

The Management of Demonstration Programs in the Department of Health and Human Services

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Prepared for the
U.S. Department of Health and
Human Services



PREFACE

This report summarizes research to identify management practices that are likely to contribute to the effectiveness of federal demonstration programs. It is based on 13 case studies of demonstration programs administered by agencies of the Department of Health and Human Services (to be published as N-2253-HHS, *Case Studies in the Management of Demonstration Projects in the Department of Health and Human Services*). Because appropriate management practices depend on the specific attributes of the specific program, the analysis seeks not only to identify good management practices, but also to suggest the qualities of demonstration programs to which those practices might contribute. The work builds on the following earlier Rand research:

- Baer, Walter S., Leland L. Johnson, and Edward W. Merrow, *Analysis of Federally Funded Demonstration Projects: Final Report*, R-1926-DOC, April 1976.
- Berman, Paul, and Milbrey Wallin McLaughlin, *Federal Programs Supporting Educational Change, Vol. VIII: Implementing and Sustaining Innovations*, R-1589/8-HEW, May 1978.
- Ellickson, Phyllis, Joan Petersilia, et al., *Implementing New Ideas in Criminal Justice*, R-2929-NIJ, April 1983.
- Glennan, T. K., Jr., W. F. Hederman, Jr., L. L. Johnson, and R. A. Rettig, *The Role of Demonstrations in Federal R&D Policy*, R-2288-OTA, May 1978.

The research was supported by the Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, under contract number HHS-100-82-0034. The report should be of interest to senior agency managers responsible for oversight of demonstration programs and to demonstration program staffs. Demonstration project managers at the state and local level and students of public management may also find the report of interest.

EXECUTIVE SUMMARY

This report analyzes the management of demonstration programs in the Department of Health and Human Services (HHS). It is concerned with the uses of demonstrations by HHS agencies and the means by which these agencies plan programs; solicit, select, and evaluate performers; implement projects; and disseminate and aid in the use of their results. Its goal is to clarify the roles that demonstrations can play in HHS programs and to identify management practices that may enhance the contributions that demonstrations make to achieving HHS objectives.

USES OF DEMONSTRATIONS IN HHS

A demonstration is a project involving the use of an innovation and operating at or near full scale in a realistic environment for the purpose of (1) formulating national policy, (2) improving national programs, or (3) promoting the use of the innovation. A demonstration may progress through several stages with distinctive purposes. It may, for example, develop a project incorporating the innovation, then test or evaluate the performance of the innovation, and finally, promote the use of the innovation.

Agencies of HHS use demonstration projects for such diverse purposes as:

- Assessing the feasibility of innovative proposals to solve program or policy problems
- Early and concrete testing of program designs (or changes in designs) before they are adopted
- Estimating the costs of new or modified program designs
- Analyzing behavioral responses to new policies
- Developing and testing project designs considered too risky or too costly to be undertaken by individual service-delivery agencies or the private sector
- Providing concrete operating experience as a guide to other service providers seeking to improve their programs.

These important functions contribute to better informed policy and management decisions by federal decisionmakers. Moreover, they enable federal agencies to assist authorities at other levels of government or in the private sector.

To cite only these instrumental uses of demonstrations, however, would be to ignore their important political purposes. Because of their moderate costs, demonstrations are used to symbolize public concern for a problem or constituency and can become rallying points. They may serve as a convenient compromise between advocates of a major policy or program and those who view such policies as inappropriate. Or, they may be used to provide needed funding without creating costly nationwide programs. These political purposes, however, complicate the management of demonstration programs used for federal R&D and policy development purposes.

Several factors in addition to the conflict between political and R&D goals contribute to the intricacy of managing demonstration programs. Demonstrations seek to bridge the gap between ideas and practice, a creative and inherently complex task. Moreover, the federal government normally only funds the demonstrations and others actually carry them out. The potential for conflicting objectives between funder and performer is substantial. Finally, two crucial management functions, evaluation and dissemination/utilization, are extremely difficult to perform. The history of management problems in demonstration programs of all kinds motivated the commissioning of the research reported here.

