's choice determines whom the public authorities shall pay the awarded funds.

### How to read the graph

All projects have been plotted in the graph 'vouchers and similar instruments'. The purpose of this graph is to group programs from various countries based on the commonalities of their designs rather than on the basis of their formal name or definition. Subsequently, comparisons can be made between designs in the same quadrant or between quadrants.



### Reference list projects:

CDF	Childcare and Development Fund
CIA	City Academies
CSA	Charter Schools (United States)
CSC	Charter Schools (Canada)
DIS	Disability Policy
LA	Disability Living & Attendance Allowance
EDAP	Employee Development & Assistance Program
EDS	Employee Development Schemes
EDU	Education Vouchers
HCA	Home Care Law
HOU	Housing Vouchers
ILA	Individual Learning Account
ILF	Independent Living Fund
ITA	Individual Training Accounts
LASS	Support and Service & Personal Assistance Act
LSS	Support and Service & Personal Assistance Act
MSA	Medical Saving Accounts
PAB	Personal Assistance Budget
PELL	Pell Grants
PES	Public Employment Service
PFL	Pflegegeld
RCV	Respite Care Vouchers
REN	Rent Assistance
SKI	Skill Development Fund

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# 1. Introduction

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## **Context**

The Dutch Ministry of Economic Affairs is interested in getting a better overview and understanding of the practice of vouchers and similar instruments. These instruments use subsidies (transfer of income) to grant limited purchasing power to an individual so he/she can choose among a restricted set of goods and services).

The Ministry wishes to obtain detailed information of projects that aim to provide individuals choice in the usage of public services by granting them funds they can allocate themselves. Examples of these instruments include vouchers, individual allowances and direct payments methods. The Ministry desires to know which instruments are used in various countries, what are lessons learned, under which conditions do the projects run and what critical elements are in the success or failure of the projects.

## **International comparison**

In addition to gathering information on projects and approaches in the Netherlands, the Ministry of Economic affairs has initiated an international study to identify projects and new approaches in other OECD countries. The aim of the study is to gather information on interesting projects, to compare its use and implementation and to identify lessons learned.

## **Boer & Croon/Public SPACE**

The international study is performed by Public SPACE, the international research and knowledge center of the Boer & Croon Strategy and Management Group. Public SPACE has a track record in retrieving interesting facts and providing thorough international comparisons. Public SPACE offers research and knowledge management for non profits (civil or social entrepreneurs), government bodies and private companies. Public SPACE initiates international benchmarks, policy research and international networks. Its focus is on sectors such as healthcare, public transportation, education, utilities and urban development.

## **How to read this report**

In chapter 2 we outline the purpose of the study, the terms of reference and our research approach and activities undertaken. Chapter 3 subsequently deals with projects in a number of countries, giving a detailed description and analysis of each of the projects. Lessons learned are deduced from the various projects. These lessons are categorized on four different levels: project level, instrument level, sector level and country level. Finally, in Chapter 4 we briefly mention some concluding remarks

## 2. Research: Terms of reference and approach

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### General

The Dutch Ministry of Economic Affairs has prompted a quick review of projects in a number of OECD countries. Based on the report of IOO, a study of ‘Vouchers and personal budgets’ and a report of the Ministry of Economic Affairs on ‘Demand steering in practice’, a number of projects have been identified for further investigation. Of each of these identified projects the Ministry wishes to have information on its status, an overview of important characteristics and lessons learned.

### Approach

A pragmatic and result- oriented research approach was chosen. The focus of the search has been to gain an in-depth understanding of a number of projects. In view of the short time-span available for conducting this research, the study has drawn mainly on published material. The use of international correspondents was likewise kept to a minimum for this reason.

### *Desk research*

The following sources have been used for desk research:

- The study by IOO on vouchers and personal budgets;
- The project list of the Ministry of Economic Affairs;
- The results of the quick scan of various embassies conducted by the Ministry of Economic Affairs;
- Existing documents and analyses of projects;
- Governmental and departmental documents from various countries;
- OECD information;
- Information of international organizations;
- Information of the European Committee;
- Information of various think tanks;
- Libraries and databases;
- The Internet.

### *Analysis*

Based on information and research materials gathered, we have described and analyzed a diverse set of projects. Each of the projects has been described and lessons learned have been identified. In addition to the analysis on the non-aggregated project level, we have analyzed the projects on three aggregated levels: instrument level, sector level and country level.

#### *A. Project level (non-aggregated):*

The information gathered on each of the projects has been structured according to the ‘project information sheet’. The project information sheets consist of a description of the project (title, the instrument used, the characteristics of the market) and an analysis (effects, crucial factors of introduction and implementation, and critical elements in the success or failure of the projects).



### *Project information sheet<sup>1</sup>*

Description	<ol style="list-style-type: none"> <li>1. The official name of the project</li> <li>2. The working title of the project</li> <li>3. The sector (housing, health, education, mix, et cetera)</li> <li>4. The responsible organization (policy level and executive)</li> <li>5. A brief description of the voucher-instrument used in the project</li> <li>6. Description of the project (officially)</li> <li>7. The characteristics of the market</li> </ol>
Analysis	<ol style="list-style-type: none"> <li>8. The effects of the project?</li> <li>9. The crucial factors in the introduction and implementation of the project</li> <li>10. The critical elements in the success or failure of the project</li> </ol>
Supplement	<ol style="list-style-type: none"> <li>11. Sources</li> </ol>

Based on this information lessons learned have been identified for each of the projects. At the same time the information of the individual projects has been used to compile interesting lessons learned on the three aggregated levels.

#### *B. Instrument level (aggregated):*

This analysis compares the theory and practice of the instrument. Some general lessons are drawn based on the information available. The projects have been categorized and described in a number of quadrants, related to the nature and characteristics of the instruments..

#### *C. Sector level (aggregated):*

The sector level analysis describes the specific relationships between sectors and instruments. The developments in the use of instruments in the sectors in the various countries are alike. Faced with comparable challenges similar instruments are tried to improve the quality of the public service provision

#### *D. Country level (aggregated):*

The analysis on country level is aimed at finding correlations between countries and instruments, i.e. whether certain countries have a preference for a particular instrument. This could indicate that particular societal and political preconditions are at work.

### **Considerations**

#### *Comparisons*

The data collected cannot be compared without keeping in mind that each of the projects is situated and operated in specific local social-economical circumstances. The effects and lessons of each of the projects are related to the country of origin. Nevertheless it is clear that a number of project and instrument formats have been copied and used in other countries.

#### *Restricting the number of countries*

Our pragmatic and result oriented research approach has been focused on projects defined by the Ministry of Economical Affairs. The total number of countries that has been included in the search is limited. Only most promising OECD countries have been thoroughly researched to extract valuable and transferable lessons learned. An important criterion has been the institutional and social economical similarity to the Netherlands. Relevant indicators have been the level of government funding for (semi) public services and the existence of governmental and departmental infrastructures.

<sup>1</sup> In the appendices we have included a more detailed project information sheet

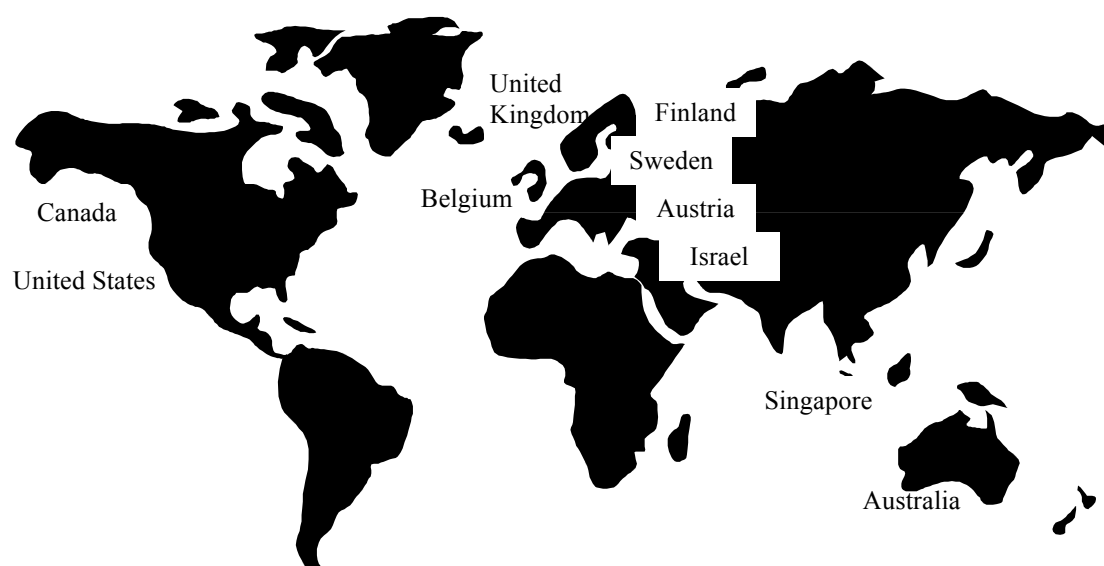
## Summary of deliverables

In this report we will present the preliminary findings of our research:

Deliverables
<ul style="list-style-type: none"><li>• Project information sheets for 23 projects</li><li>• The ‘lessons learned’ on project level</li><li>• Lessons learned on three aggregated levels:<ul style="list-style-type: none"><li>– Instrument level</li><li>– Sector level</li><li>– Country level</li></ul></li><li>• A list of interesting projects not included and described in the study</li></ul>

### 3. Lessons Learned

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## A. Project level

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Australia

# Public Employment Service

## 1. Official name of the project

Job Network

## 2. Working title of the project in English

Job Network

## 3. Sector (housing, health, education, mix etc.)

Employment

## 4. Responsible organization

### *Policy level*

Australian Federal Department of Employment and Workplace Relations (DEWR)

### *Executive level*

Regional Centrelink offices, Local Job Network Service provider

## 5. Brief description of the voucher-instrument used in project

Job seekers may choose a job network provider or if they do not, they are assigned one randomly using an auto referral system run by Centrelink (the one stop shop for financial aid in Australia). Job Network providers are paid for their services for the job seekers.

## 6. Description of the project (officially)

### *Description*

Job Network is a 'managed' market for the provision of government purchased employment services to job seekers. It represents one of the first comprehensive attempts internationally to apply market mechanisms to the provision of subsidized employment services. This quasi-market tries to mimic many of the features of normal markets by providing scope for competition, variable prices, flexibility in the way services are delivered, direct rewards for good providers through higher outcome payments and some degree of choice for job seekers.

### *Goal*

The Job Network policy framework is a new way of attempting to reduce unemployment by bringing flexibility, choice and competition to the provision of employment services to Australia's unemployed. Four main programs are provided under the Job Network:

- *Job Matching*. Providers match and refer eligible jobseekers to suitable vacancies, notified by employers.
- *Job Search Training*. After assessment by Centrelink and the provider, the provider delivers a 15-day job search training program to the client.
- *Intensive Assistance*. Clients receive intensive assistance for a period of 12 months or more. This can include job matching, training, job search assistance, work experience and post-placement support.
- *The New Enterprise Incentive Scheme (NEIS)*, which provides assistance for unemployed people wishing to start their own business, is also under the Job Network umbrella.

*Beneficiaries*

All jobseekers

*Requirements*

Eligibility for Job Matching is open to almost all job seekers at all times, but other programs depend on meeting certain eligibility criteria.

*Benefits*

Job Network providers are paid for their services according to the contractual agreements negotiated after tender rounds. Payments vary according to the service delivered and may also vary between providers. Two rounds of tendering have been held to date - in 1997 and 1999 - with a third round expected to end in February 2003 when current contracts expire. For example, in Intensive Assistance, a provider will receive an overall payment of over \$ 9.200 if it successfully gets a job for a B-level job seeker that lasts at least 26 weeks, compared with a commencement fee of around \$ 2.000 if no outcome is achieved. Educational participation is also recognized usually by lower payments.

*Organization*

-

## 7. Characteristics of the market

*Clients*

Unemployment has been a persistent and severe social and economic problem in Australia since the 1970s. In January 2002, there were nearly 700.000 unemployed Australians, comprising 7.0 per cent of Australia's labor force. Of these, around 160.000 were long-term unemployed (unemployed for more than a year.)

Job seekers are given the freedom to choose their Job Network provider, but most job seekers do not do so. This partly reflects lack of information and low incentives for Job Network providers to market themselves. Instead, most job seekers are assigned a provider through Centrelink's automated referral system. Once a job seeker has chosen or been assigned a Job Network provider, they are not generally allowed to move to another one.

*Suppliers*

Job Network is a national network of around 200 private, community and government organizations. Job Network providers bid in a competitive tender to provide Job Network services. There are usually a number of providers in any one area. The 'market' is highly regulated. This is because the system is funded by taxpayers rather than by its 'consumers' job seekers. Also, unlike most markets, benefit recipients cannot have full choice (they must abide by certain mutual obligations).

The performance of providers is monitored and rated using a sophisticated statistical model, the 'star rating' model by the Department of Employment and Workplace Relations (DEWR). The gross outcomes achieved by different providers are corrected for variations in local labor market conditions and the mix of job seekers who use their programs. Stars are awarded on the basis of 'value added'. Those providers with high star ratings are generally assured of success in the next tender round.

*Government*

The regulations can create perverse incentives for Job Network providers. Small regulatory changes can have large impacts on the functioning of the market and the introduction of price competition risks poor quality when competing providers are unable to specify accurately in their tender bids the outcomes they are likely to achieve.

*Finance*

The Job Network spends around \$750 million, publicly funded, annually on trying to assist unemployed Australians.

## 8. Effects of the project

### *Effects*

- The effects of Job Network programs on net employment outcomes are small, as in past similar programs. However, the total costs are much less than previous programs
- The suppliers and job seekers in time have developed a favorable attitude towards Job Network.
- Job seekers have some choice of provider and they are more satisfied
- Employers are more satisfied
- Competition between providers and the use of outcome payments have provided incentives for improving efficiency and achieving better outcomes
- The funding of active labor market programs under Job Network is much less than previous programs, such as those forming part of Working Nation. Yet net outcomes are not noticeably different, suggesting that value for money has increased with the introduction of the Job Network.
- Many job seekers do not choose their Job Network provider. When they do, their choices are often not well-informed by information about providers' performance

### *Side effects*

-

## 9. Crucial factors in the introduction and implementation of the project

With the establishment of the Job Network in 1998, the Commonwealth Employment Service was closed. Most publicly subsidized employment services were contracted out to for-profit and not-for-profit agencies, with the Government owned Employment National also winning some contracts.

Job network was a Government pushed program. Centrelink was established as a Government operated gatekeeper to the system and as the single benefit payments agency.

Measures such as the Job Network need to be accompanied by complementary approaches to reducing unemployment, such as welfare and regulatory reform.

Improved data and methods are required to facilitate better understanding of the effects of the Job Network. The Department of Employment and Workplace Relations is already moving in this direction. Increased transparency would also help to increase the exposure of the Job Network to the discipline of external scrutiny by independent researchers.

## 10. Critical elements in the success or failure of the project

### *Success*

- One of the major gains from the Job Network is the diversity of approaches used by Job Network providers. An outcomes-based model allows providers to tailor services to different clients and trial innovative methods for motivating job seekers or for increasing their employability.
- The key advantages of a purchaser-provider approach as Job network are outcome orientation, increased competition and freedom of choice. This provides clear objectives, and provides stronger incentives for finding better ways of achieving job outcomes and for cost efficiency.

### *Failure*

- Some programs (the Harvest Program, Self Employment Development and Job Matching) are either poorly targeted or ineffective;
- A significant share of disadvantaged job seekers receives little assistance while on 'Intensive Assistance', so-called 'parking'; Parking may mean that the net effect of participating in Intensive Assistance is negative for some job seekers. Moreover, the job seeker may not know why (or even that) they are being parked, leading to frustration and de-motivation.
- The Department of Employment and Workplace Relations is imposing too many compliance burdens on, and providing excessive direction to, Job Network providers undermining the desirable flexibility of the system.
- The competitive tendering process is complex and expensive for providers and disruptive to services, while fixed caseloads frustrate growth of the best agencies;

- Job Seekers are assigned randomly to Service providers, this penalizes those providers with strong growth potential and favors poorer performing providers. Thus assisting the viability of all providers in the Job Network industry than to helping job seekers.

## 11. Sources

- *Independent Review of Job Network*, Productivity Commission 2002, Draft report, Canberra, March 2002
- *Job Network; A net impact study*, DEWR, April 2001, Canberra





Australia

# Rent Assistance

## 1. Official name of the project

Commonwealth Rent Assistance Program

## 2. Working title of the project in English

Rent Assistance

## 3. Sector (housing, health, education, mix etc.)

Housing

## 4. Responsible organization

*Policy level*

Commonwealth Department of Family and Community Services

*Executive level*

Centrelink Offices

## 5. Brief description of the voucher-instrument used in project

Rent Assistance is a non-taxable cash payment paid to individuals and families who rent in the private rental market

## 6. Description of the project (officially)

*Description*

Rent Assistance is provided as a component of the core social security programs for the retired, the unemployed, families with children, people with disabilities and the sick and people in special circumstances. Accordingly, Rent Assistance is designed to support the primary objectives of these programs - adequate income support for clients and their dependants - by providing supplementary assistance to meet the additional cost of private rental housing. The payment is delivered as a component of pension or allowance.

*Goal*

Rent Assistance is created to ensure that income support recipients in the private rental market have additional income in recognition of the housing costs they face. An implicit goal is to overcome market imperfection by encouraging the private housing market to build more affordable housing.

*Beneficiaries*

All pensioners, allowees, beneficiaries and those receiving more than the minimum rate of Family Allowance (FA) may be eligible for Rent Assistance (RA)

*Requirements*

Eligibility for Rent Assistance is assessed when claiming a pension, allowance or benefit. Rent Assistance is available to individuals who:

- Receive a pension;
- Receive more than the base rate of Family Tax Benefit with dependent children;
- Don't have dependent children and receive an allowance or benefit; and
  - are over 25, or
  - are partnered, or

- are under 25 (under 21 if receiving Disability Support Pension) and living permanently, or indefinitely apart from parents or guardians.

Individuals or households must also be paying more than a certain amount for rent (other than for public housing); or service and maintenance fees in a retirement village; or lodging; etc.

#### *Benefits*

Rent Assistance is paid at the rate of 75 cents for each dollar of rent paid above the rent threshold, subject to specified maximum rates. Rent thresholds and maximum rates of Rent Assistance vary depending on the customer's family circumstances, that is, whether they are single and the number of dependent children. For singles without children, maximum rate also varies according to whether or not accommodation is shared with others. Average Rent Assistance paid Australia-wide was \$29.73 per week.

#### *Organization*

The Department of Family and Community Services funds the Program, beneficiaries can arrange for payments by requesting Rent Assistance with their local Centrelink Office.

## **7. Characteristics of the market**

#### *Clients*

Nationally, there were 3.74 million income units in receipt of income support, of whom 34% (1.27 million) were private renters. The largest proportion of income units were single people (61%) and a further 19 were single parents with children. Couples represented 7% units and couples with children accounted for 12% of all income units.

Of the 976333 Rent Assistance recipients at 1 June 2001, 44 per cent are single without children; 23 per cent are single with children; 15 per cent are couples with children; and 8 per cent are couples without children.

#### *Suppliers*

About 94% of housing in Australia is private.

#### *Government*

Due to its housing policy, both state and federal governments have been active to assure the availability of affordable housing. The housing market in Australia is characterized by market failure causing the 'housing stress' (persons spending more than 30% of their income on housing) to rise. It has employed several strategies to reduce housing stress by encouraging the building of affordable housing, ranging from providing public housing, to tax measures, to public-private cooperation to the provision of rent assistance.

#### *Finance*

Funding is coming from Commonwealth and State general funds. The Commonwealth Government outlays approximately \$1.6 billion per annum for the provision of Rent Assistance or the purchase of housing stock throughout Australia.

## **8. Effects of the project**

#### *Effects*

The impact of Rent Assistance on housing affordability:

- If Rent Assistance were not available, 74 per cent of income units would be paying more than 30 per cent of their income in rent;
- With Rent Assistance, this figure is reduced to 38 per cent of income units;
- Rent Assistance also markedly reduces the proportion of income units paying over half their income in rent, from 30 per cent to 9 per cent.

Although the program is quite effective, several design characteristics of the program inherently weaken its ultimate goal. The program awards assistance based on the determination whether a person

is already receiving income support. Therefore the program denies assistance to people in an equally bad position but who are not already receiving income support. This means that an entire segment of persons essentially deserving the benefit are not receiving it on formal grounds.

A second design flaw is that the awarded assistance neglects to take into account the real housing costs. Regional differences in price levels are therefore not compensated for in the amount of the assistance. Therefore the real value of the awarded assistance is different for people even though they are similar on all accounts but location.

#### *Side effects*

An expansion of the rent assistance program will be at the expense of public housing tenants or public housing stock, since both are funded from the same dedicated funds. Rent assistance has become the Commonwealth's major program on housing assistance to the detriment of public housing.

### **9. Crucial factors in the introduction and implementation of the project**

The insufficiency of previous measures to assure affordable housing was an important factor in adopting rent assistance measures.

### **10. Critical elements in the success or failure of the project**

#### *Success*

-

#### *Failure*

- The program is limited in its effectiveness, due to the exclusion of certain segments of persons facing "housing stress". In addition, the benefits awarded do not relate to real housing costs further limiting the impact of the program. Eligibility criteria violate horizontal equity.

### **11. Sources**

- *FaCS' 2000–01 Annual Report*, Commonwealth Department of Family and Community Services, Canberra, 2000.
- *Policy options for stimulating private sector investment in affordable housing across Australia*, Affordable Housing National Research Consortium, Sydney, 2001.
- *Report on Housing Assistance*, Parliament of Australia, Senate.



# Pflegegeld

Austria

## 1. Official name of the project

Bundespflegegeldgesetz (BGBl. Nr. 110/1993), amended in 1998.  
Bundespflegegeld / Landespflegegeld

## 2. Working title of the project in English

Long term care allowance act

## 3. Sector (housing, health, education, mix etc.)

Social/home care

## 4. Responsible organization (policy level and executive)

### *Policy*

Bundesministerium für soziale Sicherheit und Generationen

### *Executive*

Länder for the Landespflegegeld

## 5. Brief description of the voucher-instrument used in project

Single, monthly cash payment to compensate for care-related additional expenses. Awarded to the person requiring care on the basis of need and freely dispensable.

## 6. Description of the project (officially)

### *Description*

-

### *Goal*

The main goal of the long term care allowance act is to provide people in need of care with greater opportunity to control and shape their lives and to increase their capacity to participate in social life and society. The two instruments used in this act to achieve this goal are direct payments and by offering social services.

Secondary goals include:

- Harmonizing the pre-existing diversity of direct payment regulations
- Enhancing the efficiency of care allowances
- Aims to support care provided by family and other informal social support mechanisms

### *Beneficiaries*

All persons in need of care.

### *Requirements*

-

### *Benefits*

Benefit are either direct payments to be used to purchase care or provision of the care itself.

### *Organization*

The long-term care allowance is granted on a seven-level scale according to the monthly extent of need for care. Medical examination, classification and payment of the allowance are carried out by the relevant authorities. The criteria for placement on the scale were determined by an Order of the Federal Minister of Labor Health and Social Affairs.

The Provincial authorities grant long-term care allowances according to the same principles to persons for whom the Federal authorities are not competent (Provincial Long term Care Allowance Acts). In this way, the uniformity of long-term care allowances can be guaranteed throughout Austria on the basis of the existing division of competence between the Federal and the Provincial authorities.

The Provincial authorities undertake to make arrangements for the decentralized establishment and expansion of community, semi-institutional and institutional social services, with full geographical coverage, observing minimum standards. For that purpose, the Agreement contains a catalogue of benefits and quality criteria for social services. Furthermore the Provincial authorities are responsible for ensuring that the services offered are organizationally interlinked, and for providing information and advice. Provincial authorities are also responsible for the quality of care and the supervision thereof.

## **7. Characteristics of the market**

### *Clients*

-

### *Suppliers*

At present there are about 49,000 nursing beds in old people's and nursing homes in Austria, including about 27,000 in nursing homes run by the Provincial or Communal authorities and 22,000 in private-sector homes. Although the quantity of nursing beds in nursing and old people's homes was raised during the last years (partly because of the fact that places of residence were changed into nursing beds) many additional nursing beds will be required in the future.

Voluntary welfare associations provide about 90% of community and semi-institutional services as alternatives to nursing-home accommodation

### *Government*

As the Provincial authorities are responsible for organizing long-term care and social services in their region, substantial differences have developed between regions concerning the services and institutions available, the density of the network and also the cost associated with drawing on social services. Although the Act would allow for payment to private entities, we have little information on the development of the private long-term care activities.

### *Finance*

The costs for the Federal Long-term Care Allowance Act are carried by the Federal budget and totaled approximately ATS 19,2 billion (€ 1,4 billion) in the year 2000.

## **8. Effects of the project**

The project is deemed to be both effective and efficient in achieving its goals. Although it is difficult to adequately measure both effectiveness and efficiency due to the great subjective differences on an individual level, a number of indicators point to its success:

### *Effects*

- Overall satisfaction of persons with the project is positive
- Generally people are satisfied with the scaling system used to assess benefits
- More people deserving a care allowance are now receiving one, compared to the pre-1993 system;
- People feel that they have greater choice in the organization that provides their care
- Persons in the informal care network (family) are happy that their position is formally recognized
- By providing purchasing power, people are now better enabled to make resource efficient choices for themselves.

### *Side effects*

- Debated is the effect of the care allowance on the labor market and especially the position of women (as 80% of the informal care givers are women). Allowing compensation for informal care could lead to women opting to provide home care rather than making themselves available on the job market. A positive counter-argument is that these women could, on the basis of their experience of providing home care, at a later point join the labor market working in social services.
- Despite the fact that total cost has increased due to this act, the impact on the mix of care providers is positive. Substitution has taken place from institutionalization to ambulatory care, allowing people to continue to live in their own house. Moreover, in a sense the informal care by the family competes with social services. Allowing compensation for informal care can aid a substitution towards informal care.
- Another side effect occurs due to the substitution of professional social services to the informal care network. Although in terms of cost such a substitution is beneficial, it harbors the danger that the quality of care decreases as persons in the informal care network often lack adequate and specific training in care matters. This deficiency could be addressed by a training or schooling project.
- Abuse of care allowances is hard to establish, but judged to be rare and incidental. Empirically, most, if not all, of the allowance is necessary to pay the cost of care, thus leaving few funds available to be spent on non-care goods or services.

### **9. Crucial factors in the introduction and implementation of the project?**

Demographic developments were the main reason to switch to this system as the population of Austria, as in many Western European countries, is aging. Combined with decreasing resources the preexisting system would have been unable to cope with great increases in demand. The switch towards more self-determination in long-term care is therefore to a great extent an attempt to draw more resources into care and to increase the efficiency of the usage of these limited resources.

### **10. Critical elements in the success or failure of the project?**

#### *Success*

-

#### *Failure*

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### **11. Sources**

- *Provision of Long Term Care*, Federal Ministry of Social Security and Generations, in Austria, Wien 2001.
- *Sozialschutzsysteme* Federal Ministry of Social Security and Generations, Badelt et. al, Analyse des Auswirkungen des Pflegevorsorgesystems, Wien 1997.
- *The 'Viennese Care Concept'*, K. Leichsenring, , European Center for Social Welfare Policy and Research. Wien 1999.



Belgium

# Personal Assistance Budget

## 1. Official name of the project

Persoonlijk Assistentie Budget (PAB)

## 2. Working title of the project in English

Personal Assistance Budget

## 3. Sector (housing, health, education, mix etc.)

Health

## 4. Responsible organization (policy level and executive)

### *Policy*

The Flemish Fund for the Social Integration of Disabled Persons

### *Executive*

A network of regular care organizations, supervised by 'PAB cells', which oversee the regional operation of the PAB scheme.

## 5. Brief description of the voucher-instrument used in project

Beneficiaries receive a cash payment for the purpose of buying necessary care. It is freely dispensable. The client has to prove that the budget is used for care by presenting a written contract for each type of care ordered

## 6. Description of the project (officially)

### *Description*

The Personal Assistance Budget (PAB) is a care financing system, people with a disability can have a budget at their disposal, which they can use as they please to provide in the care they need. The budget can be used to hire assistance for certain tasks (e.g. physical care, assistance during leisure activities). Within the budget, he or she is free to choose who, how and when assistance is provided, as long as it is non-medical care. They can choose registered caregivers, but are also allowed to employ relatives.

Under current regulations it is not allowed to combine PAB with other types of care, for example institutional care or other forms of home care. Clients find it useful to combine these types of care, for example short term institutional care. It can also relieve stress on (PAB paid) family members who provide care, when, with the help of temporary home care, they are able to take a short holiday.

### *Goal*

- Higher autonomy and more freedom of choice
- Enable people to continue to stay in familiar surroundings.

### *Beneficiaries*

The legislation covering the Flemish Fund applies to disabled persons under the age of 65 at the time of their application for registration. The incapacity must be of a long-term kind.

### *Requirements*

The eligibility assessment is done by multi-disciplinary teams and Provincial Assessment Committees, which assess the severity of the handicap. After assessment and acceptance, the Flemish Fund makes payments every three months with which the client can buy the care. The client has to prove that the budget is used for care by presenting a written contract for each type of care ordered.

### *Benefits*

The PAB provides a budget with a minimum of € 7.437 and a maximum of € 34.705.

### *Organization*

The Flemish Fund uses a network of regular care organizations, which are certified for assessing the severity of the disability, determine the budget and which organize care at a local level. Supervising these organizations are the 'PAB cells', which oversee the regional operation of the PAB scheme.

## **7. Characteristics of the market**

### *Clients*

There are some 450 PAB clients who each have their own personal assistant. In 2001: 1.378 persons requested PAB, 663 requests were examined and 327 persons were awarded PAB. 315 persons were put a waiting list. In total more than 2400 PAB request were send to the Flemish Fund.

### *Suppliers*

Personal assistance may be:

- Already employed by client
- Entrepreneur
- A temp worker
- A caregiver from a non-subsidized institution

The care is market driven, as soon as a client gets the PAB the complete market of homecare providers is at call. The number of requests for PAB is large and there are more people applying for it than there is funding.

### *Government*

The Flemish Fund uses a network of regular care organizations, which are certified for assessing the severity of the disability, determine the budget and which organize care at a local level. Supervising these organizations are the PAB cells, which oversee the regional operation of the PAB scheme.

### *Finance*

The Flemish Fund is part publicly and part privately funded. They receive money from the Flemish Community and are eligible for private donations.

## **8. Effects of the project**

### *Effects*

- PAB did accomplish its goals, in fact the scheme is very popular and demand is high. However PAB is more expensive than regular care. Most clients are severely disabled, which means that the budgets awarded are high. Although the hourly rate of PAB care is lower than that of regular care, the amount of hours of care provided has risen under PAB.
- There is a clear demand for PAB but funding is scarce. Clients generally feel their budgets are too low.
- Caregivers enjoy their work more, but are underpaid
- The PAB was designed to relieve the regular care system by moving clients back to their home. This didn't work. The PAB is better used to prevent clients ending up in the regular care.
- The success of the PAB has created a long waiting list. In the beginning of 2002 more than 2000 persons applied for a PAB. In 2003 only 440 will be admitted.



#### *Side effects*

- Many clients used the PAB to pay care provided by neighbors and family members that used to be for free

### **9. Crucial factors in the introduction and implementation of the project**

The policy and executive organization is a Fund that deals exclusively with care for disabled people. They ‘got the job’ of implementing the PAB. The process started slowly and had very few applicants for the scheme. This meant that the Flemish Fund was able to learn well from their first couple of years.

The project is supported by the organizations for the disabled, the caregivers and clients. Helping its implementation and acceptance.

### **10. Critical elements in the success or failure of the project**

#### *Success*

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#### *Failure*

- According to the current regulations the PAB can only be combined day care facility for not school going children. Other combinations are not allowed. Recipients lacked the possibility to include other combinations, especially of homecare, short stay and respite care
- Two separate chambers of the same Selection Committee (Provinciale Evaluatie Commissies (PEC) select the clients. The outcomes often varied, or were scaled-in too high, causing a lot of arguments
- The selection criteria focus on limitations, rather than possibilities and, thereby undermining the PAB principle of empowerment

### **11. Sources**

- *Een terugblik op één jaar PAB als erkende zorgvorm. Verslag van de opvolging van het eerste jaar PAB door de studiecel*, Ann Van den Abbeele, Studiecel Vlaams Fonds, Mei 2002
- *Brochure Persoonlijk Assistentie Budget van het Vlaam Fonds*, [www.vlafo.be](http://www.vlafo.be)



# Charter Schools

Canada

## 1. Official name of the project

Charter schools

## 2. Working title of the project in English

Charter schools

## 3. Sector (housing, health, education, mix etc.)

Education

## 4. Responsible organization (policy level and executive)

### *Policy*

‘Alberta Learning’; Alberta’s provincial government department responsible for the delivery of education programs and services for people of all ages.

### *Executive*

Local School Boards

## 5. Brief description of the voucher-instrument used in project

Charter schools receive funds from Alberta’s state government for every enrolled student. With these funds they can design and shape their own style of education as long as they meet the targets in their charter.

## 6. Description of the project (officially)

### *Description*

A charter school is a public school operated independently under a performance contract approved by either the local school board or the Minister of Education. It is attended by choice and may not charge tuition or discriminate in student admissions. It must teach the mandated provincial curriculum. Each school's charter is a unique and specific contract that emphasizes results, both for students and administration. The school must fulfil all the terms of its contract in order to have its charter renewed.

### *Goal*

Charter schools may be established to provide for:

- An innovative, different or enhanced program to improve student learning
- Encourage innovative teaching;
- Promote accountability;
- Expand choices in public education;
- Create new professional opportunities for teachers;
- Improve student learning;
- Promote community involvement.

### *Beneficiaries*

Charter schools are Kindergarten to grade 12 schools.

### *Requirements*

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### *Benefits*

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### *Organization*

With supplied funds Charter schools enjoy a greater deal of freedom to teach the provincial curriculum, than public schools, in exchange for this freedom they commit to specific results in terms of student achievements. Results of Charter schools are reviewed by Local School Boards. Charter schools are eligible for provincial public grants.

## **7. Characteristics of the market**

### *Clients*

#### Characteristics of Charter Schools

- School size varies from less than 70 students to over 300
- Class sizes are small
- Enrollment is increasing and retention rates are high overall
- Most are located in large urban centers
- Half are newly formed schools; the remainder derive from pre-existing programs
- Most are housed in leased facilities
- Schools have been operating from one to three years
- The Minister of Education now sponsors most charters; only two schools are currently hosted by a local school board

Charter Schools are Public Schools. Charter schools are part of the public education system. Charter schools are autonomous non-profit public schools designed to provide innovative or enhanced education programs that improve the acquisition of student skills, attitudes and knowledge in some measurable way. Charter schools have characteristics that set them apart from other public schools in meeting the needs of a particular group of students through a specific program or teaching/learning approach while following Alberta Learning's Program of Studies. There are 10 Charter Schools in Canada, all of them are in Alberta.

### *Suppliers*

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### *Government*

The charter of the Charter School must be approved by the Minister. The charters school must comply with the terms of its charters and all applicable provincial legislation, regulation and policies

### *Finance*

Charter schools are eligible for provincial grants. Funds are supplied to registered Charter schools for each enrolled student (minimum of 75). Charter schools cannot charge tuition fees. They may charge parents for fees for instructional supplies or materials, as may all schools in the public education system. Charter schools are free to fund-raise and accept donations in the same manner as public schools. A description of any gifts, grants, donations, student or parent fees, charge for student or school services, benefits or any other assets the charter school may obtain in addition to provincial grants, and how they are used, will be required by the Charter School Regulation.

## **8. Effects of the project**

### *Effects*

- The new approach promotes accountability. Schools need to continue the development of specific benchmarks and means of tracking student performance over the long-term for provincially required learning goals and school-specific learning goals. There is a degree of duplication in charter school reporting requirements.
- Charter Schools create new professional opportunities for teachers. Teachers are satisfied with the success of the educational program, the small classes, and working in a supportive work environment with an educational philosophy that resonates with their own values and beliefs.

- Charter schools promote community involvement. The schools are creating a strong commitment on the part of teachers and parents to a clearly articulated approach to teaching and learning.
- Parent satisfaction levels are generally high, and 82% of parents intend to keep their children in the schools. Parents express strongest satisfaction with the quality and methods of teaching, the academic standards, small class sizes and individual attention to students.
- Most schools are fully subscribed and a number have lengthy waiting lists.
- Teachers are satisfied with the success of the educational program, the small classes, and working in a supportive work environment with an educational philosophy that resonates with their own values and beliefs. Teachers are not satisfied with resources available and the indeterminacy of the status of their charter school.
- The number of charter schools in Alberta has remained very small. Ten schools have a very limited impact on the system at large.

#### *Side effects*

- Some charter schools are attracting increasing numbers of students who have been unsuccessful in the regular system. Some of these students bring with them special needs that the charter schools will have to handle.
- Those involved in school governance devote considerable time to developing policy, addressing accountability reports, and navigating the changing regulatory environment. This group of committed parents has less time to devote to the everyday classroom life of charter schools. As charter schools mature, parents need to be informed of appropriate ways for them to continue to be involved in the school and in their children's education.

### **9. Crucial factors in the introduction and implementation of the project**

Government and the educational community have demonstrated little pro-active support for charter schools. The Alberta School Boards Association and its member boards have resisted to grant and renew charters and the opposition of the Alberta Teachers' Association.

School boards have adopted a policy position opposing charter schools. School districts have rejected most new charter applications and have been reluctant to renew charters. This has hindered the growth of charter schools.

The lack of support of government and educational community is also evident in the financial handicaps imposed by the lack of capital funding, additional costs not incurred by regular schools, sub-standard facilities and limited lease arrangements which impact on their ability to plan for expansion, and the delay in revising the provincial regulatory framework.

### **10. Critical elements in the success or failure of the project**

#### *Success*

- There is evidence that the majority of charter schools show improved student achievement. Charter schools that are characterized as more successful at this stage are generally further ahead in these developments. This can in part be ascribed to their clearly articulated educational vision and plan, their access to educational expertise suited to their specific purpose, and their stable governance and administration structure.
- All charter schools are piloting new forms of decision-making and site-based governance. While the programs developed and strategies employed in these schools are not original, what distinguishes them as innovative is that they are applied across the whole school and serve to define the mandate and philosophy of the charter school.
- Charter schools have clearly articulated educational vision and plan, access to educational expertise suited to the schools' specific purpose, and a stable governance and administration structure.
- Charter schools are creating a strong commitment on the part of teachers and parents to a clearly articulated approach to teaching and learning

### *Failure*

- Charter Granting and Renewing Processes and lack of support there in by the Government cripples the Charter schools. It has been difficult to find school board support for new proposals and charter renewals.
- Charter schools are expected to be innovative and creative, and academically successful with less funding than other public schools. This has proved to be a substantial handicap. Unlike other schools, they have no access to capital grants.

### **11. Sources**

- *Canada's Charter Schools: Initial Report*, SAEE, Toronto, 1998
- *Canada's Charter Schools: Final Report*, SAEE, Toronto, 2000
- *Charter school Handbook*, Alberta's Learning, 2000
- *Canada's Charter Schools at the Crossroads*, L. Bossetti, Alberta, 2000



Finland

# Respite Care Vouchers

## 1. Official name of the project

A national trial using service vouchers for informal care (1995 to 1997)

## 2. Working title of the project in English

Respite care by service voucher

## 3. Sector

Social/home care

## 4. Responsible organization (policy level and executive)

*Policy*

Ministry of Social Affairs and Health

*Executive*

Municipalities

## 5. Brief description of the voucher-instrument used in project

Low-value vouchers provided to persons requiring care. Vouchers could be handed in with social services organization of a public or private nature. Impossible to use the vouchers to pay private individuals.

## 6. Description of the project (officially)

*Description:*

A national trial using service vouchers for informal care was carried out from 1 January 1995 to 31 December 1997 in co-operation with the Ministry of Social Affairs and Health, a number of participating municipalities, non-governmental health and welfare organizations and for-profit private providers, and the Finnish Slot Machine Association. The aim was to experiment with service vouchers in arranging care leave for informal caregivers.

*Goal:*

Primary goals:

- Arranging leave for informal caregivers engaged in demanding and binding caring work

Secondary goals:

- To diversify the forms and provision of respite care by supporting the creation of a private service market beside public services;
- To increase the choice of the persons concerned;
- To raise the quality of services;
- To reduce the municipalities' expenditure;

Meta goal:

- The aim was to experiment with service vouchers and to gather information needed to develop informal care.

*Beneficiaries*

Informal caregivers engaged in demanding and binding caring work

*Requirements*

-

*Benefits*

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*Organization*

Altogether twenty municipalities, most of them urban ones, from different parts of the country took part in the trial. The Ministry of Social Affairs and Health drew up a basic model for the trial, which the municipalities applied to their own practices. By tailoring the models to their own needs the municipalities managed to bring about workable arrangements between the service provider and the recipient.

## 7. Characteristics of the market

*Clients*

Typical pairs of carers were: parents caring for their (mentally) handicapped children, middle-aged children (women) caring for their elderly parents, and elderly informal carers caring for their spouses.

*Suppliers*

The service provider had to be either an organization or some other professional agency with entrepreneurial status. The respite care was arranged mainly by means of home services provided by non-governmental organizations in the home of the client or in homes for elderly people or in service houses. In the trial it was not possible to employ a person familiar to the person concerned. As the trial went on it became considerably more usual to provide respite care in the form of non-institutional care.

*Government*

The Ministry of Social Affairs and Health leads the development of social welfare and health care legislation and services. The Ministry is in charge of the planning, guidance and monitoring of services. The municipalities (452) are responsible for providing the necessary social welfare and health care services. The Social Insurance Institution is in charge of the medical rehabilitation of severely disabled persons, vocational education for disabled persons, and their income security during periods of rehabilitation. Legislation obliges the municipalities to provide the necessary social and health services for their inhabitants. Municipalities can provide these services by themselves, in co-operation with other municipalities or by purchasing them. Five Provincial State Offices guide and monitor the operations regionally.

*Finance*

During the experiment about 12,000 service vouchers were granted for respite care within informal care, averaging 1.4 vouchers per person under care. The municipalities incurred costs of about FIM 2.5 million. The Slot Machine Association supported the organizations providing services within the trial by financing 45% of the running costs of the respite care services produced by them.

## 8. Effects of the project

On the whole the trial using service vouchers, in spite of its small scale, seems to have been fairly successful according to the opinions of all parties involved. The service voucher may thus be one option in arranging respite care during the informal caregiver's leave.

Many of those cared for could not, however, owing to illness or age, arrange the respite care and use the voucher. Thus the recipient of the voucher was in many cases the informal caregiver, who made the decision and the practical arrangements on behalf of the person cared for.

*Effects*

- Supply of services was diversified
- The clients were satisfied

- Service practices of the participating municipalities improved
- The allocation of the vouchers met the identified need (targeted groups were reached). However, the service vouchers only covered a small part of informal caregivers
- The trial was achieved at a lower cost than if the municipality had provided the services by itself
- The trial clearly increased the co-operation between private service providers and municipalities
- New private services were either started or new initiatives were taken in five municipalities
- Due to the one-sidedness of the service market there were not always private services available.

#### *Side effects*

According to the clients, respite care for mentally handicapped persons proved to be of a higher quality than other types of respite care. It typically involved long periods of care either in a nursing home or a small unit or in the client's home, and both informal caregiver and those cared for reported that the quality of care was very good.

The results of the trial were the most negative concerning elderly couples, families with small children and family members in gainful employment. Care givers among these last three groups also refused most often to use the granted care leave at all. Mainly this was due to the fact they felt their choice was restricted by the scarce supply or low quality of respite care offered to them. The second reason was that the caregiver was so much emotionally attached to the person cared for, that he or she felt unable to use respite care whatsoever. These two reasons for non-use may often be interconnected.

### **9. Crucial factors in the introduction and implementation of the project**

The service plan seemed to have influence on whether respite care was successful or not. The more often the persons cared for had service plans, the more often caregivers felt themselves to have been given enough options. The municipality twice as often took the initiative on respite care for those with a care and service plan and also offered enough options to arrange care than for those with no plan. With a view to the access to service everybody should indeed have a care and service plan. As the oldest caregivers and persons cared for most often had no such plan and their respite care was criticized the most, the lack of a plan may have resulted in inappropriate respite care arrangements. The importance of the service plan in arrangements for respite care should be underlined. Attention should be paid in particular to developing the service plans so that the outcome is not only a bureaucracy but individual plans really focusing on the situation of the client and the care-giver, the solutions for which have been sought together.

The flexibility to change practices in the municipalities participating was intended and indeed happened. Compared with the situation at its start, as the trial went on it became considerably more usual to provide respite care in the form of non-institutional care.

Informal caregiver's attitude towards service vouchers was initially biased. The vouchers offered were not always accepted, and granted vouchers were left unused. Increasing information and experience helped to overcome the bias and stimulate the use of the service vouchers.

### **10. Critical elements in the success or failure of the project**

#### *Success*

- A clear criterion for successful respite care was the duration of the period of care. There seemed to be need for both part-day, full-day and intermittent days of respite care
- Another essential criterion was how the respite care met the needs of the person cared for. The more depressed or restless that person was after having been in respite care, the less good the carer felt after the period of leave. The outcome emphasizes how important individual consideration is in arranging leave from informal care, if it is desired that it will be successful.

#### *Failure*

- By tailoring the models to their own needs the municipalities managed to bring about workable arrangements between the service provider and the recipient, but these models were often criticised by clients for being inflexible and not properly meeting their needs. The client's point of view was thus left without sufficient attention in the experiment models.



- In terms of money the low value of the voucher was considered a problem in some municipalities, and it was estimated to have limited the opportunities for using vouchers.
- A common feature of the experimental models of the municipalities which estimated that their trials had been the least successful was mainly the small scale of the trial, which was a result of the lack of both the demand for service vouchers and of service providers.
- Allowing the use of service vouchers even for employing persons with no entrepreneurial status could have reduced this problem in a sparsely-populated country like Finland.
- In terms of money the low value of the voucher was considered a problem in some municipalities, and it was estimated to have limited the opportunities for using vouchers.

## 11. Sources

- Riitta Haverinen, Stakes- National Research and Development Center for Welfare and Health, Finland
- Marja Vaarama, Sinikka Törmä, Seppo Laaksonen & Päivi Voutilainen. Respite care by service voucher. Report on a national trial using service vouchers for informal care. Ministry of Social Affairs and Health. Helsinki 1999.



Israel

# The Home Care Law

## 1. Official name of the project

Long Term Care Insurance Benefits Law

## 2. Working title of the project in English

The Home Care Law

## 3. Sector

Healthcare

## 4. Responsible organization (policy level and executive)

National Insurance Institute (Social Security Administration)

## 5. Brief description of the voucher-instrument used in project

Disabled seniors are awarded a personal homecare service benefit through the National Insurance Institute (Social Security Administration). Beneficiaries can choose from whom to contract services and the National Insurance Institute pays the service provider on behalf of the beneficiary. In some cases it is possible to have family members compensated as caregivers.

## 6. Description of the project (officially)

### *Description*

The *Long Term Care Insurance Benefits Law* entitles disabled seniors to a personal home care benefit through the National Insurance Institute (Social Security Administration) if they pass a dependence assessment and an income test. The benefit may be used to hire a personal care giver, visit a geriatric day center, purchase absorbent materials and laundry services, or lease alarm transmitters.

### *Goal*

The *Long Term Care Insurance Benefits Law* served to encourage development of institutional frameworks and community services by private enterprises as well as by Eshel, the Association for the Planning and Development of Services for the Aged in Israel, and by the Community Centers Company.

### *Beneficiaries*

Women are eligible for the benefit earlier than men (women at age 60, men at age 65),

### *Requirements*

To receive home care benefits, an elderly person must pass an income test and a dependency assessment. The dependency assessment is based on two components: the ability to perform activities of daily living and the need for constant personal attendance. The income test is quite liberal, and the National Insurance Institute reports that each year only one percent of applicants are rejected on the basis of their income.

### *Benefits*

There are two benefit levels - full benefit, which provides 15 hours of care per week, and half benefit, which provides 10 hours of care.

### *Organization*

Home Care is administered by public health nurses from the Ministry of Health, contracted by the National Insurance Institute.

## **7. Characteristics of the market**

### *Clients*

In June 1998, more than 80,000 senior citizens were receiving long term care benefits. Ten years after it was first implemented (1988), more than 10% of senior citizens were receiving home benefits. The vast majority of beneficiaries opt for personal care services; a small minority use the benefit to attend day centers or to combine personal care at home with visits to day centers or other options.

The National Insurance Institute gives gender figures, so it is known that women constitute no less than 73% of benefit recipients. This is not surprising, as women are eligible for the benefit earlier than men (women at age 60, men at age 65), women live longer and are more likely to live alone at old age. A recent survey (Zipkin and Morgenstern, 1998) also states that recent immigrants, most of them from the former Soviet Union, are going to constitute an increasingly larger share of benefit recipients: in 1997, they made up 16%. It is worth noting that in Arab families, where it is not acceptable to hire extra-familial care givers for the home care of relatives, family members who do not live in the same household (usually granddaughters) are remunerated under the law for serving as personal care givers. The National Insurance Institute does not usually compensate Jewish relatives for care work, though there are exceptions. The average age of home care recipients is 80.

### *Suppliers*

Since personal care giving has not yet been recognized as a profession, caregivers are not required to obtain training that would entitle them to professional certification. Wages are low, usually set at the minimum and paid by the hour. Typical Israeli caregivers are women aged 40-64 with scanty formal education; most are of Mizrahi origin or recent immigrants from the former Soviet Union. Supervision and in-service training differ from one company to another, and there is considerable variance in the quality of care that disabled elderly persons receive from their paid caregivers under the *Home Care Law*.

In order to address this quality control is improving: the JDC-Brookdale Institute of Gerontology and Human Development has developed a training program for home care workers and the Ministry of Labour has offered courses in care giving to unemployed women.

### *Government*

Social care in general is channeled through the social service departments of the local authorities. Community based services for senior citizens, which aim to preserve their independence at home, include assessment of needs by a social worker, assisting families caring for an aged person, senior citizens' clubs, meals on wheels, sheltered housing, daycare, medical equipment and transportation. Emphasis is placed on services for high-risk groups, such as people without family or adequate incomes.

### *Finance*

The care provided under the *Home Care Law* is financed by National Insurance Institute (Social Security) contributions, at the rate of 0.2 percent of employee wages, half of which was paid by the employer and half by the employee. In recent years, the government has reduced the contribution of employers and matched the reduction. In 1996, less than half of home care expenditures were covered by contributions; the rest came from National Insurance Institute reserves for other items and from general tax revenues. Fifty percent of the benefit goes to the company for administrative expenses and profits, and the other 50% covers the salary of the caregiver

## **8. Effects of the project**

The effects of the program have not been widely researched. The evidence is mainly in terms of quantities of people using the benefit and market reaction to the program.

### *Effects*

- While there is no evidence that home care services act as a substitute for institutionalization or that they cause a decrease in the demand for nursing-care beds, there is evidence that home care services improve the quality of life of disabled elderly persons and ease the burden on family members. Whereas formerly homecare was given mainly by relatives, nurses take over this care from relatives and do it professionally.
- There is a steady increase in the number of beneficiaries. The rate of annual increase in beneficiaries has been far greater than the annual increase of elderly people. While between 1990 and 1996, the total elderly population in Israel increased by an annual rate of 4% and the population aged 80 or more by 7%, the number of home care beneficiaries increased by an annual rate of nearly 16%.
- The program has led to the development of a new economic sector: more than 500 companies and non-profit organizations that recruit personal care givers and place them with clients, came into existence.

### *Side effects*

- The program create a new social phenomenon: the recruitment of thousands of foreign workers to serve as personal care givers, mostly from the Philippines. In 1998, some 12,000 foreign workers, most of them women, had work permits that allowed them employment as care givers for specific families. The foreign workers ordinarily live with their clients and provide around-the-clock care for a salary of \$500-700 a month. Their employers sign them up with personnel companies that work with the National Insurance Institute, which pays part of the salary; the remainder is shouldered directly by the family.
- Regular care and surveillance by caregivers causes that medical problems and aid requirements are often identified earlier than would have happened without regular care. The regular attendance of caregivers often serves as an antidote against loneliness and depression.

## **9. Crucial factors in the introduction and implementation of the project**

In Israel, the aging of the population and the increasing participation of women in the labor force were two changes that provided the backdrop for the *Home Care Law*.

Prior to its passage, the most hotly debated issue concerning the *Home Care Law* was whether to provide cash or service benefits. Those who argued for service benefits assumed that the family would continue to serve as the primary care giver, that service benefits would be supplementary to family care, and that the arrangement chosen should neither replace the care provided by family members nor compensate them for the care they were already providing. Some professionals were of the opinion that providing services rather than cash would protect elderly clients against families taking advantage of them. Finally, there were policy makers who thought that opting for services would encourage the development of community services.

Some professionals who argued in favor of cash benefits were of the opinion that families ought to be able to choose their own care-taking arrangements. Others argued that paying family members for care would be a less expensive alternative than developing community or institutional services, both of which were under-developed prior to passage of the law.

In the end Israeli legislators opted for service rather than cash benefits which resulted in development of a new care industry in Israel mentioned above.

## **10. Critical elements in the success or failure of the project**

### *Success*

- The option of service instead of cash benefits resulted in the bypassing of informal homecare in favor of creating a new care industry.

### *Failure*

- The domestic supplier market wasn't ready for the change. Caregivers were brought in from foreign countries.

## 11. Sources

- *Good Medicine: Israeli Innovations In Health Care That Could Benefit Americans*; Barbara Swirski, American-Israeli Cooperative Enterprise, March 2002



Singapore

# Skills Development Fund

## 1. Official name of the project

Skills Development Fund (SDF)

## 2. Working title of the project in English

Skills Development Fund (SDF)

## 3. Sector

Education

## 4. Responsible organization (policy level and executive)

### *Policy*

Ministry of Manpower (MOM)

### *Executive*

Central Provident Fund and the Skills Development Fund Secretariat

## 5. Brief description of the voucher-instrument used in project

Redistribution of funds by imposing a levy on companies with low income workers and providing financial incentives and course fee support. Employers choose their preferred suppliers from a pre-selected list of providers.

## 6. Description of the project (officially)

### *Description*

The Skills Development Fund (SDF) was set up in 1979 with the primary objective of encouraging employers to train and upgrade the skills of their workers. SDF's incentive schemes and programs are financed by collections from a levy on employers that employed low skilled workers. The Skills Development Fund provides financial incentives, such as course fee support, for training those in the workforce, those preparing to join the workforce, and those re-entering the workforce. Incentives are offered on the basis of a cost-sharing principle and the training must be relevant to the economic development of Singapore. The amount of incentives that a company can obtain is not tied to the levy contribution.

Training Assistance Scheme is the mainstay funding mechanism of the SDF. It covers all types of skill upgrading programs:

- Training Voucher Scheme
- IT Training Assistance Scheme
- Total Company Training Plan Scheme
- Skills Certification Plan
- Training Leave Scheme
- The People Developer Consultancy Assistance Scheme
- Work Redesign Consultancy Assistance Scheme
- On-The-Job Training (OJT) Consultancy Assistance Scheme
- Industry Capability Upgrading Consultancy Assistance Scheme

*Goal*

The goal is to develop a globally competitive workforce by training and skills upgrading

*Beneficiaries*

Low income workers with low qualifications

*Requirements*

In order to be eligible the employees should earn \$1500 and below and/or have 'A' level qualifications and below. The workers should be Singaporeans, permanent residents of Singapore or have a three-year work permit / Q2 pass holders. The company should be registered or incorporated in Singapore. The training should be fully sponsored by the company.

*Benefits*

The Skill Development Funds focus is worker training. To support this focus, a set of funding guidelines has been established. The funding mechanism is as follows :

- A flat rate of \$2.50 per trainee per hour for all broad-based training irrespective of whether training is conducted by company's own instructors or third party providers.
- Course fee support for external training leading to national / industry-wide certification at 90% subject to a maximum of \$10 per trainee per hour. For in-house training leading to national / industry-wide certification, enhanced incentive at \$6 per trainee per hour will be provided.
- 80% of course fee support for external training in critical high-end / pioneering areas. For in-house training in these areas, enhanced incentive will be provided at \$8 per trainee per hour.
- A flat rate of \$80 per trainee per day for overseas training programs conducted within Asia and flat rate of \$120 per trainee per day for overseas training outside Asia, subject to a maximum supportable training period of 6 weeks.

*Organization*

The Central Provident Fund Board is the collecting agency for Skills Development Levy (SDL). Payment of SDL is enforced by the Skills Development Fund Secretariat (SDF). The SDL collected is channeled into the Skills Development Fund, which provides assistance to companies sending their workers for training.

## 7. Characteristics of the market

*Clients*

-

*Suppliers*

The training program must have to qualify for support

- Specific performance objectives
- Schedule of training activities/lesson plans
- Specified duration of training
- Guided instruction, ie, conducted by qualified instructors
- Test(s) to assess attainment of training objectives

*Government*

The scheme used to be governed by the The Productivity and Standards Board (PSB) but was moved to the Ministry of Manpower in 2002. The Ministry of Manpower was formed in 1998 to look into manpower issues. Its mission is to develop a globally competitive workforce and foster a highly favorable workplace environment, in partnership with workers and employers. The government actively support and encourages training and skills upgrading

*Finance*

Employers are required to pay the levy for each employee (local & foreign) whose monthly remuneration (any wage, salary, commission, bonus, leave pay, overtime pay, allowances (including housing or other like allowances) and other emoluments paid in cash is \$1,500 or less. This is at the rate of 1% of the remuneration. The funds are collected from the Skills Development levy imposed on employers by Central Provident Fund.

## 8. Effects of the project

### *Effects*

- Last year, employers invested \$17 in training for every dollar of SDF grant committed, a marked improvement from the figure of \$2 to \$1 a decade ago. This enabled the national average investment in training to be sustained at 3.6% of payroll, compared to 1% in 1986.
- As a result of the catalytic role of the SDF, more workers are able to upgrade their skills and capabilities. One of the most important effects is the increase in the wages of workers, which can be partly attributed to their higher level of skills. According to the Labor Force Survey of Singapore, 22% of the workforce are now earning less than \$1,000 per month, compared to 71% ten years ago. This has contributed to the higher standard of living enjoyed by the Singapore workforce in general.
- The SDF has been instrumental in supporting our efforts in building up a good workforce, which, in turn, contribute to building up strong industry.

### *Side effects*

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## 9. Crucial factors in the introduction and implementation of the project

The Skill Development Fund has become part of the Manpower 21 blueprint, which will address all aspects of the manpower value chain, including manpower planning, lifelong learning, talent augmentation, manpower development, workplace transformation and partnership. The Manpower 21 blueprint was in fact conceived in 1999 in consultation with more than 150 people from the private sector, public sector and the unions.

The Manpower 21 is strongly pushed and sponsored by the Singapore Government and in particular the Ministry of Manpower

## 10. Critical elements in the success or failure of the project

### *Success*

-

### *Failure*

- The number of programs within the Manpower 21 program is large, making it very hard to clearly understand what assistance programs apply to whom
- The many levels make the program complex and hard to manage.

## 11. Sources

- The Ministry of Manpower, [www.gov.sg/mom/manpower/manp/pdf/Overview.pdf](http://www.gov.sg/mom/manpower/manp/pdf/Overview.pdf)
- The Ministry of Manpower, [www.employmenttown.gov.sg/ecareer/homepage](http://www.employmenttown.gov.sg/ecareer/homepage)
- The Productivity and Standards Board (PSB)  
[www.spring.gov.sg/aboutus/achievements/AR2000\\_2001/pdt\\_innov3.html](http://www.spring.gov.sg/aboutus/achievements/AR2000_2001/pdt_innov3.html)
- <http://www.sdf.gov.sg/>





Sweden

# Disability Policies

## 1. Official name of the project

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## 2. Working title of the project in English

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## 3. Sector

Health care, disability care

## 4. Responsible organization (policy level and executive)

### *Policy*

Central and local government and county councils

### *Executive*

The local authorities have basic responsibility for education, housing, childcare and social services. The county councils have primary responsibility for health care.

## 5. Brief description of the voucher-instrument used in project

Benefits are paid in pensions and allowances. Pensions are paid as income and are free of restrictions in the way they are spent. Allowances have to be spent on care. The freedom of choice varies.

## 6. Description of the project (officially)

### *Description:*

The care system in Sweden covers many policy areas. Legislation on the rights of people with functional impairments is characterized by the ambition to integrate issues in the context to which they belong, for example in legislation concerning education, the work environment or social services.

### *Goal*

The national aims of disability policy are:

- A social community based on diversity;
- A society designed to allow people with disabilities of all ages full participation in the life of the community;
- Equal opportunities in life for girls and boys, women and men with disabilities.

### *Beneficiaries*

All resident persons in the ages 16-64 years and disabled children under 16 years of age.

### *Requirements*

The minimum level of incapacity for work has to be 25%. The age group for which cover is given per benefit:

- Disability pension (förtidspension): From 16 years of age up to and including 64 years of age.
- Care allowance (vårdbidrag): Payable to a parent who takes care of a disabled child under 16 years of age.
- Handicap allowance (handikappersättning): Payable to a person from 16 years of age who before the age of 65 has been disabled in such a way that he or she needs special help or has special expenses because of the handicap.

Minimum period of affiliation for entitlement.

- Disability basic pension (Folkpension i form av förtidspension): periods of residence.
- Disability supplementary pension (Tilläggs pension i form av förtidspension): at least 3 years with income carrying pensions rights in the supplementary pensions scheme (allmän tilläggs pension, ATP).
- Care allowance (vårdbidrag): residence.
- Handicap allowance (handikappersättning): residence.

### *Benefits*

Under the program the maximum amounts per month are:

Disability pension from the basic pension scheme: SEK 2,745 (EUR 321)

- Disability pension from the supplementary pension scheme: SEK 11,895 (EUR 1,391)
- Care allowance (vårdbidrag): SEK 7,625 (EUR 892)
- Handicap allowance (handikappersättning): SEK 2,105 (EUR 246).

Accumulation with handicap allowance (handikappersättning) is possible. Care allowance (vårdbidrag) is payable irrespective of other benefits. Accumulation of earnings is not possible. Benefits are fully liable to taxation except for housing supplement for pensioners (bostadstillägg till pensionärer), the handicap allowance (handikappersättning) and such parts of the care allowance (vårdbidrag) which are supposed to cover special expenses due to the handicap.

### *Organization*

Local authority social services and the county councils' health and medical services are governed by framework laws, which specify the framework, and objectives of activities, but which afford the local authorities and county councils ample opportunity to interpret the law and shape their activities according to their own guidelines.

## **7. Characteristics of the market**

### *Clients*

Disabled persons and caretakers

### *Suppliers*

Every local authority has an organized home-help service for the elderly and for people with functional impairments. This mainly comprises help in the household, including cleaning, cooking, shopping, clothes care, personal hygiene and general personal care.

### *Government*

The state is responsible for legislation, questions of social insurance and general planning and distribution issues. It defines the objectives of activities, but local authorities and county councils enjoy great freedom to decide on the quality and nature of the practical measures undertaken, and they themselves levy taxes to finance their work. Traditionally, central and local government and county councils have been responsible for almost all public services in the labor market and in education as well as medical and social welfare activities.

### *Finance*

-

## 8. Effects of the project

### *Effects*

There is no detailed knowledge about the exact impact these changes have had on conditions affecting the lives of the disabled or to what extent people more frequently feel that they receive unsatisfactory treatment. One problem is that Swedish researchers in the behavioural and social sciences have hitherto shown very limited interest in research on disabilities. Research in this field lacks prominence in the scientific community and is in any case a relatively new phenomenon.

### *Side effects*

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## 9. Crucial factors in the introduction and implementation of the project

The system is widely imbedded in society. The execution of the programs is placed with counties and municipalities. The system is very flexible and tailored to local needs.

## 10. Critical elements in the success or failure of the project

### *Success*

-

### *Failure*

-

## 11. Sources

- *Disability Policies in Sweden*, Swedish Institute, 2001
- *From patient to citizen: a national plan for disability policy*, Ministry of health and Social Affairs, Stockholm, 1999
- *Country File*, European Union, MISSOC, 1999



Sweden

# Support and Service & Personal Assistance Act

## 1. Official name of the project

Lag om Stöd och Service för vissa funktionshindrade (LSS)

Lagen om Assistansersättning (LASS)

## 2. Working title of the project in English

Support and Service Act for Persons with Functional Impairments (LSS)

Personal Assistance Act (LASS)

## 3. Sector

Disability care

## 4. Responsible organization (policy level and executive)

### *Policy*

Ministry of Health and Social Affairs

### *Executive*

Local Municipalities and the Social Insurance Office

## 5. Brief description of the voucher-instrument used in project

LSS entitles a beneficiary to a service benefit: all help provided is free of charge. LASS entitles a beneficiary to cash benefits. The monthly payment from Social Insurance can be paid directly to the user's bank account or, at the discretion of the user, to the user's service provider. Service can be acquired from any organisation or private individual without restriction.

## 6. Description of the project (officially)

### *Description*

A disability reform was carried out in 1994 with the entry into force of the Act Concerning Support and Service for Persons with Certain Functional Impairments (LSS). The LSS was drawn up to complement the interventions available on the basis of other legislation. At the same time the Personal Assistance Act (*lagen om assistansersättning*) (LASS) was introduced for those in need of personal assistance in excess of 20 hours per week.

LSS is essentially a human-rights statute. The policy objectives are well in line with the UN's Standard Rules on the Equalization of Opportunities for Persons with Disabilities, which were adopted by the UN General Assembly in December 1993 and which were the result of a Swedish initiative

### *Goal*

The purpose of LSS and LASS is to enable persons with extensive disabilities to have a "good quality of life", that is, to become more independent from their families, move out of institutions and become productive citizens.

### *Beneficiaries*

The LSS applies to persons with severe disabilities (mostly mentally disabled persons). Under LASS disabled persons can apply.

### *Requirements*

The Act concerning Support and Service for Persons with Certain Functional Impairments (LSS) is aimed at people with major and long-lasting disabilities. The LSS target group is divided into three:

- People with learning disabilities, autism or a similar condition
- Adults who suffer significant and permanent disabilities or brain damage because of external violence or physical illness
- People with lasting physical or mental disabilities, which are clearly not related to the normal ageing process, if these are major and cause significant difficulties in day-to-day living and therefore mean major needs for support and services.

The Act concerning Compensation for Assistance (LASS) is aimed at all persons up to the age of 65 who need a minimum of 20 hrs/week for such basic tasks as dressing, bathing, eating, communicating. People living in institutions or group homes are excluded from the program.

### *Benefits*

Help provided under the terms of LSS is free of charge. In case of the LASS the state defrays the cost if a person is in need of assistance for more than 20 hours a week. If the need is smaller than that, it is the local authority that pays.

The maximum amount per hour is determined each year by the central government. This amount multiplied by the number of hrs/month that the user is entitled to is paid monthly. The hourly rate is to cover the average costs of full wages including compensation for unsocial hours, employer's social fees, insurance, all employer's administration including advertising for assistants, assistants' costs when accompanying user, some assertive devices facilitating the assistants' work.

Benefits from Social Insurance are not means-tested and do not constitute taxable income. Thus, the amount paid to assistance users does not depend on the user's or his/her family's income or wealth; only on the numbers of hours needed. The monthly payment from Social Insurance can be paid directly to the user's bank account or, at the discretion of the user, to the user's service provider.

Each month the user has to send to Social Insurance a signed statement specifying amount of money received and number of hours used for that month. After the end of the accounting period, user and service provider have to report any hours which were not used up. The amount of money equivalent to these hours will be subtracted from the next payment.

LASS also states the right to an individual plan which co-ordinates the activities from different actors.

### *Organization*

The National Board of Health and Social Services has the nation-wide responsibility, but in practice it is delegated to Länsstyrelsen, the governments regional organization. The counties are responsible for rehabilitation and handicap equipment. They are also responsible for 'advice and personal support', but this activity can be transferred to the municipality.

The municipality provides access to the kind of support that makes everyday life easier for the disabled, including relief personnel in or outside the home, personal assistance, home care, accommodation with special services, grants for accommodation adaptation, and transport services. The local authorities are responsible for 9 of the 10 rights stated in the LSS and for the co-ordination of activities for the other actors. Due to the fact that the Social Services Act prohibits waiting lists, decisions pertaining to the awarding of LSS/LASS benefits have to be carried out immediately.

A new authority, Handikappombudsmannen, has been founded as a result of the disability reform. The task of this authority is to take initiatives to promote handicap questions. The ombudsman can however not refer issues to court. Appeals against decisions must be referred by the handicapped person themselves. The court can overrule the decision made by the local authority.

Assessments are carried out by the Social Insurance Office. The Social Insurance Office can audit service providers.

With the reform came a change in the bodies responsible for these particular aspects of care, which were gradually transferred to the municipalities between 1991 and 1995.

## 7. Characteristics of the market

### *Clients*

In 2001 there were some 47000 people who receive one or more LSS services. The total number of services in accordance with LSS – excluding counseling and other personal support – were about 82,500. The most common services were housing with special service and personal contact. Approximately 85 percent of those were provided to persons with intellectual impairments. Children and youth received nearly 30 percent of all services in accordance with LSS. Children and youth younger than 22 years of age received about 28 percent of all services in accordance with LSS. Persons between 23 and 64 years of age received 66 percent of all services and persons 65 years or older received about 6 percent of the services.

### *Suppliers*

LASS: There are no limitations as to who can supply services. The only limitations are age limits (stipulated by Swedish labor law) and the total numbers of hours worked during a month (stipulated by labor union contract). The Social Insurance money can be used to purchase services from a provider (local government, private company or user cooperative). In that case the provider is the employer for the assistants. It is also possible for an individual user to start up one's own company which, in turn, is the employer.

LSS: As local authorities have to provide a good quality of care to people they can use any means available to provide or arrange this. Similar to the LASS, there are no limitations. The act improves the options for relatives to be paid to care. LSS also gives a right for the relatives to get help from personal assistants, or be assistants themselves.

There is a shortage of trained staff to accommodate all LSS/LASS needs.

### **Government**

Under LASS local governments are charged with the task of informing persons who might be eligible for payments.

### *Finance*

Financed by state income tax and municipal funds. In 2000, the total cost of personal assistance was estimated 6,5 billion Kroner annually, of which 6 billion was paid by the national government and the remainder by the municipalities. The aggregate public financial resources for care and assistance to disabled persons increased more than in many other welfare areas – from SEK 15.5 thousand million in 1993 to SEK 27.5 thousand million in 1999.

## 8. Effects of the project

### *Effects*

- Prior to the reform it was estimated that about 100,000 people (about 1% of the Swedish population) were going to be covered by the 10 activities of LSS, of whom 40,000 were people with intellectual impairments. In 2001 there were some 47000 people who receive one or more LSS services.
- In total the reform has been less expensive overall than expected although the cost per client has been more expensive than expected. (On average 70 hours help per week for those with severe disability using personal assistance, compared to the estimated 40 hours).
- The experiences of LSS by disabled clients has been very positive, with the exception of people with mental illness. They have asked for personal assistance in a smaller extent, and the assessing authorities are not used to this group of handicapped.
- The position of disability organizations has been affected because of that the legislation now states that both municipalities and counties must co-operate with them.
- Close to 9,000 people who had a personal assistant according to LASS in 1999 all had a considerable need of help and received, on average, a total of 10 hours of assistance daily.

- The cost of personal assistance according to LASS has increased by approximately 15 per cent annually during the last years of 1990 and in year 2000 amounted to approximately SEK 7 thousand million. The cost rise is a consequence of an increase in both the number of people with assistance benefits and the number of assistance hours per person and week.
- There is a shortage of service providers. The disability reform is generous but often local authorities lack the capacity to adequately fulfill all awarded benefits. Waiting lists have emerged despite the prohibition on such an occurrence.

#### *Side effects*

- The situation for personal assistants has raised some issues for whilst it has generally worked well, some assistants have found occasionally themselves in difficult situations with their client as employer, where for example, an employer with a drink problem has requested they buy him alcohol. There is no single role for the assistants, and the work can be lonely.
- There is a risk that the possibility of employing relatives can create 'home-daughters', i.e. the mother who takes care of her child all her life, which at the same time means that she can have no life of her own.
- For people with functional impairments who are not covered by the disability reform the 1990s have presumably meant reduced access to publicly financed help.

### **9. Crucial factors in the introduction and implementation of the project**

The LSS was spearheaded by the Minister of Health and Social Affairs and leader of the Liberal Party, Bengt Westerberg, who campaigned during the elections on the promise of enacting such a law.

Crucial was the endorsement of the Minister of Finance. The estimation of costs that would result from implementing this act was of great importance to convince the political leadership that the entitlement was manageable.

### **10. Critical elements in the success or failure of the project**

#### *Success*

- The programs have succeeded in providing beneficiaries with the maximum level of possibilities to receive tailor-fit help.

#### *Failure*

-

### **11. Sources**

- *Disability Policies in Sweden*, Swedish Institute, 2001.
- *Care inputs for persons with impairments*, Socialstyrelsen, Stockholm, 1998.
- *Direct payments*, Lars-Göran Jansson, Social Europe.
- *Brief Description of the Swedish Personal Assistance Act of 1994 (LASS)*, Adolf Ratzka 1998.
- *Institutional Changes: Welfare in Sweden: The Balance Sheet for the 1990s*, Ministry of Social Affairs, 2001.



# **1. Official name of the project**

City Academies

# **2. Working title of the project in English**

City Academies

# **3. Sector (housing, health, education, mix etc.)**

Education

# **4. Responsible organization (policy level and executive)**

*Policy level*

Department of Education and Employment (DfES)

*Executive level*

Governing body

# **5. Brief description of the voucher-instrument used in project**

City Academies receive funds for every enrolled student. With these funds they can design and shape to a certain extent their own curriculum.

# **6. Description of the project (officially)**

*Description*

City Academies are publicly funded independent secondary schools with sponsors from the private or voluntary sectors or from churches or other faith groups. All Academies are located in disadvantage areas. The City Academies either replace one or more existing schools facing challenging circumstances, are set up as part of a wider school reorganization or are established where there is a need for additional school places. Substantial refurbishment and new buildings give City Academies state of the art facilities, through which they will offer a broad curriculum with a particular focus on an area of the curriculum, such as sport, science and technology, modern foreign languages, business and enterprise or the arts. The Department expects Academies to form part of the Local Education Authority's strategic plans to increase diversity in secondary provision.

*Goal*

City Academies are publicly funded independent secondary schools aimed at tackling educational underachievement in some of the most disadvantaged urban areas.

***Beneficiaries***

City Academies will be all-ability schools for ages 11 to 16 or 11 to 18 according to the pattern of local provision. They may select up to 10 percent of pupils on the basis of aptitude.

*Requirements*

-

*Benefits*

-



### ***Organization***

Although the schools are in the state sector - and inspected by the Office for Standards in Education (OFSTED) - they will be outside local authority control. Each City Academy will be set up as a company limited by guarantee with charitable status and will have a board of governors responsible for the governance and strategic leadership of the school. The governing body will usually comprise sponsors, or their representatives, members of the local community, including a representative of the Local Education Agency (LEA), staff and parent governors. Inspections are carried out by OFSTED. The City Academies enjoy a relative independence in the design of their Curriculum.

## **7. Characteristics of the market**

### ***Clients***

The program started in November 2000, since then 20 City Academies are in business. Each Academy will be a fully inclusive all ability school. They will follow the law as it applies to maintained schools on the key issues of admissions, exclusions and special educational needs. Academies are not selective. Everybody can apply. In line with maintained schools with a focus in a particular area of the curriculum, they may opt to admit up to ten per cent of pupils each year on the basis of their aptitude for certain focus.

### ***Suppliers***

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### ***Government***

The Secretary of State will have a funding agreement with each City Academy. The funding agreement will set out in general terms how the school will operate. The funding agreement will provide more specific details about certain features of the school, including its admission arrangements and Special Education and Needs policy, these restrictions determine the level of choice that City Academies have.

The monitoring is DfES controlled and consists of three elements:

- Each Academy will be under the control of its governing body, which will have a clearly defined strategic role in helping to shape the success of the Academy.
- Academies will be inspected by the Office for Standards in Education (OFSTED).
- DfES evaluates policy within Government guidelines.

### ***Finance***

There are three types of funding for Academies: initial funding for development and implementation of plans to establish an Academy; capital grant for buildings and running costs once the Academy has formally been opened. A capital grant will also be available once the Academy is open. City Academies may apply for funding at any time. Guidelines are transparent and widely available. The initial start-up grant to a school is negotiated and varies per Academy. School and government sign a funding agreement. It resembles starting a business and applying for credit. Sponsors will provide around 10 percent of the initial capital costs of setting up the City Academy up to around £1 million. The Department of Education and Skills will fund the remainder of the capital costs. Recurrent costs will be funded directly by the Department at a level comparable to the funding of similar schools in the local authority area in which the City Academy is situated. Each City Academy will receive the addition of a per pupil grant equivalent to specialist schools in the maintained sector.

## **8. Effects of the project**

### ***Effects***

- The program has resulted in the formation of 20 City Academies in last two years.
- An City Academy is an enormous boost for the area, providing a center of excellence and desperately needed secondary school places, with the opportunity for pupils to specialize in business and enterprise and then go on and find employment. It also provides a wide range of top class sports, leisure, IT and other facilities to benefit the whole community.

### ***Side effects***

- Since the program is only just starting up there are no policy level evaluations or reviews. Some interest groups voiced their opinions:
  - City academies - a new type of school about to come into service - could deprive neighboring schools of more able pupils, say head teachers.
  - The Secondary Heads Association has warned that these flagship schools could put other local schools at an unfair disadvantage, drawing in more able pupils.
  - The Union's General Secretary warned that the new schools could be 'cuckoos in the nest', distorting the local education system. 'The problem with city academies is that they are state-funded independent schools and he warned that this could mean city academies competing rather than collaborating with local schools'.

## **9. Crucial factors in the introduction and implementation of the project**

The Labor Government has made education a focal point of its policy. Many initiatives have started to improve education (Learning and Skills Act, Education Action Zones, Special Needs Act). The Department of Education and Skills has pushed the project.

The initial costs of setting up have been partly financed by third parties. This construction has not only proved to be financially smart, but has also possible pay backs on a societal level there is. There is a great interest of sponsors and 'their' school.

The city academy school are welcomed in boroughs suffering from chronic shortages of school places. Local parent groups have been lobbying to increase education capacity.

City academies are funded mainly by the state, but are run by private sponsors and have greater freedom than comprehensives to select pupils and vary the timetable and teachers' pay and conditions. The academies also enjoy some of the same benefits as independent schools, such as bonuses to attract good staff and the freedom to depart from the National Curriculum occasionally.

City Academies are run as a business and have to 'persuade' the Department of Education and Skills in the Funding Agreement process of their plans.

## **10. Critical elements in the success or failure of the project?**

### *Success*

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### *Failure*

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## **11. Sources**

- *City Academies: schools to make a difference. A prospectus for sponsors and other partners*, Department of Education and Employment, 15 March 2001.
- <http://www.literacytrust.org.uk/database/secondary/academies.html>
- <http://www.standards.dfes.gov.uk/academies/>



# Disability Living & Attendance Allowance

United Kingdom

## 1. Official name of the project

Disability Living Allowance (DLA) and Attendance Allowance (AA)

## 2. Working title of the project in English

Disability Living Allowance (DLA) and Attendance Allowance (AA)

## 3. Sector (housing, health, education, mix etc.)

Healthcare

## 4. Responsible organization (policy level and executive)

### *Policy*

Department for Work and Pensions

### *Executive*

The Disability and Carers Service through local Disability Benefit Centers

## 5. Brief description of the voucher-instrument used in project

Disability Living Allowance (DLA) and the Attendance Allowance (AA) are reviewed together. The principles of the programs are similar, as is the way they are executed and they are administered by the same department. The main difference is the target group of the programs. DLA applies to disabled people under the age of 65, AA is aimed at disabled people above the age of 65.

DLA comprises two components. A care component, payable at one of three rates (high, middle or low) for those who need help with personal care and a mobility component, payable at one of two rates (high or low), for those who need help in getting around, which can include supervision outdoors. The voucher can be spent on both components. The beneficiaries are free to choose their service providers. The Attendance Allowance (AA) only caters the care component.

## 6. Description of the project (officially)

### *Description*

The disability Living Allowance (DLA) and the Assistance Allowance (AA) were introduced in 1992 recognizing the limitations of the existing schemes, the Attendance Allowance and the Mobility Allowance. The Disability Living Allowance is a benefit that is paid to people who are severely disabled and who, as a result, need help with either personal care and with getting around. The benefit is intended to help meet the extra costs of people with severe disability and entitlement is based on how much help is needed with care and/or mobility. The new Attendance Allowance is similar but only applicable to the care component, transportation is not included.

### *Goal*

Increased independence and home care for disabled people under the age of 65 (AA over the age of 65) that needed help for 3 months because of a severe physical or mental illness or disability, and are likely to need it for at least another 6 months.

### *Beneficiaries*

For DLA are eligible disabled persons under the age of 65 that have needed help for 3 months because of a severe physical or mental illness or disability, and are likely to need it for at least another 6 months. For AA are eligible disabled persons over the age of 65 that have needed help for at least 6 months.

### *Requirements*

Entitlement to Disability Living Allowance an Attendance Allowance is decided by non-medical staff of the Benefits Agency, who are known as Decision Makers. Decision makers collect evidence in order to decide on the claim. This may include factual reports from general practitioners, hospital doctors and health care professionals in conjunction with the claimant's self-assessment of their disability completed in the claim pack. In some cases a specific medical examination is undertaken by a doctor contracted by the Benefits Agency.

### *Benefits*

Vary by rate of handicap and the care that is needed.

### *Organization*

Local Disability Benefit Centers provide the benefit and assist in purchasing the care. The benefits agency pays the allowance to the client, who can then choose their service provider.

## **7. Characteristics of the market**

### *Clients*

DLA/AA beneficiaries are free to choose the caregivers.

### *Suppliers*

There are both public and private caregivers. Even relatives are allowed to give the care.

### *Government*

The Disability Allowance Advisory Board is a permanent institute that monitors the DLA/AA and its achievements. Furthermore the Department of Work and Pensions order regular reviews of the program. The Disability and Carers Service will provide support for disabled people and their carers, whether or not they are able to work, by providing an efficient, reliable and considerate service for the delivery of Disability and Carer Benefits. The Disability and Carers Service deals with claims to Disability Living Allowance (DLA), Attendance Allowance (AA), Invalid Care Allowance (ICA), the administration of the Benefit Enquiry Line (BEL) and Vaccine Damage Payments.

### *Finance*

Total DLA spending is £5.0 billion (1997-1998).

## **8. Effects of the project**

### *Effects*

- The Family Resources Survey (FRS) estimates show that the take up of the care component ranges from 30 to 50 per cent, and the take up of the mobility component is estimated to be in the range of 50 to 70 per cent.
- A surprising figure is the estimate for DLA care for the age group 55-64, which is only 20 to 40 per cent. Even for the highest severity categories 9 and 10 take-up is only 50 to 70 per cent (care) and 60 to 80 per cent (mobility).
- Since DLA was introduced in 1992, there has been an increase in caseload and spending on DLA, the numbers having doubled from one million to almost two million Pounds in 1997/1998. Several explanations have been put forward for this growth, including the consequences of closing long-stay hospitals, demographic changes, take-up and advertising campaigns.
- Targeted on severity (categories 5 and 6) some 140,000 people were expected to claim the new lower rate of care, and 150,000 the lower rate of mobility.

- DSS research showed that the lower rates have been well targeted on the intended groups, but that people receiving lower rate awards were scarcely less severely disabled than people on the higher rates, and that a majority of lower rate recipients were more severely disabled than anticipated.
- Recent estimates of a greater prevalence of disability alongside a low take-up rate suggest that there could be further increases in the numbers of disabled people claiming the benefit.

#### *Side effects*

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### **9. Crucial factors in the introduction and implementation of the project**

A major objective of changes made in to system in 1992, was the introduction of 'self-assessment', enabling disabled people to describe the impact of their disability rather than relying on routine medical assessments, as was the case with Attendance Allowance and Mobility Allowance.

The DLA/AA was a government pushed scheme and a revision of standing schemes.

### **10. Critical elements in the success or failure of the project**

#### *Success*

- The success as perceived by the clients is the power they can exercise in choosing their own care and, subsequently, their increased self-worth.
- There are sufficient suppliers of the care.

#### *Failure*

- The structure of the benefit and its administrative procedure fails in terms of simplicity and workability. DLA/AA is a very complex benefit for claimants and officials to understand. It is not clear why certain claimants receive certain components at certain rates while others, in apparently comparable situations, do not.
- Although intended to be simpler, the new DLA comprised eleven different levels of benefit with nine different criteria.
- The combination of self-assessment and lay adjudication by the Benefits Agency has meant that professional input into the assessment has become too peripheral. The balance between corroborative evidence, objective functional criteria and the claimant's self-perception is poor
- The take up of Disability Living Allowance and Attendance Allowance is low and the administration and screening is flawed. In 1997 1,200 files were screened. In this study it was revealed that the allowances awarded were deemed to be 'in conflict with the facts' in almost two thirds (63%) of all cases. The current administration of the Disability Living Allowance and the Attendance Allowance is seriously flawed.

### **11. Sources**

- *Social Security - Fourth Report*, Social Security Committee, London, 2001
- *Annual Report 2001*, Disability Allowance Advisory Board, DLAAB, 2001, London
- *The future of disability living allowance and attendance allowance*; a DLAAB Discussion paper, DLAAB, London, 2001
- *Annual Report 2000*, Disability Allowance Advisory Board, DLAAB, 2000, London



# Employee Development & Assistance Program

United Kingdom (Ford EDAP)

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## 1. Official name of the project

Employee development & Assistance Program Ford (Ford EDAP)

## 2. Working title of the project in English

Employee development & Assistance Program Ford (Ford EDAP)

## 3. Sector

Education

## 4. Responsible organization (policy level and executive)

### *Policy*

Ford Motor Company. The EDAP program resides under Ford UK's HR Director.

### *Executive*

Ford Plant EDAP Committees

## 5. Brief description of the voucher-instrument used in project

Under the scheme, each Ford UK employee is eligible for an annual grant of up to £ 200. The grant is to be used for the imbursement of courses, which have to be undertaken on a voluntary basis, outside working hours. The courses have to be different from all job-related training already taken.

## 6. Description of the project (officially)

### *Description*

In 1989 Ford and the trade Unions set up the Employee Development & Assistance Program (EDAP). The aim of the program was to provide sponsorship and advice and guidance for all Ford employees for non-job related learning. EDAP was established in the Dagenham Body Plant in 1989. In 1993 a workplace learning center was established, this is the current EDAP Center building.

### *Goal*

Provide opportunities for personal development and training outside working hours for all employees of the Ford Motor Company in the UK

### *Beneficiaries*

All Ford employees

### *Requirements*

Ford employee are only restricted by the courses that colleges give.

### *Benefits*

Employees can take any number of courses within one year up to the agreed EDAP limit but they must be taken in their own time.

### *Organization*

EDAP is a collaborative venture between the Ford Motor Company and the hourly paid and salaried unions within the company. Each Ford plant has its own EDAP Committee made up of representatives

of the management and the unions. This committee establishes local policies for each plant, approves applications and oversees the work of the educational staff who run the program on a day to day basis. Ford Plant EDAP Committees work with local colleges to set up various courses and training in the Ford plant itself. The role of EDAP has been to give advice and guidance on all available courses - colleges, adult education, private providers and where possible extend provision to meet the requirements for this group of working people. Each of the Ford sites in the UK have their own EDAP office and a variety of facilities to meet local needs. EDAP is networking with all partners. Sharing of information and developments with the Partnership area. EDAP has build an enormous expertise in delivering learning opportunities to working people.

## 7. Characteristics of the market

### *Clients*

Rather than the 5% of employees who had been predicted to apply for grants, 15.000 employees, representing one third of the workforce, applied for grants within the first six months of the programs operation, progress since then has been substantial.

At a national level, the take-up of opportunities under EDAP in 1992-1993 was broken down into the following categories:

Education and Academic	1257
Languages	1882
Business Studies and IT	879
Music and Performing Arts	571
Arts and Handicrafts	688
Craft Skills	1813
Other Skills (e.g. First Aid)	2666
Personal Development	320
Health and Fitness	3415
Health (e.g. Weight Loss, Chiroprody)	2237
Sport/Leisure	3242
Other (General Activities)	210

### *Suppliers*

Ford plants contract local Colleges to provide courses.

### *Government*

In the later stages of the program support became more widespread as the Department of Education and Skills and other companies started deploying similar schemes.

### *Finance*

The program itself was launched in 1989, with an initial allocation of £ 1.850.000 being apportioned to the EDAP Committees, which had been set up within the various plants in the United Kingdom. Since 1988, Ford UK has consistently funded EDAP in line with pay settlements. A total of £11.82 million has been allocated and spent. The commitment to increase funding year by year, has occurred in a climate of recession in the country as a whole and in a period of cutbacks within the company.

## 8. Effects of the project

### *Effects*

- EDAP has had significant impact on adult basic skills at the Ford Body Plant in Dagenham.
- The quantity of employees using EDAP is large and the level of education keeps rising.
- First individuals start undertaking essentially leisure or personal interest learning and then continue to take more vocationally significant courses. Over 300 Ford EDAP participants are now tackling Open University or part-time degrees, while only O-level GCSE levels were tackled at the start of the program.
- By recognizing and rewarding participation in learning of all types, a learning culture has become part of the organization
- EDAP is a way of institutionalizing lifelong learning

- The freedom that employees have to choose education has resulted in a high level of participation and upward mobility in degree of education
- The overwhelming support for the project has proven its success. Ford continues to fund the project even in economically difficult times.

#### *Side effects*

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### **9. Crucial factors in the introduction and implementation of the project**

In Ford's case the initiative came from the Unions and management supported it with evidence drawn almost completely from the USA, which included commissioned research and joint management-union study visits. EDAP was widely supported upon introduction.

The development of joint problem-solving approach between unions and employers is most evident in examples such as the Ford EDAP scheme, a jointly managed employee development program.

### **10. Critical elements in the success or failure of the project**

#### *Success*

- Voluntary programs work well in all contexts. Governments are exploring how employer or union based initiatives (e.g. employer self-development schemes such as the Ford EDAP scheme) might be supported or encouraged. This is because these have succeeded in reaching the semi-skilled and unskilled which other programs have often failed to reach.
- Workplace learning is clearly within the province of the employer/employee relationship. It is affected by policies designed to enhance productivity in the workplace and increase the skills and ability to learn of individual employees. However, many workplaces provide little if no opportunity for developing the skills of workers, especially low skilled work in both the service and manufacturing sectors. The only way we can reach this group at present is through employer self-development schemes such as the Ford EDAP.

#### *Failure*

-

### **11. Sources**

- *Employee Development Programs and Lifetime Learning*, Center for Labor Market Studies, Leicester, 1998.
- *Research on recent developments in Employee Development Schemes*, HOST Policy Research, Dorothy Berry-Lound, Valerie Rowe and Professor David J Parsons, 2001, London





# Employee Development Schemes

United Kingdom

## 1. Official name of the project

Employee Development Schemes (EDS)

## 2. Working title of the project in English

Employee Development Schemes (EDS)

## 3. Sector (housing, health, education, mix etc.)

Education

## 4. Responsible organization (policy level and executive)

### *Policy*

Department for Education and Skills

### *Executive*

Individual, mostly commercial, organizations

## 5. Brief description of the voucher-instrument used in project

These projects usually provide for a fixed limit of finance for an employee to attend an external course of their choice on a part-time or evening basis, or provide access to open learning facilities that the employer may have on site.

## 6. Description of the project (officially)

### *Description*

Employee Development Schemes (EDS) are schemes that provide employees with access to opportunities for personal development not directly linked with their current role and responsibilities. Running an EDS often involves a complex mix of on-site and external learning. Almost two thirds of surveyed organizations provide access to on-site learning facilities/centers.

### *Goals*

A survey shows that EDS organizations, set up EDS to:

- Raise skill levels;
- Encourage staff commitment;
- Increase job motivation;
- Increase loyalty towards the company;
- Encourage learning in the work environment.

### *Beneficiaries*

Employees of firms that run EDS schemes

### *Requirements*

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### *Benefits*

-

## **Organization**

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### **7. Characteristics of the market**

#### *Clients*

Some 500 EDS organizations are identified in the UK. The best estimate is that around 1,500 employers in England are involved with EDS (2001). The majority of schemes are run only for employees although some of the most innovative have started to include access for family members and more occasionally suppliers.

The number of EDS schemes has dropped by a quarter or more in recent years. There has been a dramatic rise in the number of organizations with fewer than 200 employees taking up EDS since 1997-98 but this growth appears to have dissipated of late. EDS appear to be more prevalent in retail, finance, pharmaceuticals, utilities, banks, schools, colleges, automotive industries and manufacturing. There is little evidence of systematic EDS arrangements in local authorities, health care Trusts, tourism, hotel and catering, transport and communications and construction. EDS is largely used in and by commercial organizations. There are some Private Funds that stimulate EDS and the Government is being informed regularly on the EDS schemes.

#### *Suppliers*

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#### *Government*

The national Government recognizes the EDS effects and keeps itself apprised of developments.

#### *Finance*

Funding varies considerably and case studies demonstrate the great range of fee and payment structures that exist today. There are issues for consideration in how to support and enable organizations to continue with their EDS once 'pump-priming' funding ceases, particularly if no evaluation of the success or otherwise of the scheme has been carried out (as was found to be the case in most instances).

### **8. Effects of the project**

#### *Effects*

- The benefits to employees were increased confidence and improved learning skills.
- The main perceived benefit to organizations were increasing staff skill and increased knowledge levels.
- Boosting or sustaining staff motivation and loyalty are common organizational benefits – especially in the manufacturing sector.
- Take-up rates are highly variable. In many cases, raised staff awareness had led to an increase in the usage of the scheme.

#### *Side effects*

- There are some good practice in linking EDS to business objectives. Additional benefits identified over time include: increased communication, staff identifying with a company culture and a rise in profitability/efficiency.

### **9. Crucial factors in the introduction and implementation of the project**

Many schemes have been introduced largely as a result of funding incentives rather than business planning. The research does, however, illustrate some good practice in linking EDS to business objectives. The Ford EDAP program (pioneer EDS schemes in the UK) was pushed by the Unions and supported by management. EDS schemes in general are implemented by management.

Most employer self-development schemes are currently directed at managerial and white collar employees

The information on set up and funding for potential EDS organizations is provided for to lower the threshold.

Past research has suggested that EDS is most effective when it is clearly additional to other work-related learning opportunity

## 10. Critical elements in the success or failure of the project

### *Success*

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### *Failure*

- Where the EDS is effectively being used as part of what would be considered normal work-related training, the potential additionally of the scheme is limited.
- There is too much focus on work-related education. The strength of ESD lies in the freedom to choose and thereby creating learning skills and leverage. Employees are motivated to learn more, because they can choose what they learn. This has effects on the organizational culture, communication, and willingness to change.
- Information on EDS benefits - to organizations and individual participants – is weakly developed in most schemes. Where evaluations have been conducted they focus on processes rather than impact, and the available benefit evidence is often only anecdotal.

## 11. Sources

- *Recent Developments in Employee Development Schemes*, HOST Policy Research for DfES, 2001, London
- *Recent Thinking In Lifelong Learning*, Department of Education and Employment, London, November 1998



# The Independent Living Fund

United Kingdom

## 1. Official name of the project

Independent Living Funds (ILF)

## 2. Working Title

Independent Living Funds (ILF)

## 3. Sector

Health Care

## 4. Responsible organization (policy level and executive)

### *Policy*

Department of Work and Pensions (DWP)

### *Executive*

Independent Living Fund office in Nottingham, which employs a number of Visiting Social workers (VSW).

## 5. Brief description of the voucher-instrument used in project

Awards are in the form of regular four-weekly payments to individuals, which are used to buy personal care. Recipients may use care agencies or employ personal assistants, but may not employ relatives who live in the same house.

## 6. Description of the project (officially)

### *Description*

Independent Living Funds are constituted as publicly financed discretionary trusts funded by the Department of Work and Pensions. The Independent Living Funds are set up as a national resource dedicated to the financial support of disabled people to enable them to choose to live in the community rather than in residential care. Independent Living Funds makes cash awards which help pay for the costs of employing one or more assistants to provide personal and domestic care.

### *Goal*

The Independent Living Allowance is instrumental to help severely disabled persons to live in their own homes rather than in residential or nursing care. The allowance gives disabled persons greater opportunities for choice and control in their individual care arrangements.

### *Beneficiaries*

Severely disabled people

### *Requirements*

A successful applicant to the ILF must meet the following criteria:

- be at least 16 and under 66 years of age;
- receive the highest rate care component of Disability Living Allowance, or the equivalent rate of Attendance Allowance or Constant Attendance Allowance;
- have savings and/or capital of less than £8,000 (£12,000 if over age 60) which includes savings/capital of a partner, and an income which is insufficient to cover the costs of care needed;

- be assessed by the local authority as being at risk of entering residential care, or capable of leaving it to live in the community;
- receive at least £200 worth of services/funding per week from the local authority and be assessed as needing additional care.

#### *Benefits*

The maximum amounts payable since 1993 are £300 a week for the 1993 Fund and £560 a week for the Extension Fund. The amounts were raised to £375 and £625 a week respectively in January 2000.

#### *Organization*

The Fund is a discretionary trust and each case is considered on its own merits in the context of general policy. Decisions made by section staff on the basis of information provided by the applicant and the Fund's Visiting Social Worker (also the local authority and other sources of information where appropriate), are authorized by Section Heads. In certain unusual circumstances, a decision may be referred to senior management, or to the Board of Trustees.

The Visiting Social Workers (VSWs) carry out assessment visits (in conjunction with local authority representatives in the case of the 93 Fund). The VSWs are all experienced in working with people with disabilities. They receive training from the ILF in all aspects of the ILF systems, but are freelance and are paid on the basis of a fee for each visit and report completed. Where VSWs are employed by local authorities as well, they do not carry out assessments for the Fund in those areas.

## **7. Characteristics of the market**

#### *Clients*

The Independent Living Funds aim to help severely disabled people who meet their eligibility criteria. 8,060 clients received 93 Fund awards in 2002. The number of clients on the Extension Fund, which has been closed to new applicants since 1993, has continued to decrease to 7,798. Clients are free to choose the care agencies they want and can even employ relatives to provide care.

#### *Suppliers*

The market is a mix of public and private agencies and caregivers.

#### *Government*

The government, the Department for Work and Pensions, funds and reviews the Independent Living Funds.

#### *Finance*

ILF has two separate funds: The Independent Living (1993) Fund (now more commonly known as the 93 Fund) works in partnership with local authorities to enable jointly financed packages of care to be arranged and the Independent Living (Extension) Fund (now known as the Extension Fund) continues cash payments to the clients of the original Independent Living Fund, which closed at the end of March 1993. In 2000/2001 ILF totaled 137 million pounds.

## **8. Effects of the project**

#### *Effects*

- ILFs are perceived as providing a valuable service, although naturally there are areas where changes and improvements could be made.
- ILF's form a vital part of overall government provision for severely disabled people and this function should continue. It was considered whether the function could be carried out to better effect by an alternative method of organization. It was concluded that having the function carried out by the existing organization under the aegis of the DWP remains appropriate and continues to reflect the interests of the clients.
- The administration of the Funds has generally been efficient and expenditure is kept within budget.

### *Side effects*

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## **9. Crucial factors in the introduction and implementation of the project?**

The original Fund was seen as an interim measure until the full implementation of the 1990 NHS and Community Care Act, which transferred to local authorities the control of social security money previously used to fund residential care. This money could now be used for residential or, alternatively, community care.

The Act was implemented in April 1993 and the Fund was then closed, but the popularity of direct cash payments to disabled people had been demonstrated and there was a strong lobby for retaining similar provision.

Local authorities were legally barred from making direct payments to individuals, so the outcome (through the 1993 Disability Grants Act) was the establishment of two successor ILFs. The Extension Fund would continue the administration of payments to the 21,500 clients of the original Fund.

A new regime for review visits is being introduced, which will not only improve adherence to the eligibility criteria but will also offer the opportunity for clients to have their care requirements reassessed and adequately reflected in their awards.

## **10. Critical elements in the success or failure of the project?**

### *Success*

- The group of clients is relatively small and the project has strict entry barriers. The qualification that is needed for High Rate DLA fee is a gateway for the ILF. The project is for severely disabled people only.
- The organization, which operates outside government control, is very lean and flexible. Because of the independence and lesser control, ILF can move more freely than most Departmental or Local Units and use their expertise to execute their tasks.

### *Failure*

- Too little attention was paid to consistency of application of the eligibility and the assessment of ground rules.

## **11. Sources**

- *Independent Living Funds; Quinquennial review 2001*, Department for Work and Pensions, November 2001
- *Independent Living Funds, Annual report 2001-2002*, Nottingham, ILF march 2002
- For more detailed information on effects see: <http://www.ilf.org.uk>



# Individual Learning Accounts

United Kingdom

## 1. Official name of the project

Individual Learning Accounts (ILA)

## 2. Working title of the project in English

Individual Learning Accounts (ILA)

## 3. Sector

Education

## 4. Responsible organization

*Policy*

Department of Education and Skills

*Executive*

Learning Account Center

## 5. Brief description of the voucher-instrument used in project

Small cash payments to compensate for training courses expenses. Accountholder gets a subsidy to pay a part of the training fee. The individual can choose how to spend the voucher on training with some exceptions.

## 6. Description of the project (officially)

*Description*

The program was designed to open up the learning market and to place as few restrictions as possible on what people could choose to learn; placing purchasing power and consumer choice in the hands of learners. The Individual Learning Account program was launched nationally in September 2000. By October 2001 it had 2.5 million members registered with the Learning Account Center as eligible to undertake subsidized learning. Some 9,000 organizations were registered as learning providers. After serious allegations of potential fraud and theft involving ILAs, it was decided on 23 November 2001 to shut down the program immediately

*Goal*

The overall aim of the Individual Learning Account was to widen participation in learning and to help individuals overcome financial barriers to learning.

*Beneficiaries*

Everyone aged 19 or over had a right to an Individual Learning Account.

*Requirements*

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*Benefits*

The Individual Learning Account could total a Government subsidy of £200 and for certain courses £250.

## Organization

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## 7. Characteristics of the market

### *Clients*

The Individual Learning Account program was launched nationally in September 2000. By October 2001 it had 2.5 million members registered with the Learning Account Center, eligible to undertake subsidized learning.

### *Suppliers*

The program was designed to open up the learning market and to place as few restrictions as possible on what people could choose to learn. The Individual Learning Account was not a Private Finance Initiative project, nor strictly a Public Private Partnership. Some 9,000, public and private, organizations were registered as learning providers.

### *Government*

Individual Learning Accounts were not intended to guarantee the quality of learning or the quality of learning providers as such. Government endorsement might give an unfair market advantage to registered ILA providers.

### *Finance*

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## 8. Effects of the project

### *Effects*

- The overall aim was to widen participation in learning, for learners as well as providers. The ILA was universal and reached all learners, for some groups there was a focus in targeting.
- The ILA also invited new providers to enter the market, with a minimum of checks and 'red tape', to open up and innovate the market. This aspect of the program was very successful.
- The minimal amount of administration and quality control attracted new learning providers that innovated the learning market.
- Individual Learning Accounts outperformed on their numerical targets. The aim was 1 million people in the program by March 2002, in October 2001 the ILA scheme had 2.5 million account members.
- Some stakeholders were concerned that the emphasis had shifted too much from empowering the learner to stimulating the supplier market.

### *Side effects*

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## 9. Crucial factors in the introduction and implementation of the project

The Individual Learning Accounts were pushed by the Department of Education and Skills. In 1994 the conservative government wrote a paper stating that a similar scheme was not the way forward. It was too complex and would not reach the ones most in need of education. It was stated that increasing budget on existing programs was better. The labor government and the Department of Education and Skills had not paid enough attention to these concerns when they launched the plan in 1997.

## 10. Critical elements in the success or failure of the project?

### *Success*

- The strengths of the program was its openness to learners and providers
- From the view point of the training providers and the other key organizations, the main strengths of ILAs were agreed to be that they:
  - were open to all (mentioned by 79% of provider survey respondents)



- brought a government contribution to training (80%)
- focused on the individual (48%).
- The additional government money injected into training was also recognized to have helped stimulate the provider market, with new providers setting up and many beginning to receive government funding who had not previously been involved in government funded training (45% of providers).
- The vast majority (89%) of account holders thought that ILAs were fairly simple to understand.

#### *Failures*

- The Individual Learning Accounts scheme had a loophole. There was no check on the provider to give good value for money and no incentive for the customers to complain.
- The absence of entry barriers and quality control also established a number of badly performing providers. Low quality learning providers could abuse the scheme.
- The program reported evidence of fraud. The lack of quality control and transparency (it was sometimes too easy for under performing service providers to enter the program) resulted in abuse of the Individual Learning Accounts by a small number of providers. As it became public knowledge known the quality and integrity of providers was not as good as intended, the program was terminated.
- The program (based on a consultation exercise):
  - was too easy for rogue providers to become involved (mentioned by 83% of survey respondents)
  - was too open to miss-selling (75%)
  - lacked quality assurance of providers (61%)
  - lacked the quality assurance of courses (50%).

## **11. Sources**

- *Education and Skills - Third Report*, Education and Skills committee, London 2002
- *Individual Learning Accounts; Government Response to the Education and Skills - Third Report*, Education and Skills committee, London 2002
- *Individual Learning Accounts: A Consultation Exercise on a New ILA Style Scheme*, Final Report to the Department for Education and Skills, SQW Limited, research report RR 339, London, 2002



# Charter Schools

United States of America

## 1. Official name of the project

Public Charter Schools Program (PCSP)

## 2. Working title of the project in English

Charter Schools

## 3. Sector

Education

## 4. Responsible organization (policy level and executive)

*Policy*

U.S. Department of Education

*Executive*

The State Board of Education and Local Boards

## 5. Brief description of the voucher-instrument used in project

Charter schools receive funds for every enrolled student. With these funds they can design and shape their own style of education as long as they meet the targets in their charter.

## 6. Description of the project (officially)

*Description*

The Federal Government has created a Public Charter Schools Program (PCSP) aimed to increase national understanding of the charter school model and to expand the number of high-quality charter schools available to students across the nation by:

- Providing financial assistance for the planning, program design;
- Initial implementation of charter schools;
- Evaluating the effects of charter schools, including the effects on students, student academic achievement, staff, and parents;

Encouraging States to provide support to charter schools for facilities financing in an amount more commensurate to the amount States have typically provided for traditional public schools.

Charter schools are non-sectarian public schools of choice that operate with freedom from many of the regulations that apply to traditional public schools. The 'charter' establishing each such school is a performance contract detailing the school's mission, program, goals, students served, methods of assessment, and ways to measure success. The length of time for which charters are granted varies, but most are granted for 3-5 years. At the end of the term, the entity granting the charter may renew the school's contract. Charter schools are accountable to their sponsor - usually a state or local school board - to produce positive academic results and adhere to the charter contract. The basic concept of charter schools is that they exercise increased autonomy in return for this accountability, which frees the school from regulations that other public schools must follow. They are accountable for both academic results and fiscal practices to several groups: the sponsor that grants them, the parents who choose them, and the public that funds them.

### *Goal*

The intention of most charter school legislation is to:

- Increase opportunities for learning and access to quality education for all students
- Create choice for parents and students within the public school system
- Provide a system of accountability for results in public education
- Encourage innovative teaching practices
- Create new professional opportunities for teachers
- Encourage community and parent involvement in public education
- Leverage improved public education broadly

People establish charter schools for a variety of reasons. The founders mostly have three reasons to create a charter school:

- Realize an educational vision
- Gain autonomy
- Serve a special population

Parents and teachers choose charter schools primarily for educational reasons -high academic standards, small class size, innovative approaches, or educational philosophies in line with their own. Some also have chosen charter schools for their small size and associated safety (charter schools serve an average of 250 students).

### *Beneficiaries*

Regular Public Schools can apply for Charter status

### *Requirements*

-

### *Benefits*

-

### *Organization*

The Federal Government introduced a program to help and streamline the forming of Charter schools. It doesn't have legislative power over the state in matters concerning Charter schools. The number and types of agencies allowed to grant charters differs from state to state. In 14 states, only the local board can grant charters and in 8 of those states, the decision of the local board can be appealed to a higher authority. In seven states, some state level agency (usually the State Board of Education) is the only charter-granting agency. In the remaining 16 states, multiple agencies are authorized to grant charters--usually local boards and a state body. In five states with multiple charter granting agencies, universities (IHEs) also can grant charters. Charter schools are a state phenomenon. Each piece of legislation grows from a state context and the laws create differences in the types and number of charter schools opened in each state, the level of freedom afforded charter schools, and the amount of accountability required of the schools

## **7. Characteristics of the market**

### *Clients*

1,205 charter schools served every grade from pre-K to adult. Of these, 58% were elementary schools, 20% were secondary schools, and 22% included grades at both levels. An estimated 1735-1790 Charter schools operate nationwide in 1999-2000, serving at least 350,000 students. Charter Schools are monitored in several greatly differing ways by the state. The demand for charter schools remains high - 7 of 10 charter schools reported that they have a waiting list. This percentage is the same as reported for 1997-98.

The autonomy afforded by charter law allows charter schools not only to choose whether or not they provide certain services but also to choose the service provider. On average, an almost equal number of charter schools provided the services themselves through staff or volunteers, purchased services from the district, or acquired services from an outside provider. Newly created and pre-existing private schools differed from pre-existing public schools in the service providers used.

### *Suppliers*

-

### *Government*

In exchange for freedom from state regulations (except those related to health, safety, and non-discrimination) charter schools are to be held accountable for school and student outcomes. State legislation and regulatory practices differ greatly across states. There are varying amounts of external monitoring as well as variation in which areas were monitored. The State Departments of Education represent a key reporting agency in some states' charter laws.

### *Finance*

Charter schools are supported (not financed), they are also eligible for funding under other federal programs. Charter schools are not allowed to charge tuition, and they are funded according to enrollment. In some states, such as Alaska, Colorado, Minnesota, and New Jersey, they receive less than 100% of the funds allocated to their traditional counterparts for the operation of public schools. In other states, like California, additional funds or loans are made available to them. In most states, charters do not receive capital funds for facilities. They are entitled to federal categorical funding for which their students are eligible. Federal legislation provides grants to help charters with start-up costs. The total amount of funding available to support (not finance) charter schools in fiscal year 1999 is \$100 million.

## **8. Effects of the project**

### *Effects*

- Nationwide, students in charter schools have similar demographic characteristics to students in all public schools. However, charter schools in some states serve significantly higher percentages of minority or economically disadvantaged students
- The community sometimes sponsors Charter Schools. Parents are more satisfied with Charter schools for their children, this shows greater a greater involvement, although not specifically researched.
- Charter schools have shown improvement in both parent and student satisfaction and in innovation in technology, curriculum, assessment, and governance.
- Empowering schools to be master of their own results is a healthy approach. It resulted in a greater involvement of parents, sponsors and especially teachers.
- The satisfaction amongst staff about their work is significant. Teachers say they find their jobs much more enjoyable now than teaching at Public Schools.
- Nearly two-thirds of newly created charter schools seek to realize an alternative vision of schooling, and an additional one-quarter of newly created schools were founded primarily to serve a special target population of students.
- Nearly 4 of 10 charter schools that were previously private schools converted to charter status to realize an alternative vision of education

### *Side effects*

-

## **9. Crucial factors in the introduction and implementation of the project**

Charter schools were an initiative that was formed within the schools and their teachers and was pushed by them; the principle was then picked by state government and pushed even further.

Funds are plentiful, but getting them is the hard part. Barriers on to the market are high. Charter schools have to meet/promise high results on standard student tests and achievements that scare some of them off.

Charter schools have considerable autonomy. Charter schools are set up as business contracts between State and Charter schools. The schools are held accountable to provide financial and student achievement reports to different constituencies. Governments have eased up their control and have shifted towards result-based evaluation.

In 1998–99, the most frequent barriers charter schools faced during implementation were lack of startup and operating funds (49 and 37 percent respectively), lack of planning time (35 percent), and inadequate facilities (32 percent).

Recent charter school start-ups are more likely to face difficulties with hiring staff than schools in previous years. This finding reflects the nationwide teacher shortage.

## 10. Critical elements in the success or failure of the project

### *Success*

- Some schools have already been successful enough to have their charters renewed, which means their sponsors were satisfied that they met the original goals of their charter..

### *Failure*

- A few charters have been revoked due to lack of proper financial management or lack of achievement

## 11. Sources

- *The State of Charter schools 2000 National Study of Charter Schools, Fourth year report.* Office of Educational Research and Improvement, U.S. Department of Education, Washington, January 2000
- *A study of Charter schools, First year report,* Office of Educational Research and Improvement, U.S. Department of Education, Washington, January 1997
- <http://www.uscharterschools.org>



# Child Care and Development Fund

United States of America

## 1. Official name of the project

Child Care and Development Fund (CCDF)

## 2. Working title of the project in English

Child Care Assistance

## 3. Sector

Childcare

## 4. Responsible organization (policy level and executive)

### *Policy*

U.S. Department of Health and Human Services, via Administration for Children and Families (ACF)

### *Executive*

The Child Care Bureau (CCB) with regional offices, which liaison with state level programs. All states have Child Care Resource and Referral Agencies (CCR&R).

## 5. Brief description of the voucher-instrument used in project

For eligible families a certificate is defined in the statute as a check or other disbursement that is issued by a State or local government under the statute directly to a parent who may use the certificate only as payment for child care services. Parents may choose any legally operating childcare provider.

## 6. Description of the project (officially)

### *Description*

The Child Care and Development Fund (CCDF) was established under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Temporary Assistance for Needy Families (TANF), commonly known as welfare, is the monthly cash assistance program for poor families with children under age 18. The CCDF is funded with TANF money to achieve its goals. The federal Government funds individual states to operate Child Care Programs. With these funds states finance Local Child Agencies that finance childcare providers and liaison for families that eligible for child Care funds. Some States run all-certificate programs, others offer a mixture of certificates and grants or contracts.

### *Goal*

The Child Care and Development Fund (CCDF) is the primary Federal program specifically devoted to childcare services and quality. It enables low-income parents and parents receiving Temporary Assistance for Needy Families (TANF) to work or to participate in the educational or training programs they need in order to work. Funds may also be used to serve children in protective services. In addition, a portion of CCDF funds (for states) must be used to enhance childcare quality and availability.

### *Beneficiaries*

Low-income parents and parents receiving Temporary Assistance for Needy Families (TANF) and individual children

### *Requirements*

#### *Eligible Families:*

- States can serve families whose parents are working or in education or training, and families whose children are receiving protective services.
- States can serve families whose income level does not exceed 85% of the State Median Income (SMI) for a family of the same size.

#### *Eligible Children:*

- A State can serve children under age 13.
- A State may serve children under age 19 who are under court supervision or are mentally or physically incapable of self-care.

By statute, States must give priority to children with special needs and to children from very low-income families. States have the flexibility to define "special needs" and "very low income."

### *Benefits*

The statute requires that the family offered CCDF-subsidized care be given the choice to enroll the child with a provider who has a grant or contract to provide services or to receive a childcare certificate. A State's CCDF Plan 'shall certify that payment rates for the provision of child care services for which assistance is provided (under the CCDF) are sufficient to ensure equal access for eligible children to comparable child care services in the State or sub-State area that are provided to children whose parents are not eligible to receive assistance (under the CCDF) or for child care assistance under any other Federal or State programs'. The statute requires that the family contribute to the cost of care on a sliding fee basis. The CCDF Plan must include the scale or scales used to determine the family's contribution. The statute requires that the scale be based on family size and income.

### *Organization*

The Child Care Bureau (CCB) administers federal funds to states, territories, and tribes to assist low-income families in accessing quality childcare for children when the parents work or participate in education or training. There are regional CCB offices that oversee operations and cover several states. The CCDF fund states to execute Child Care Programs, states have Child Care Resource and Referral Agencies (CCR&R) to provide assistance to eligible families. Regional Offices play a vital role in providing assistance and quality controls to states in operating Child Care Programs. States have established a variety of methods for accessing CCDF services.

In all States, families may apply for childcare at the local office of the lead agency or at a local voucher management agency or other agency under contract with the lead agency to determine eligibility, e.g., local childcare resource and referral agencies. Some States allow families to apply for childcare by telephone or mail.

## **7. Characteristics of the market**

### *Clients*

CCDF serves 1.040.600 families and 1.776.800 children. In 1999 50% of the 1.76 million children served were preschoolers between two and six years, 15 percent were infants and toddlers, and 35 percent were school age. Seventy-three percent of the children served were in care regulated under State or local law and 27 percent were in care operating legally without regulation. Relatives cared for 63% of the children in non-regulated care.

The reasons for applying for Child Care break down as follows:

- Employment (80%)
- Training/Education (9%)
- Both Employment and Training/Education (3%)
- Protective Services (3%)
- Other (5%)

### *Suppliers*

In total there are some 800,000 CCDF funded suppliers of childcare. The statute provides for parental choice of childcare provider. Parents may choose any legally operating childcare provider. The regulations define childcare provider as one who provides childcare either in a center, a group home, a family home, or in the child's own home (States may limit the use of in-home care). Care by a sectarian provider, a relative provider, and any other type of legally provided childcare are allowable choices.

In 1999, the States served approximately 1.8 million children through the CCDF program. Center-based providers served 55% of these children. Four percent were in-group home childcare; 30% were in family childcare, and 11% received care in their own homes.

#### *Government*

ACF's Child Care Bureau (CCB) employs a variety of methods and processes to support State efforts including: consultation, peer consultation, training opportunities, development of written materials, State child care administrator meetings and leadership forums, conference calls, on-site technical assistance, and distributing information memoranda.

A State must certify that it has in effect licensing requirements applicable to childcare services provided within the State. The State must describe those requirements in its CCDF plan as well as how they are effectively enforced. A State must certify that there are in place requirements designed to protect the health and safety of children that are applicable to the providers that serve CCDF children.

In addition to requiring basic licensing and health and safety measures, the statute supports quality in childcare by requiring a minimum State expenditure to improve the quality and availability of childcare. States also have flexibility within the CCDF to create payment rates that reward higher quality care, such as establishing higher payment rates for accredited centers or other child care facilities or rewarding in-home providers with appropriate child care credentials

#### *Finance*

The federal government provides states with so called Block Grants; the states herewith fund Child Care Programs. The Child Care and Development Fund (CCDF) has made available \$3.45 billion to States in 2000. Tribes received approximately \$71 million for FY 2000. The award represents an increase in childcare funding of approximately \$372 million for States and Tribes over FY 1999.

The way the CCDF funds are allocated:

- Grants / Contracts 11%
- Certificates 83%
- Cash 6%

## **8. Effects of the project**

### *Effects*

- Despite increased funding, existing resources are inadequate to meet the growing need for childcare assistance. With a strong economy and more parents working, States were spending significantly more on childcare, with a median increase of 78 percent from 1997 to 1999 in the States studied. Yet, a survey of 17 States showed that those States were only able to serve 15 to 20 percent of federally eligible children in 1999.
- Data reports are scattered and insufficient to provide good data on its performance. Informal feedback from grantees indicates that access to childcare for low-income children served by CCDF is increasing, for example: reducing co-payments, but also using other programs to finance childcare.
- Low payment rates to care providers make for a less attractive market and lessen accessibility for families to quality care and thus undermining the programs' goal.
- States stretch dollars by establishing low payment rates to providers, which can limit families' ability to access quality care, or by setting high family co-payment rates that may be difficult for families to afford. Almost half of the States allow providers to charge additional out-of-pocket costs to parents to make up for low reimbursement rates.
- 11 States indicated that they have developed a single, "seamless" system for administering childcare subsidies to all families without regard to their eligibility category.



- 17 States said they have developed initiatives to promote "one-stop shopping" in which TANF recipients can receive childcare and other benefits at a single location or to ensure effective referrals or linkages among the agencies that administer childcare and TANF cash benefits.

#### *Side effects*

- Demands for childcare subsidies have limited the ability of States to commit funds for systems development. Twenty States have not used any CCDF monies for information systems development.

### **9. Crucial factors in the introduction and implementation of the project**

Confronted with great unmet need and finite resources, many States are forced to make policy choices that focus assistance on certain families while excluding other parents who may be struggling to hold onto a modest job without turning to welfare for help.

### **10. Critical elements in the success or failure of the project**

#### *Success*

-

#### *Failure*

- States continue to experience difficulties collecting and transmitting required performance data. Without this data the performance can't be monitored, funds can't be adjusted and the program can't be properly managed.

### **11. Sources**

- *The Childcare and Development Fund*, Child Care Bureau 2001
- *Access to childcare for low-income working families*, Child Care Bureau 1999



# Education Vouchers

United States of America

## 1. Official name of the project

Milwaukee Parental Choice Program (MPCP)

## 2. Working title of the project in English

The Milwaukee Voucher Program

## 3. Sector (housing, health, education, mix etc.)

Education

## 4. Responsible organization (policy level and executive)

*Policy and Executive*

The Wisconsin Department of Public Instruction

## 5. Brief description of the voucher-instrument used in project

The Department of Public Instruction makes tuition checks payable to the families and mails them to the schools, where the families endorse them to make tuition payments for entry to private schools.

## 6. Description of the project (officially)

*Description:*

Voucher programs in the USA are executed at a local level. There is no federal program in place and most states have a choice program in place but don't execute a full-blown voucher program. In 1990, Milwaukee County started the nation's first publicly funded voucher program. The Milwaukee Parental Choice Program was established in 1990 to provide publicly funded private school tuition for low-income children in Milwaukee.

*Goal*

The program aims to provide children from low income-classes access to education at private schools.

*Beneficiaries*

Children from low income-classes

*Requirements*

The statutory requirements are related to low income and residency in the city of Milwaukee

*Benefits*

In the 2001-02 school year, the MPCP state aid for a student enrolled full-time in the MPCP is \$5,553 or the private school's operating and debt service cost per student, whichever is less. The MPCP state aid amount increases over the prior year's amount by the state-wide per pupil increase allowed under the revenue limits imposed upon public school districts. Therefore, the 2001-02 MPCP state aid amount is the 2000-01 amount of \$5,326 per student increased by \$227 to equal \$5,553 per FTE student.

*Organization*

The operating and debt service cost per student at the school is determined by an independent auditor in a report. The school's costs per student determined in that audit will be compared to the MPCP state aid amount and, if less, the school will owe the difference to the state. Families may enroll their

children in secular or religious schools that have been approved for participation by the Department of Public Instruction.

## **7. Characteristics of the market**

### *Clients*

There was a total enrolment of 10,789 students in the program in 2001.

### *Suppliers*

In January 2002 there were 103 private schools participating in the MPCP. Of the 86 schools participating in 1998-99, 76 schools serving 93 percent of Choice pupils had obtained or were actively seeking independent accreditation or used standardized testing. However, nine schools serving 366 Choice pupils had no accreditation, were not seeking accreditation, and administered no standardized tests. All participating schools report they are complying with statutory performance standards relating to parental participation or to pupils' attendance or academic advancement.

### *Government*

The market for schools is state controlled. The Milwaukee County is funding the program

### *Finance*

The program is estimated to cost \$59.4 million in 2001-02 for an estimated 10,700 FTE students.

## **8. Effects of the project**

### *Effects*

- As intended, the Choice program appears to be serving children who meet statutory requirements related to low income and residence in the city of Milwaukee. They are able to receive education from private schools.
- In addition, the program serves pupils whose overall ethnic composition is similar to that of Milwaukee Public Schools (MPS) pupils. In the 1998-99 school year, 62.4 percent of Choice pupils were African-American, and 61.4 percent of MPS pupils were African-American.
- Past research on pupils' academic performance in the Choice program, and other voucher programs, has produced mixed results that indicate either no difference or a small but statistically significant improvement by voucher students over their public school counterparts.
- The budget for the Milwaukee Parental Choice Program or Milwaukee Voucher Program comes out of the budget designated for the Milwaukee Public School program. This has fueled the debate on the effectiveness of the program as an alternative for Public school reform.
- Once the program was up and running parents were increasingly satisfied. The overall parent satisfaction is high
- Teachers were increasingly dissatisfied.
- Student achievements unchanged and their motivation slightly up.
- Providers have opposed vouchers as they fear the increased competition, which may bring job insecurity.

### *Side effects*

- The program serves as a wake-up call to public schools in the long run. Public school see their funds diminished and have to boost their performance to claim the result and funding. The voucher program can block ongoing and much needed public school reform.

## **9. Crucial factors in the introduction and implementation of the project**

The Milwaukee Voucher program originated in the state congress and was pushed by them.

The program aims at low-income students and seems to work in that aspect; there is a clear demand for private school education for low-income kids.

The program had a major court battle in 1995 over expanding the number of students allowed in to the program, the court even had to rule on the constitutionality of the program. Researchers have also engaged in a debate over its effectiveness.

It was the first project of its kind in the USA, it is widely researched and debated, and there are clear opponents and proponents of the Voucher concept.

## 10. Critical elements in the success or failure of the project

### *Success*

- The funding is sufficient, complete coverage of the tuition is given.

### *Failure*

- The number of school participating in the project is unstable, not giving enough room for growth.
- As long as students using this program get the same results as the Public Schools the battle over funding will remain.
- Student attrition has plagued the program. Through 1994-95 (and not counting school shut downs), nearly one-third of voucher students, on average, dropped out or were pushed out (private schools 'readmit' students each year) of the program each year.

## 11. Sources

- *Vouchers and the Provision of Public Services*, C. Eugene Steuerle, et. al, Washington DC, 2000
- *Educational Vouchers. ERIC Digest, Number 137*, ERIC Clearinghouse on Educational Management, 2000
- *Milwaukee Voucher Program; A Poor Investment*, American Federation of Teachers, Washington, DC, 2000
- *Milwaukee Parental Choice Program (MPCP), MPCP Facts and Figures for 2001-2002*, Milwaukee
- *Educational Vouchers: A Review of the Research*, Alex Molnar, University of Wisconsin-Milwaukee, October 1999



# Housing Vouchers

United States of America

## 1. Official name of the project

Housing Choice Vouchers

## 2. Working title of the project in English

Housing Vouchers

## 3. Sector

Housing

## 4. Responsible organization

### *Policy*

U.S. Department of Housing and Urban Development (HUD)

### *Executive Federal*

Office of Public and Indian Housing, Public Housing Agencies (PHA's)

## 5. Brief description of the voucher-instrument used in project

A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

## 6. Description of the project (officially)

### *Description*

The housing choice voucher program places the choice of housing in the hands of the individual family. A housing voucher holder is advised of the unit size for which it is eligible based on family size and composition. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.

### *Goal*

The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

### *Beneficiaries*

Very low-income families, the elderly, and the disabled

### *Requirements*

Eligibility for a housing voucher is determined by the PHA based on the total annual gross income and family size and is limited to US citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live.

### *Benefits*

The voucher amount paid varies. The Public Housing Agencies determine a payment standard. The payment standard is the amount generally needed to rent a moderately-priced dwelling unit in the local housing market. This payment standard is used to calculate the amount of housing assistance a beneficiary will receive. The PHA calculates the maximum amount of housing assistance allowable (rent subsidy). The maximum housing assistance is generally the lesser of the payment standard minus 30% of the family's monthly adjusted income or the gross rent for the unit minus 30% of monthly adjusted income

### *Organization*

The PHA administers the voucher program locally. The PHA provides a family with the housing assistance that enables the family to seek out suitable housing and the PHA enters into a contract with the landlord to provide housing assistance payments on behalf of the family. If the landlord fails to meet the owner's obligations under the lease, the PHA has the right to terminate assistance payments. The PHA must reexamine the family's income and composition at least annually and must inspect each unit at least annually to ensure that it meets minimum housing quality standards.

## **7. Characteristics of the market**

### *Clients*

There are currently 1.4 million vouchers in circulation, but Department of Housing and Urban Development estimates that an additional 5.3 million renter households have 'worst case housing needs'. When a family selects a housing unit, and the PHA approves the unit and lease, the family signs a lease with the landlord for at least one year. When the family is settled in a new home, the family is expected to comply with the lease and the program requirements, pay its share of rent on time, maintain the unit in good condition and notify the PHA of any changes in income or family composition.

### *Suppliers*

The role of the landlord in the voucher program is to provide decent, safe, and sanitary housing to a tenant at a reasonable rent. The dwelling unit must pass the program's housing quality standards and be maintained up to those standards as long as the owner receives housing assistance payments. In addition, the landlord is expected to provide the services agreed to as part of the lease signed with the tenant and the contract signed with the PHA.

### *Government*

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### *Finance*

There is a big demand for voucher assistance. The total demand can not be met because of budget ceilings. PHA's have a theoretical budget ceiling based on their case load of the previous years. HUD provides funds to allow PHAs to make housing assistance payments on behalf of the families. HUD also pays the PHA a fee for the costs of administering the program. When additional funds become available to assist new families, HUD invites PHAs to submit applications for funds for additional housing vouchers. Applications are then reviewed and funds awarded to the selected PHAs on a competitive basis. HUD monitors PHA administration of the program to ensure program rules are properly followed.

## **8. Effects of the project**

### *Effects*

- Families have hard times getting a voucher.
- Families have a hard time using vouchers, because the low income housing market is tight.
- Not all eligible units are utilized.
- There is little support from owners to support the program.
- There is a well defined set of best practices and some PHA's employ new technologies and reduce transaction costs, but they are not widely practiced.

- Since the demand for housing assistance often exceeds the limited resources available to HUD and the local housing agencies, long waiting periods are common. In fact, PHA close their waiting list when it has more families on the list than can be assisted in the near future.

#### *Side effects*

-

### **9. Crucial factors in the introduction and implementation of the project**

Local and federal regulations clash. Although supporting low income households is widely accepted and supported, many communities do not want a large number of low income families living in their town.

### **10. Critical elements in the success or failure of the project**

#### *Success*

- The general success of the program indicates that it is capable of meeting the housing needs of very low income households.
- There is a system of fair housing enforcement and of administrative oversight.
- There is a body of work that describes successful variations on voucher programs in local situations.

#### *Failure*

- The lack of coordination with other social service systems serving the same client population, such as TANF and Medicaid frustrates clients
- The project is hampered by complex paperwork, lack of efficiency in waiting lists and long apartment inspection times
- There is no flexibility in the program. Households in which circumstances change can move, but the voucher that supports their rent at that time will move with them. This makes for a program that keeps low income with a big hurdle in their quest for social mobility.
- HUD is not providing incentives to PHA's for high performing programs and to improve voucher administration.

### **11. Sources**

- *Vouchers and the Provision of Public Services*, C. Eugene Steuerle, et. al, Washington DC, 2000
- *Housing Voucher program Update 2001*, J. Benoit, Real Estate and Housing performance unit, Department of Housing and Urban Development.
- *Section 8 tenant-based housing assistance: a look back after 30 years*, Department of Housing and Urban Development, Washington DC, 2001
- Department of Housing and Urban Development, [www.hud.gov/offices/pih/programs/hcv/index.cfm](http://www.hud.gov/offices/pih/programs/hcv/index.cfm)



# Individual Training Accounts

United States of America

## 1. Official name of the project

Individual Training Accounts

## 2. Working title of the project in English

Individual Training Accounts

## 3. Sector

Adult Education

## 4. Responsible organization (policy level and executive)

### *Policy*

U.S. Department of Labour

### *Executive*

U.S. Department of Labour, Employment and Training Administration (ETA), Local Workforce Investment Areas (LWIAs)

## 5. Brief description of the voucher-instrument used in project

Upon receiving an ITA beneficiaries can use it to pay for training of their choice. The beneficiary presents the voucher to the training vendor, who then submits an invoice to the Local Workforce Investment Area financial office to be paid. Choice is restricted to training programs on the eligible training provider list

## 6. Description of the project (officially)

### *Description*

A key element of the 1997 Workforce Investment Act is the requirement that local Workforce Investment Areas (WIAs) establish Individual Training Accounts (ITAs) to provide training services to participants. ITAs are intended to transform the delivery of services to adults and dislocated workers by enabling participants to choose their training providers. The approach of establishing ITAs is in its experimental phase.

To achieve ITAs goals, adult and dislocated worker programs establish a hierarchy of three service levels:

- *Core services* consist of providing basic information primarily intended to assist individuals in conducting job search or accessing training or other services on their own.
- *Intensive services* consist of activities involving somewhat greater staff involvement than is typical for core services, but the focus is still on providing participants with guidance or information that they need to make informed choices about their careers.
- *Training services* include skill-building activities that are designed to make participants more employable.

Following a hierarchy of service levels, training services are available only to those who have undertaken at least one intensive service without it meeting their employment goals.

One of the key reform principles that the Department of Labor has developed for the implementation of



WIA is increased customer choice. The system sets that choice within a regulatory framework to assure that Congressional policy is carried out. This regulatory framework effectively constrains choice to some degree.

The policies, practices, and procedures that local areas used in implementing the system were quite effective in creating a balance between these two tendencies.

- First, customer choice in the ITA system is not the unrestricted choice of the commercial marketplace. Rather choice under the ITA system is informed by high quality information and reasonable guidance by professional staff.
- Second, the regulatory framework is tempered in all sites by considerable flexibility.

### *Goal*

Under the Workforce Investment Act ITA goals are:

- To increase the employment, retention, earnings, and occupational skills of participants;
- To improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

Secondary goals include:

- To empower customers to take control of their own career and training choices while providing them with the information and other supports that they need to choose wisely;
- Promoting accountability among states, local areas, and service providers in meeting customers' needs.

### *Beneficiaries*

The use of ITAs is only for the adult and dislocated workers.

### *Requirements*

Adults include all individuals who are 18 years of age or older.

Dislocated workers are those who:

- Have been terminated or laid off (or received a notice of termination or layoff) from employment, are eligible for or have exhausted entitlement to unemployment compensation (or otherwise show attachment to the workforce), and are unlikely to return to their previous industry or occupation, or
- Have been terminated or laid off (or received a notice of termination or layoff) from employment as a result of any recent or impending permanent plant closure or substantial layoff, or
- Were self-employed but are now unemployed as a result of general economic conditions or because of a natural disaster, or
- Are displaced homemakers, defined to be those who have been providing unpaid services to family members in the home, have been dependent on the income of another family member but no longer are supported by that income, and are unemployed or underemployed and are experiencing difficulty in obtaining or upgrading employment.

### *Benefits*

The average cap for the amount in an ITA among Workforce Investment Areas is about \$5,000, ranging from a low of \$1,700 to a high of \$10,000. Most have a two-year duration on the ITA.

### *Organization*

With respect to service delivery, core services are to be provided through a One-Stop delivery system, which includes at least one comprehensive One-Stop Center in each local workforce investment area and potentially a network of affiliated sites. Intensive services are also to be made available through the One-Stop delivery system, either directly or through contracts with service providers. In contrast, training services will generally be delivered by establishing an *individual training account* that the customer can use to procure training services from eligible training providers.

## **7. Characteristics of the market**

### *Clients*

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### *Suppliers*

Congress intended that the ITA system would substantially revamp the training system and create a training marketplace. There are a number of persistent elements already clear:

- In the first place, because many of the LWIAs had already made the transition from class-size training to individual referrals or vouchers, the basic relationship between the workforce development agency and the training vendors did not change significantly.
- Second, the demonstration sites are predominantly training the same types of participants, dislocated workers and low-income adults, as they did before.
- Third, at least under initial eligibility, the roster of vendors is largely the same as before.
- And finally, many local areas do not have sufficiently large labor markets to sustain competition among vendors.

#### *Government*

LWIAs were generally eager to widely publicize the Eligible Training Program application process and have as many vendors apply for eligibility as possible. In some cases, states took the lead role, such as by sending an ETP application packet to all state-certified training vendors in the state.

In other states, local areas took the lead role, such as by communicating with their former JTPA providers or holding informational sessions in the community. Most states attempted to automate the application process, both to make it easier for vendors to apply and also to expedite the state's and local areas' roles in processing applications and entering the data into an electronic ETP listing. Those states without an electronic application found the process substantially more burdensome.

One of the key tenets of WIA is to devolve decision-making authority to the states and local areas, from the federal level. State and local-area flexibility is clearly embedded in the systems that are developing.

#### *Finance*

Each LWIA grantee received an amount not in excess of \$500,000, for a grant period of 18 months. The way LWIAs used their grants varies. Grant objectives ranged from the very broad (e.g., develop ITA policies, build a consumer report system) to the quite specific (e.g., develop a code of ethics for vendors).

- The most common cluster of objectives related to efforts to build electronic consumer report systems.
- Capacity building was another key objective, but again the specifics varied.
- The third largest category of grant objectives related to developing or testing ITA policies.

## **8. Effects of the project**

ITAs are still experimental, so any effects are preliminary.

#### *Effects*

- All of the grantees had embraced the ITA model for providing training services and they generally seemed enthusiastic about its possibilities for empowering customers. In fact, nearly all of them were planning on using ITAs for training adults and dislocated workers almost exclusively;
- From a customers' point of view ITAs work. Thus, customers are generally given the opportunity to make training choices that seem right to them. At the same time, this choice is structured within a framework that requires that customers undertake a careful assessment of their skills and abilities and conduct extensive labor market and other research. To this degree, customers are making choices only after being exposed to a range of good information.
- The enrollment of clients in ITAs is low.

#### *Side effects*

- The ITA process is presenting substantial challenges to training vendors that relied heavily on the former workforce development funding. Reliant for so long on contract training for serving special populations, these organizations are finding that their customer flow has been gravely interrupted since the enactment of WIA. This challenge has fallen especially heavily on community-based institutions. Without an alternative customer base, many of these institutions are facing insolvency. Their absence presents a loss to their communities.

### **9. Crucial factors in the introduction and implementation of the project**

Although there are obvious broad similarities in the systems that are developing, states and local areas are making unique decisions regarding key features of ITA policies.

Although sites have guidelines for how customers should move through the service levels, it was apparent that those guidelines were not meant to be followed rigidly and that customers' obvious needs were taking precedence.

Flexibility, although clearly embraced by states and local areas as a good thing, is causing some confusion and uncertainty at this early stage. Thus, some local areas are unsure exactly what their policies and systems should look like.

### **10. Critical elements in the success or failure of the project**

*Success*

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*Failure*

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### **11. Sources**

- *An Evaluation of the Individual Training Account/Eligible Training Provider Demonstration*, Ronald D'Amico, Mathematica Policy Research, Inc., August, 2001, Washington DC



# Medical Savings Accounts

United States of America

## 1. Official name of the project

Medical Savings Accounts

## 2. Working title of the project in English

Medical Savings Accounts

## 3. Sector

Healthcare

## 4. Responsible organization (policy level and executive)

### *Policy*

U.S. Department of Health and Human Services

### *Executive*

Center for Medicare & Medicaid Services

## 5. Brief description of the voucher-instrument used in project

An MSA health plan provides a health care savings account in combination with a high-deductible health insurance policy. In the case of most tax-advantaged MSAs, the interest earnings on those funds are not taxed, as long as they are not withdrawn for non-medical purposes (in which case funds become taxable or even subject to a 10% penalty). The program reallocates health care funds that would normally have been spent on insurance premiums to the direct control of individual employees.

## 6. Description of the project (officially)

### *Description*

MSA's are still an experiment for Health care reform. It resides under the Health Insurance Portability and Accountability Act (HIPAA). The program involves replacing existing comprehensive (expensive) insurance plans with catastrophic (cheap) insurance plans. The difference between the cost of the comprehensive and the catastrophic insurances is then deposited in a Medical Savings Account, from which day-to-day discretionary medical care can be paid. The savings account is controlled and owned by the insured person. Unspent MSA funds, including any interest or investment earnings, accumulate from year to year, providing additional money to cover possible medical expenses in the future.

### *Goal*

MSAs are designed to address the fundamental problem of controlling health care costs without resorting to third-party restrictions on access to care. Instead of limiting the *supply* of desired medical services, according to the type of criteria commonly used by managed-care insurers or government bureaucrats, MSAs lower the *demand* for those services by requiring individuals to pay directly and up-front for their discretionary health care choices.

### *Beneficiaries*

Either self-employed workers or employers on behalf of their employees establish MSAs.

### *Requirements*

Being self-employed or employers of fewer than 50 employees.

### *Benefits*

The federal Government gives tax deductions to employers that operate MSA for their employees.

### *Organization*

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## **7. Characteristics of the market**

### *Clients*

The most recent estimate of total HIPAA MSAs, issued by the Internal Revenue Service in October 1999, indicated that there were a few more than 42,000 MSA holders in tax year 1998. A recent private study has indicated that 100,000 MSA accounts had been opened by 2001.

### *Suppliers*

Depending on the Medicare MSA Health Policy any doctor or hospital may be chosen, sometimes, beneficiaries are limited to a network of providers. Employers work out MSA's with banks or insurance companies.

### *Government*

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### *Finance*

Employee pay monthly fees into their own MSA to pay for regular care and this amount is matched by their employer.

## **8. Effects of the project**

### *Effects*

The Federal Government is reviewing this Pilot program in 2004, it's deadline has been moved in order accurately measure it's performance. The effects of MSAs are different for each MSA design.

Nonetheless it is possible to give a preliminary indication of the effects of MSAs based on anecdotal evidence:

- Research has shown that, in varying degrees, MSA are cheaper for employees (23% less cost than traditional insurance) and employers alike (savings ranging from 10% to 34% compared to traditional schemes). Employees are also shown to make considerable savings, with only 5% of employees having saved less than 20% of their contributions at the age of retirement.
- Patients pay before leaving the supplier, the ease of the MSA payment method appeals to both physicians and patients. In many cases, the discounted price can be as much as 35 percent to 50 percent lower when patients pay in full at the time they are seen.
- MSA plan coverage has provided increased access to health insurance for previously uninsured individuals. For example, the U.S. General Accounting Office found that almost 4 of every 10 people who set up tax qualified MSAs during 1997 were previously uninsured.
- Although more recent private industry estimates suggested that as many as 100,000 MSAs had been opened by last year, that figure remained well short of the HIPAA participation limit of 750,000 MSA holders.
- Beneficiaries tend to spend less money on necessary healthcare since it comes out of their own savings accounts.

### *Side effects*

- MSA balances provide individuals greater freedom to change jobs and worry less about jeopardizing their health insurance coverage.

## **9. Crucial factors in the introduction and implementation of the project**

The Health Insurance Portability and Accountability Act (1996) restricted the scope of the demonstration project, imposed unnecessary complexity, and hampered the design of consumer-friendly MSA products.

The political fight over MSAs in Congress remained fundamentally about control. MSAs give control to patients and physicians. Expanded use of private MSAs would thwart the goals of advocates of nationalized health care and reduce the market for managed-care insurance.

With the HIPAA MSA pilot program set to end on December 31, 2000, Congress voted on December 15 to extend that deadline another two years, but it did not address the underlying problems hampering federally qualified MSAs.

## 10. Critical elements in the success or failure of the project

### *Success*

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### *Failure*

- MSAs have turned out to be difficult to market. Although it differs from design to design, the more requirements and restrictions are built into the basic MSA concept, the more difficult it has been to sell the idea to consumers.

## 11. Sources

- *Medical Savings Accounts: a policy Analysis*, M. Moon, a.o, The Urban Institute, 1996
- *Medical Savings Accounts; Progress and Problems under HIPAA*, V. Craig Bruce, Alexandria Virginia, 2001
- *Universal medical Savings Accounts*, D. Owens and P. Holle, The Frontier Centre for Public Policy, Winnipeg 2000.



# **1. Official name of the project**

The Federal Pell Grant Program

# **2. Working title of the project in English**

Pell grants

# **3. Sector**

Education

# **4. Responsible organization (policy level and executive)**

*Policy*

U.S. Department of Education

*Executive*

Federal Student Aid (FSA)

# **5. Brief description of the voucher-instrument used in project**

Low-income students receive a grant from the Federal Government. With this grant they can choose a college out of 6000 colleges and gain access to quality education.

# **6. Description of the project (officially)**

*Description*

The Pell Grant, enacted by Congress as the Basic Educational Opportunity Grant in 1972, is the foundation program of federal student financial aid. It is the largest single grant program in the United States, providing assistance to millions of low and moderate-income undergraduates. Federal Pell Grants are direct grants awarded through participating institutions to students with financial need who have not received their first bachelor's degree or who are enrolled in certain post baccalaureate programs that lead to teacher certification or licensure. Students may use their grants at any one of approximately 6,000 participating postsecondary institutions.

*Goal*

The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post baccalaureate students to promote access to quality postsecondary education.

*Beneficiaries*

Pell Grants are targeted to low income undergraduate and vocational students in need of financial assistance how are enrolled in participating schools.

*Requirements*

To determine if students are financially eligible, the U.S. Department of Education uses a standard formula, established by Congress, to evaluate the information the student reports when applying. The formula produces an Expected Family Contribution (EFC) number.

*Benefits*

The average Award is \$2,409 and the range of awards is \$400 - \$4,000.

### *Organization*

Participating institutions either credit the Federal Pell Grant funds to the student's school account, pay the student directly (usually by check) or combine these methods. Students must be paid at least once per term (semester, trimester, or quarter); schools that do not use formally defined terms must pay the student at least twice per academic year. Individuals can receive only one Pell Grant in an award year. How much they get will depend not only on the Expected Family Contribution but also on the cost of attendance. Students may not receive Pell Grant funds from more than one school at a time.

## **7. Characteristics of the market**

### *Clients*

The program serves almost 4 million students, or one-quarter of the undergraduate population in academic year 2000–2001. Although the number of applicants to the Pell Grant program has grown from 3.4 million in 1976–1977 to 8.3 million in 1998–1999, the number of recipients has not increased so precipitously, in large part because of the generally prosperous state of the economy during most of the 1990s.

### *Suppliers*

The number of Pell Grant Organizations is approximately 6000.

### *Government*

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### *Finance*

Since 1973, the Pell Grant program has grown to provide a projected \$8 billion in assistance. Awards will depend on program funding. The maximum award for the 2000–2001 award year was \$3,300.

## **8. Effects of the project**

### *Effects*

- Students from low-income families are half as likely to get into college than students from high-income families. But there is an increase since the start of the program. The percentage of Low-income students getting into college has doubled since the introduction of the Program. This sounds like a success but the gap in college participation rates with high-income students is still as big as it was.
- The total funding has gone up, but the maximum award has gone down, thereby helping more students into college, but not targeting the most needy. The Pell Grant program has grown to serve almost 4 million students, but the value of the grant has declined relative to both inflation and college prices. At the same time, there has been no change in the average income of families in the lowest quintile in the United States. As a result, college prices take up a much larger share of low-income families' resources today than 20 years ago and the Pell Grant makes up for less than that share of income.
- Although total funding has gone up the increase in funding for essential support services has not. The support services are needed since Pell Grant students need to work and loan in order to graduate. Students need help in preparing and supporting them when they start college.
- Tuition setting in schools isn't affected by Pell Grants. Many schools use the Pell Grant maximum and other loans to determine how much to charge their students. More students are served to lesser extent so the efficiency seems to be in order. The match with beneficiaries, however, isn't, low income students need funding and help, paying up to 10% of the costs for college is helping but not convincingly.

### *Side effects*

- Comparing the increased tax revenues attributable to student aid to the Federal costs of providing this aid reveals that Federal grants are very 'profitable'. Using conservative assumptions, a dollar invested in the Federal grant programs will return \$4.30 in additional tax revenues over a student's lifetime



## 9. Crucial factors in the introduction and implementation of the project

Pell Grants have been around since the 1970's. Clear data on how this came into existence and what were the political factors, push and pull mechanism weren't accurately described.

## 10. Critical elements in the success or failure of the project

### *Success*

- The project has a clear target group. Pell Grants are targeted to low income students in need of financial assistance to get in to college. This aspect of the program is successful, the number of low income students has doubled since the introduction.
- There is a high level of choice for students in suppliers. There are 6000 Pell Grant Organizations. Students are not bound to state or other limits. This freedom of choice has boosted motivation and effectiveness of the program.

### *Failure*

- The amount paid is too low. The grant only covers 10% of the costs of getting a college degree. Students have to loan extra money and work to finance their education. This lowers the effectiveness of the program; providing education for low-income students.
- Essential support services are not sufficient. Funds for support service haven't risen at the same level as the Pell Grants. Students need these services to be able to successfully getting their degree.
- Lack of coordination across the whole of the education system. Tuitions are unaffected by the program, they have risen, thus making it more expensive for low-income students to get a college degree.

## 11. Sources

- *Catalog of Federal Domestic Assistance, no. 84.063: Federal Pell Grant Program*, Washington, 2001
- *2000 Status Report Pell Grant Program*, Jacqueline E. King, American Council on Education, Center for Policy Analysis, Washington, 2000
- *Vouchers and the Provision of Public Services*, C. Eugene Steuerle, et. al, Washington DC, 2000

## B. Instrument level

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### Aggregated results instruments

Based on the description of projects on a non-aggregated level lessons can be drawn on instrument level. A number of lessons learned have been identified:

#### 1. Information is critical for the proper functioning of the instrument

An important precondition to the successful implementation and running of voucher programs is the availability of information. Without accurate and complete information, the efficiency gains that occur due to the change to a voucher regime will be diminished. Lack of information comes in several forms:

- a. Lack of knowledge of the voucher instrument and the rules concerning it (Employee Development Schemes, United Kingdom)
- b. Lack of knowledge of the supply of services or goods:
  - Quantitatively: what and where are these services offered? (Pflegegeld, Austria), which leads to the diminishing of actual choice
  - Qualitatively: how good or trustworthy are these suppliers? (Respite Care Vouchers, Finland), which may increase the difficulty for beneficiaries choosing between services and suppliers and might favor the established suppliers, thereby reducing competition and economic efficiency
- c. Lack of ability to adequately analyze and interpret information (Respite Care Vouchers, Finland), which leads to diminishing of actual choice and/or to sub optimal choices

Information is of concern not only to the beneficiaries of the voucher program, but also with relatives or friends who in many cases assist beneficiaries. This is especially so with home care programs, where the informal care-giver is the person to decide on the purchase of care for the beneficiary, because the beneficiary him(her)-self is often unable to take such a decision.

Another aspect of information is the information the government needs to control and steer the private service providers that it has contracted to provide services for beneficiaries. This concerns information on quality control, control of cherry picking and parking behavior (Public Employment Service, Australia) and performance indicators (Individual Training Accounts and Childcare and Development Fund, United States).

#### 2. The more opportunity for choice, the better the instruments works

The greater the number of available options for beneficiaries to choose from, the higher the efficiency gains and satisfaction rate of the beneficiary. One of the benefits of allowing the beneficiary to choose for himself how he spends his budget, is that it allows a more efficient allocation of resources. The greater the range and diversity of options available, the greater the possibility of the beneficiary to find the best approximation of his wishes. It also has an impact on possible substitution effects caused by an instrument and on the possibility of encouraging competition. The Respite Care Vouchers program in Finland, for example, was too small to in terms of value of the voucher to have significant impact.

Many programs restrict the choice available to beneficiaries by excluding certain (possible) suppliers, either for reasons of budget control, difficulty of administration or perhaps because it is not socially or politically acceptable to include certain suppliers. This includes barring individuals from service provision (Respite Care Vouchers, Finland) or limiting the number of participating service providers based on quality standards such as with the Individual Training Accounts (United States).

Other programs specifically connect the implementation of a voucher program with parallel development of the level of available services, such as Pflegegeld (Austria). This is done explicitly to bolster the possible success of the voucher system and to redress regional differences as a matter of equality.

### **3. Assigning responsibilities increases chances of successful implementation**

Without proper supporting measures (such as enhancing transparency or increasing the provision of services), voucher programs can fail to achieve the desired effects. Often, no particular body is charged with the duty to effectuate these critical preconditions. To charge a public body with the duty to provide information and to actively communicate with potential beneficiaries and suppliers, is an approach adopted specifically in support of the voucher program, as witnessed in Austria (Pflegegeld) and Sweden (Support and Service & Personal Assistance Act).

### **4. Increased cooperation and stakeholder involvement is needed for successful programs**

The implementation of voucher programs has resulted in new coalitions and cooperation. The trial of the Respite Care Vouchers clearly increased the co-operation between private service providers and municipalities in Finland. In the Employment Development and Assistance Program (United Kingdom) the joint initiative was engineered by management and the unions, while the Skill Development Fund and the Manpower 21 program (Singapore) were engineered by the private sector, public sector and the unions. Charter Schools are strongly managing their stakeholders and improving community involvement. Not only parents satisfaction has been obtained but also external funding has been sought (and found). And in Sweden legislation has been put in place which now states that both municipalities and counties must co-operate with disability organizations, which of course has greatly improved their position (Support and Service & Personal Assistance Act).

### **5. Programs need to be pushed by a clear owner**

Voucher programs need to be pushed by a clear owner. This ownership or sponsorship is needed to convince stakeholders and politicians in particular that programs are feasible and manageable. The Support and Service & Personal Assistance Act (Sweden) was spearheaded by the Minister of Health and Social Affairs. The Public Employment Service (Australia), the Skills Development Fund (Singapore), the City Academies (United kingdom), the Disability Living Allowance (United Kingdom), the Individual Learning Accounts (United kingdom) are all Government pushed programs. The Education Voucher program originated in the state congress and was pushed by them and the Charter schools (United States) is an initiative that was formed within the schools and their teachers and was pushed by them; the principle was then picked by state government and pushed even further. Data from the projects also suggests that lack of support by government clearly limits projects and their impact (Charters Schools, Canada).

### **6. Low value vouchers help budget constraints, but limit the impact of the instrument**

Attaching a low value to the voucher or grant limits the effective level of choice awarded to a beneficiary. Certain existing services that a beneficiary could have access to, might still be out of the reach due to his limited purchasing power. This was a complaint made by beneficiaries in the Respite Care Voucher program in Finland and a concern of observers with regard to Education Vouchers (United States). Obviously, limiting the value of a voucher or grant goes a long way in assuring that the overall budget necessary to run the program is kept at a reasonable level, especially when coupled with a restrictive design for determining eligibility. Without a check on the entry to the program, a design might become open-ended, which is almost assured to be unsustainable due to budget constraints, as was clearly shown by the Individual Learning Accounts (United Kingdom). In designing the instrument it is important to make an informed decision on the matching of the value of the voucher and the cost of the services the beneficiary will cover with the voucher. Depending on the goal of the introduction of a voucher(-like) system, i.e. encouraging the development of private sector service provision, low-value vouchers might not be the first-best choice.

## **7. Pilot programs are useful for testing effects, but not perfect**

Pilot programs are a useful tool in uncovering unexpected contingencies and substitution effects. However, characteristic of pilot programs is their limit scale or scope. Certain substitution effect might be missed due to this limitation. For example the number of schools participating in the Charter Schools program (Canada) was rather low and limited to a particular area. With regard to the Respite Care Vouchers in Finland it was felt that the value of the vouchers was too little.

## **8. More freedom and flexibility in the design helps to achieve goals**

The focus of many of the voucher programs is to increase the flexibility of and freedom in providing services and tailoring programs in appropriate ways to better suit the need of recipients. The Swedish Disability Policies are set up to maximize flexible and to tailored to local needs. City Academies (United States) have greater freedom and are able to select pupils and vary the timetable and teachers' pay and conditions. Even when guidelines are set for how customers should move through the service levels, it is apparent that those guidelines are not meant to be followed rigidly and that customers' obvious needs are taking precedence (Individual Training Accounts, United States). Nevertheless, in a number of programs too many rules are applied. The Department of Employment and Workplace Relations is imposing too many compliance burdens on, and providing excessive direction to, Job Network providers undermining the desirable flexibility of the system (Public Employment Service, Australia).

## **9. Choice and satisfaction has increased**

The effects of voucher programs on the beneficiaries are positive. Beneficiaries are generally satisfied with the ability to choose, the recognition that such a program entails for informal service providers, increased quality of services rendered and the increased offer of services. This is seen with programs from all countries and sectors: By providing purchasing power, people are now better enabled to make resource efficient choices for themselves (Pfelegeld, Austria); Parents express strongest satisfaction with the quality and methods of teaching, the academic standards, small class sizes and individual attention to students (Charter Schools, Canada); Once the program was up and running parents were increasingly satisfied. The overall satisfaction of parents was high (Education Vouchers, United States); The satisfaction amongst staff about their work is significant. Teachers say they find their jobs much more enjoyable now than teaching at Public Schools (Charter Schools, United States); There is a high level of choice for students in suppliers. This freedom of choice has boosted motivation and effectiveness of the program (Pellgrants, United States)

## **10. New and innovative services are provided**

Voucher programs can have a profound impact on the market structure and on the innovative power of service providers regardless of whether they are public or private suppliers. In terms of increasing competition, voucher programs have encouraged the emergence of a new industry, as was the case in Israel with home care or with the Individual Learning Accounts in the United Kingdom. New initiatives have been taken and innovative services are offered. A large number of new providers are setting up and approaches have been diversified to better meet the request of clients and customers. A diversity of approaches are being used by Job Network providers (Public Employment Services, Australia), new programs are applied across the whole school and serve to define the mandate and philosophy of the charter school (Canada) and new private services were started, new initiatives were taken or service practices were improved (Respite Care Vouchers, Finland). In the United Kingdom, the minimal amount of administration and quality control attracted new learning providers that innovated the learning market (Individual Learning Accounts).

## **11. Shortage of service providers limits success**

The supply side isn't always able to respond to the new demand. In Israel (The Home Care Law), foreign workers had to be brought in to provide home care and in Sweden the implementation of the Support and Service & Personal Assistance Act ran into difficulty, as there were not enough service providers. In Finland there were not always private services available due to the one-

sidedness of the service market (Respite Care Vouchers). And in the United States, incumbent providers opposed voucher programs as they feared the competition (Education Vouchers).

## **12. ‘Negative’ substitution effects pose a political threat**

Voucher programs invariably have substitution effects. Often this is desired as demand is rerouted towards more efficient suppliers. This could result in the emergence or the strengthening of private, for-profit service provision if the instrument-design allows it. The result could also be a shift away from institutionalized care towards ambulatory care. Or, possibly, competition within the public sector would increase. Voucher programs could even result in the payment of previously unpaid service provision, having unexpected results on the labor force.

Voucher (-like) instruments can be a powerful tool for change under the right circumstances (market structure, voucher design, value, et cetera.). It is often the unexpected or ‘negative’ substitution effects that cause the voucher program to run into political difficulties. In some project there were incidents of cherry picking (Job network, Australia), a decrease in quality of service provision due to substitution (Pflegegeld, Austria) and accusations of preventing reform in the public sector (Education vouchers, United States). Whether these are just allegations or witnessed negative effects, is often immaterial in the eye of the public and/or politicians.

Several projects ran into such complications:

- Education Vouchers (United States)
- Pflegegeld (Austria)
- City Academies (United Kingdom)
- Job Network (Australia)
- Education Vouchers (United States)

## **13. Simplicity of design simple is crucial for effectiveness**

Simplicity of the program design is crucial for a program’s effectiveness. In many cases, the designs of programs have been quite complicated resulting in frustration, red tape and an overall damper on the potential benefits of voucher programs. Designs can be hindered by too much paperwork (Disability Living Allowance (United Kingdom), by high level of complexity (Medical Savings Accounts, United States), by complex tendering procedures for providers (Public Employment Service, Austria) or by the fact that there are too many different programs for many subcategories of beneficiaries (Skill Development Fund, Singapore).

## **14. Instruments should be coordinated with complementary approaches**

The implementation of projects have to be properly imbedded in and coordinated with complementary project or approaches. For example, measures such as the Job Network need to be accompanied by complementary approaches to reducing unemployment, such as welfare and regulatory reform (Public Employment Service, Australia). The lack of coordination with other approaches or social service systems serving the same client population frustrate clients. TANF and Medicaid services frustrate Housing Voucher clients (Housing Vouchers, United States).

### The projects in quadrants

Voucher programs and other similar instruments are used throughout the world, under many different guises. Whether they are named vouchers, tax credits or subsidies, the common denominator to all these instruments relevant for our purpose is the following: purchasing power is, directly or indirectly, awarded to beneficiaries who can then choose where this purchasing power will be cashed in.

There are uncountable variations of programs centered on this idea. Essentially all of the variations can be characterized by their ranking on two interlinked dimensions:

1. *Level of choice inherent in the instrument:*

The level of choice that an instrument awards the beneficiary is a matter of design. One extreme of this dimension would be to grant a beneficiary money, that is, an unrestricted choice of where and how to spend the awarded purchasing power. The other extreme would be if the beneficiary would have no choice whatsoever as the public authorities essentially make the choice. All instruments can be ranked along this dimension and different levels of choice have different impacts on society.

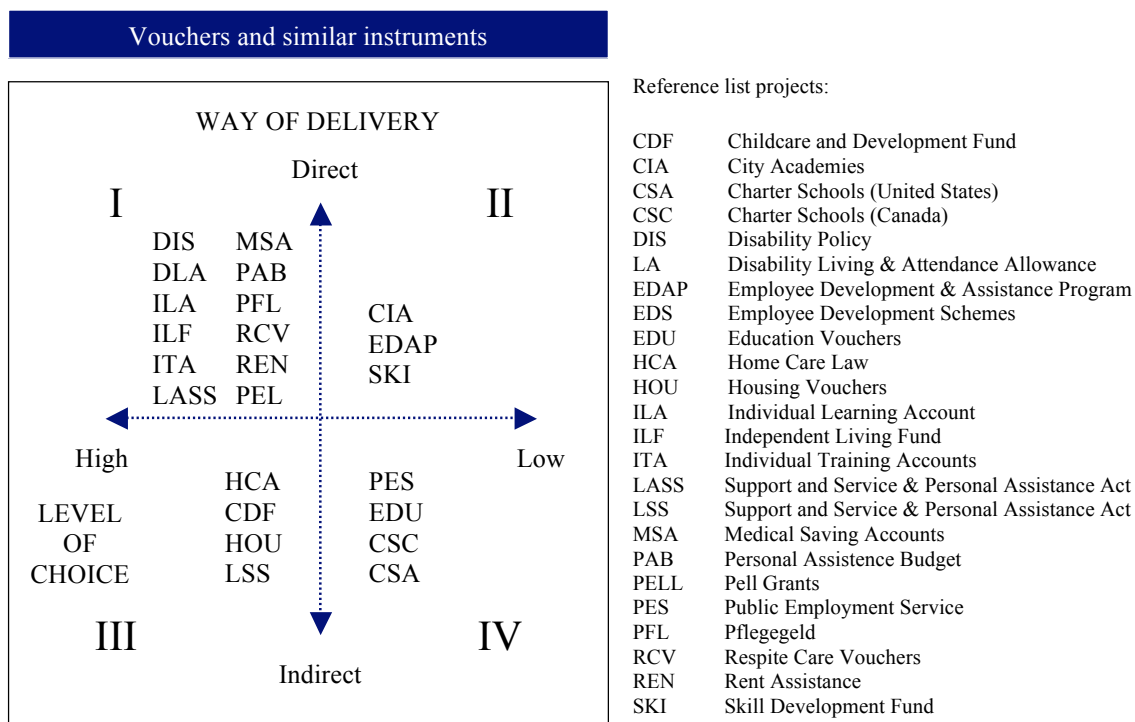
It is important to distinguish the inherent level of choice in the *design* of the instrument from the *real* level of choice as determined by the interplay of design and external influences, such as the supply market. So whereas the design determines sets the outer limits, real-life factors determine the real level of choice within those limits.

2. *Delivery of the purchasing power:*

The awarded purchasing power can be delivered to the beneficiaries in many ways, but essentially the choice is whether to provide the beneficiary the purchasing power directly, in hand, or indirectly, where the beneficiary's choice determines whom the public authorities shall pay the awarded funds.

#### How to read the graph

All projects have been plotted in the graph 'vouchers and similar instruments'. The purpose of this graph is to group programs from various countries based on the commonalities of their designs rather than on the basis of their formal name or definition. Subsequently, comparisons can be made between designs in the same quadrant or between quadrants.





## 1. Description of the quadrants

### Quadrant 1

Projects in quadrant one are characterized by high levels of choice and the placing of purchasing power directly in hand of the beneficiary. In the extreme case of a transfer of income (which is beyond the scope of the projects researched for this study) the goal of the project is simply to award purchasing power to the beneficiary regardless of any restrictions on the use of the awarded purchasing power. That translates to a system with no control on the usage of the purchasing power but only the applicability of the scheme to a particular beneficiary. In other words a control system aimed exclusively at entry control and post-verification of continued eligibility of the beneficiary.

Less extreme program designs in this quadrant still award purchasing power to beneficiaries but they do not do so unqualified. The additional purchasing power can be used only for the purpose mentioned explicitly in the program. However, not all program designs build in a control system aimed to verify the use of the awarded funds. Instead they focus on the entry requirements. Examples of such programs are the Disability Living Allowance/Assistance Allowance (United Kingdom) and Pflegegeld (Austria).

A reason for such a design trade-off could be the amount of awarded purchasing power. In many of these cases, the awarded purchasing power will go towards costs that were previously paid for with the individual's private funds. In this sense the purchasing power replaces but not exceeds previous private funds allocated for this purpose. If the awarded purchasing power is less or equal to the estimated cost of the beneficiaries need, the chance of fraud becomes theoretically negligible or perhaps even irrelevant, as was posited as an explanation in the case of Pflegegeld (Austria) in response to the failure to discover large-scale fraud.

If a beneficiary *rightfully* receives the *appropriate* level of purchasing power, it becomes the individual's responsibility to apply it in the best way possible. It is important also to see that this builds in an incentive for beneficiaries to find ways to reduce the cost of their need, because, if awarded a budget, meeting need for less than the extent of the budget results in a pure transfer of income. This would be different than with an 'expenses' system where the beneficiary would face a ceiling for his expenses but where in the eventuality of the expenses being less than the ceiling, the difference would go to the state rather than the individual. Whereas that might seem more economical, it affects the incentives for the individual in looking for efficiency and from a societal point of view, the efficiency gains from incentives could be bigger than gains from economizing.

However, it can be argued that such a leap of faith, i.e. trusting individuals to spend their benefits appropriately, is in itself inappropriate as it concerns benefits awarded from public funds. As such, society has the right to know if benefits were used appropriately. This becomes even more important when one considers the preconditions necessary for a calculated leap of faith, namely the high degree of infallibility of the system used to determine eligibility and benefit level. A control mechanism aimed to assure appropriate use of awarded benefits might therefore be required to ward off mass-fraud and to achieve political support. However, there is a price to be paid for such a control mechanism, as it causes both additional cost and red tape. In case of the Personal Assistance Budget (Belgium), for example, beneficiaries have to be able to show the contracts and bills for purchased care.

In some cases the eligibility criteria are met so easily that the design centers completely on the control of usage. This is often combined with a relatively low and uniform benefit level. In addition to the risk of misapplication, such designs are vulnerable to underestimating project-induced demand thus putting pressure on the budget, as was the case with the Individual Living Accounts (United Kingdom).

An altogether different approach is to opt for near-money rather than cash. Such a design would be for example to set up an account from which the beneficiary can draw credits to pay for services. These credits function as money, except that the credits have no value/use beyond its intended purpose and beyond the group of participating service providers. An example is the Individual Training Account (United States).

### **Quadrant 2:**

Programs in quadrant 2 are characterized by relatively little choice for the beneficiary what to do with the awarded purchasing power. Usually this is because the number of available/eligible service providers is low. It could also be that the design of the program makes it impossible to trade the voucher in anywhere else but the designated suppliers. Food stamps and other vouchers are such inherently limited designs.

The less choice a beneficiary has, the more difficult it will be to commit fraud, especially when the purchasing power takes the form of a voucher rather than money. This has inherent implications for the control mechanism as well. The need for extensive verification of the proper spending of the awarded purchasing power is reduced due to the diminished opportunities for fraudulent behavior.

Effectively there are three control designs:

1. Eligibility control (entry and post entry)
2. Eligibility and usage control
3. Usage controls and caps.

### **Quadrants 3 & 4**

Programs in this quadrant are characterized by the fact that the beneficiaries do not get the awarded purchasing power in hand. Rather, government pays the provider of the beneficiary's choice. The possibility of the beneficiary spending awarded funds inappropriately is therefore absent.

From the viewpoint of the beneficiary there are basically two different designs. Firstly, the design where the beneficiary has no idea of the financial consequences of his or her choice for a particular service or goods provider. This form is essentially a form of output financing. The beneficiary simply sees the right to use certain services, regardless of the cost issue associated with it.

This has some important consequences. The beneficiary will act less as an informed consumer than in the case of directly providing him with purchasing power. It is likely that the allocation gains under this design are less than when the beneficiary is awarded the purchasing power in hand.

The relationship between government and providers is also different. Whereas with a direct design government is placed at the beginning of the chain as provider of purchasing power and is not involved in the beneficiary-provider relationship, in indirect designs government has a direct relationship with the providers. Public authorities are likely to negotiate with providers what level of compensation is reasonable. This also means that this is a more regulated form of liberalization because governments have a lot more control over the workings of the system. Several projects show this different role of the government, such as Charter Schools (United States) and Job Network (Australia).

Secondly, there is the design where the beneficiary doesn't have direct access to the grant, but where the amount of the grant is known. This is important information for the beneficiary when he is required to pay the difference if the grant is less than the cost of the service delivered. Such a design would provide some incentive for the beneficiary to shop around. Examples include Home Care (Israel), Housing Vouchers (United States) and Childcare (United States).



## C. Sector level

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### Aggregated results sectors

#### 1. Health

Problems with knowing, defining and quantifying target groups or beneficiaries are common within the health sector. Gauging the number of beneficiaries and the demand for the benefits awarded under a voucher program is difficult. Some programs are faced with much greater demand than estimated such as the Individual Learning Account (United Kingdom) or the Personal Assistance Budget (Belgium). This results in budgetary difficulties and waiting lists. The opposite occurs as well: the Swedish Support and Service & Personal Assistance Act was implemented with a much greater amount of beneficiaries in mind than what turned out to be the true number.

#### 2. Housing

Housing initiatives are aimed at increasing the purchasing power of low-income families in order to remedy the lack of available low-rent housing. Providing additional purchasing power helps the families in meeting their rent and it provides an incentive for building low-rent housing. The backdrop of such a solution is often the failure to service this segment of the population with public housing. The choice to opt either for direct payments or vouchers seems unrelated to the goal of the program. However, the use of direct payments in this sector is controversial where it concerns the impact on the supply market, as the fear is that the subsidy will simply become a windfall profit for landlords (Rent Assistance (Australia)). A voucher program, and with it the involvement of government, offers more opportunity to intervene and regulate (Housing vouchers (United States)).

#### 3. Schools

There are a common denominators in the charter schools, which is not surprising given their close resemblance.

- Governance and accountability issues were specifically mentioned in charter schools program. The positioning of school boards and the more or less independent position of the schools in comparison to the regular school system, requires a new set up of governance structures and accountability principles
- Acceptance within regular school system and the positioning of the school among the other schools, in terms of personnel, finance and the curriculum
- The greater flexibility to adapt the curriculum for their student, salaries for employees gives the charter schools more incentives to tailor to the specific needs of various stakeholders.
- Because of its flexibility charter schools create new professional opportunities for teachers employment satisfaction is significant.
- Next to management of their internal stakeholders are charter schools focused on managing their external stakeholders. The local community, local government and financial sponsors are most frequently mentioned as most important external parties.

#### 4. Re-education of workers

Whereas most lifelong learning initiatives are conceived as tools to encourage learning for the sake of learning, as part of personal development, re-education programs are aimed at directly at increasing the employability of people. This has profound effects on the design of the program. Compared to lifelong learning programs or employee development initiatives, the courses that one can take are limited to courses that have direct relevance to employment.

Additionally, quality control takes a much more important position in the design. These programs regulate the provision of education and training services by restricting who can provide such services. Only approved institutions allowed to do so and get compensation, allowing government insight into and control over delivered quality. This can be seen with the Individual Training Account (United States) and the Skill Development Fund (Singapore).

#### **5. Performance of public service provision**

When public service provision in a sector is troubled or deficient, it becomes politically much easier for government to introduce demand steering in a sector (Education vouchers, United States). Introducing demand steering is always a major operation and the transition can be costly. A less rigorous sector reform is a more favored approach if it is generally felt that the situations isn't quite so dire (Charter schools, Canada).

### Description of the quadrants

In this paragraph we analyze the correlation between goals and/or the instruments and the sector in which the instrument is used.

#### Quadrant 1

##### *Home/healthcare*

There is a clear correlation between the healthcare/homecare sector and the preference for high-choice, direct designs. A likely reason for this correlation is the fact that it is often the goal to provide the beneficiary with a greater ability to arrange care according to personal preference; i.e. empowerment seems to be the main goal. Such a goal is best served with the highly flexible designs of quadrant 1.

Usually the design is centered on a strict selection procedure coupled with a capped level of cash grants. In such systems the scaling procedure is the most important component as it both affects budgetary constraints and issues of fairness and effectiveness, as the right people have to receive the right grant amount. It is often this design component that is modified after evaluation. In the case of Pflegegeld (Austria) for example, the scaling system was fine-tuned repeatedly, especially concerning people with psychiatric problems. Similarly, the Individual Living Funds (United Kingdom) have seen amending of the law to improve the scaling system.

There are variations on this model where either the value cap is removed or where the selection criteria are less strict (self-assessments) accompanied by greater control on the proper use of awarded benefits.

- Disability Living and Attendance Allowance (United Kingdom), which uses self-assessment;
- Support and Service Allowance (Sweden), which functions without a benefit cap other than necessity.

##### *Lifelong learning:*

Similarly, national life-long learning programs also gravitate to quadrant 1 designs. However, here the choice is based less on empowerment but more on the idea that people ought to be spending more on learning than they currently do. Governments tend to shroud such projects in magnanimous rhetoric and they adopt rather flexible and vulnerable, cash in hand designs. There is, however, no necessity to pick such a design, one could easily opt for an account system operating with near-money.

Lifelong learning programs are usually designed on the basis of a low-threshold for participation combined with a capped value. This approach fits well with the perception of governments to see learning as a merit good. Such programs therefore have to be rather open in design as it is inherently good that as many people as possible use it. The level at which the value cap is placed is therefore determined mainly by budget constraints and not by the need of the beneficiary. The Individual Learning Account (United Kingdom) is a clear case of a project where the government was not able to control the budget.

#### Quadrant 2

No sector correlations. This quadrant contains mostly pilot programs of designs similar to quadrant 1.

#### Quadrant 3 & 4:

The main goal of programs in quadrants 3 & 4 is the introduction of some form of output financing as part of a sector reform approach. Although designs from quadrant 1 can have a strong effect on sector reform as well, quadrant 3 & 4 designs allow governments greater control over the extent and direction of reform than quadrant 1 designs, which tend to be as if opening Pandora's box. Quadrants 3 & 4 are designs suited for managed competition reforms rather than the introduction of unmitigated market mechanisms, as designs from quadrant 1 tend to do.

## D. Country level

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### *Common external forces*

In 1993 the United Nations adopted Standard Rules on the Equalization of Opportunities for Persons with Disabilities. The Nordic countries interpreted the document as to include a duty on government to effectuate this equalization by any means necessary. This in turn has resulted in similar, very generous handicapped allowances systems whereby, if necessary all of the cost of effectuating this necessity is paid from public funds. Moreover, it has also meant a duty for local governments to develop or arrange the provision on necessary services. Programs inspired by this declaration are Respite care vouchers (Finland) and Support and Service Allowance (Sweden).

### *Federal systems of government*

Due to the organizational split inherent in countries with such a governmental system, there usually emerges a division of labor. The federal level usually contributes financially and commits itself to quality control, whereas regional or local authorities are charged with the implementation of the system and the provision of services.

The study has shown that the initiative for a voucher program can come on both local and federal level. Either the federal government takes the initiative and requires local authorities to comply or the federal government steps in later because it perceives that the program has value beyond the originating state or perhaps because the federal government wishes to assure quality and uniformity.

### *Absence of correlations:*

Our research has not shown more correlations than the incidental correlations mentioned above. The choice for a particular instrument is determined to a far greater extent by the goal of the program than by societal or political constraints. Whether, in the end, a first-best instrument is indeed adopted, is a question determined by such constraints.

## 4. Concluding remarks

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Based on a project list provided by the Ministry of Economical Affairs we have studied and analyzed a number of project using voucher instruments. Common to all such instruments, regardless of the jargon used to designate them, is the awarding of purchasing power in the hands of a beneficiary along with the opportunity to choose where and how this purchasing power will be put to use.

We have studied four major areas: health care (disability allowances), education (charter schools, learning accounts), housing and employment. It would have been impossible in view of the scope of this research assignment to cover all of the voucher projects currently underway in many countries. Although vouchers can be used in many different sectors, it seems that most initiatives seem to be concerned with the four sectors covered in this report.

Our aim has been to expand the number and to improve the understanding of voucher instruments in the toolkit of the Dutch government. The experiences of other countries with voucher instruments have certainly provided a great number of different instrument designs and insight in the effectiveness of the instruments. This in turn has resulted in the identification of a number of instrument-specific and general lessons concerning the use of voucher regimes. Although beyond the scope of this research, the relation between voucher instruments and other non-voucher instruments available to the public authorities in regulating public service provision is highly intriguing.

The debate on the merits of voucher systems has in the past centered mostly on issues such as the expansion of choice, the effects on competition and the aspects of efficiency and allocation. The next step will be to learn how to use and control such systems. Lessons from our research clearly indicates that attention is paid to getting more grip on spending and working within budget constraints. But there is more. In the future more attention will have to be paid to monitoring and governance of the organizational machinery that is necessary for the implementation and daily routine of such systems. It will also involve increasing our understanding of the mechanisms used to regulate access to a voucher regime (i.e. the art of awarding the correct level of benefits to the right people, whilst minimizing the cost of the administrative processes to achieve that). In short, managing voucher regimes will be the challenge for the near future.

# Appendices

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# List of projects

## Operational projects (as described in chapter 3)

1. Public Employment Service .....(Australia)
2. Rent Assistance .....(Australia)
3. Pflegegeld .....(Austria)
4. Personal Assistance Budget .....(Belgium)
5. Charter Schools.....(Canada)
6. Respite Care Vouchers .....(Finland)
7. The Home Care Law.....(Israel)
8. Skills Development Fund .....(Singapore)
9. Disability Policy .....(Sweden)
10. Support and Service & Personal Assistance Act .....(Sweden)
11. City Academies.....(United Kingdom)
12. Disability Living & Attendance Allowance .....(United Kingdom)
13. Employee Development & Assistance Program (Ford) .....(United Kingdom)
14. Employee Development Schemes .....(United Kingdom)
15. Independent Living Fund.....(United Kingdom)
16. Individual Learning Account.....(United Kingdom)
17. Charter Schools.....(United States)
18. Childcare and Development Fund .....(United States)
19. Education Vouchers.....(United States)
20. Housing Vouchers .....(United States)
21. Individual Training Accounts .....(United States)
22. Medical Saving Accounts .....(United States)
23. Pell Grants .....(United States)

## Ideas on other projects (not described)

1. Disability program .....(Australia)
2. Local Employment Agency Vouchers.....(Belgium)
3. Provincial Training Allowance.....(Canada)
4. Home Service Scheme.....(Denmark)
5. Education Vouchers.....(Denmark)
6. Personal Assistance and Nursing Care .....(Denmark)
7. Child Care Service Voucher .....(Finland)
8. Home services.....(Finland)
9. Job Service Vouchers .....(France)
10. Special Benefit for Dependent Persons at Home.....(France)
11. Personal Assistance .....(France)
12. Bildungskonto.....(Germany)
13. Rehabilitation of handicapped .....(Germany)
14. Soziale Pflegeversicherung.....(Germany)
15. Vermittlungsgutschein für Arbeitslose .....(Germany)
16. Wirkungsorientierte Steuerung Kommunalen Altenhilfe.....(Germany)
17. Social Assistance, Integration and Disabled People.....(Italy)
18. Education Vouchers.....(Japan)
19. School vouchers.....(New Zealand)
20. Charter schools .....(New Zealand)
21. Education vouchers.....(Sweden)
22. Individual Learning Account.....(Sweden)
23. Cat Spay/neuter vouchers .....(United States)

# Project information sheet

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**1. Official name of the project**

**2. Working title of the project**

**3. Sector (housing, health, education, mix, etcetera)**

**4. Responsible organization (policy level and executive)**

**5. Brief description of the voucher-instrument used in the project**

**6. Description of the project (officially)**

- Description of the project
- Goal (What is the goal?)
- Beneficiaries (Who does it apply to?)
- Requirements (What are criteria to qualify?)
- Benefits (What are the benefits awarded by the program?)
- Organization (How does the instrument work, How is it administered?)

**7. What are the characteristics of the market?**

- Clients (Who are clients and what is their role?)
- Suppliers (Who are suppliers and what is their role?)
- Government (What is role of the government?)
- Finance (Where is money coming from and what is the budget?)

**8. What are the effects of the project?**

- What are the effects of the program?
- What are the unintended side effects?

**9. Were there crucial factors in the introduction and implementation of the project?**

**10. What were critical elements in the success or failure of the project?**

**11. Sources**