FUNCTION AND CONTEXT OF DEMONSTRATION PROGRAMS

The study is concerned primarily with demonstration programs, collections of demonstration projects managed by a single organizational unit. In recent years, HHS demonstration programs have been funded at an annual level of approximately \$100 million, with the size of individual programs ranging from several million to about \$30 million. The programs vary widely in management philosophy. Some carefully plan and organize around explicit themes or priority emphases, while others rely heavily on initiative from the field, supporting projects as freestanding activities, perhaps loosely grouped around broad subject areas.

Demonstration programs in HHS support projects serving three major functions: policy formulation, policy implementation, and policy assistance. *Policy formulation* demonstrations involve the development and testing of new programs and policies (or modifications to existing programs and policies) for possible adoption and implementation by the federal government.

Policy implementation demonstrations are used to develop and test new programs or techniques that advance federally determined objectives but must be adopted and implemented by nonfederal actors, such as state and local governments or private sector organizations. Demonstration projects performing this function are ultimately intended to promote the use of an innovation.

Finally, in a few instances, HHS demonstration programs serve as an agent for nonfederal actors, aggregating their needs and commissioning activities that respond to those needs. We call these *policy assistance* demonstrations.

Most HHS demonstration programs support demonstration projects that perform more than one of these functions, but one function predominates. Table S.1 lists the programs that we examined according to their principal function.

STUDY METHOD

This report is based on case studies of the 13 programs listed in Table S.1. The brief studies included the review of program documents and interviews with demonstration program managers, project officers, and principal investigators in the field. The open-ended interviews were structured according to a conceptual framework, based on analysis of earlier studies, for examining the management of demonstration programs. The interviews sought descriptions of the actual management practices used, perceptions of the functions and goals of the demonstration program, and assessments of the desirable (and undesirable) qualities of the management practices used. When the individuals interviewed disagreed significantly, we attempted to understand the sources of that disagreement.

We then synthesized the information in the case studies with the conceptual framework which was based upon an analysis of previous studies of demonstration programs. The results were discussed and analyzed at several seminars that included HHS and Rand staff. This report summarizes the conclusions that emerged.

MANAGEMENT PRACTICES IN HHS DEMONSTRATION PROGRAMS

Management practices in HHS vary enormously—and should do so. The practices reflect the diversity of settings in which they are applied. To the differences in function and context among programs must be added the program's size, age, stability through time, and the character

Table S.1

HHS DEMONSTRATION PROGRAMS SURVEYED

<u>POLICY FORMULATION</u> <u>Improvement of Federal</u> <u>Policies and Programs</u>	<u>POLICY IMPLEMENTATION</u> <u>Aid to or Persuasion of Nonfederal</u> <u>Actors to Achieve Federal Goals</u>	<u>POLICY ASSISTANCE</u> <u>Aid to Nonfederal Actors</u> <u>to Achieve Own Goals</u>
Office of Assistant Secretary for Planning and Evaluation	Coordinated Discretionary Program; Office of Program Development; Office of Human Development Services—HDS (Policy assistance)	National Center for Health Services Research; PHS (Policy formulation)
Office of Demonstrations and Evaluations; Office of Research and Demonstration; Health Care Financing Administration (Policy implementation; policy assistance)	National Center on Child Abuse and Neglect; Administration for Children, Youth, and Families—ACYF; HDS (Policy assistance)	Multipurpose Arthritis Centers; National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases; PHS
Division of Family Assistance Studies; Office of Research and Statistics; Office of Policy; Social Security Administration (Policy implementation; policy assistance)	Child and Family Resource Program; Head Start Bureau; ACYF; HDS (Policy formulation)	
	Division of Model Projects; Administration on Aging; HDS	
	Community Support Program; National Institute of Mental Health; Public Health Service—PHS	
	Diabetes Control and Health Education- Risk Reduction Programs; Centers for Disease Control; PHS	
	Division of Cancer Prevention and Control; National Cancer Institute; PHS	
	Preventive Cardiology Branch; Division of Heart and Vascular Diseases; National Heart, Lung, and Blood Institute; PHS (Policy assistance)	

of the political support. We found no specific practices that we judged to be of universal value; some general principles of good management emerged, however, at a higher level of abstraction.

Program planning in the programs that we investigated was largely incremental. Rarely were program activities completely reexamined.

Instead, the planning of new initiatives or the fine-tuning of old ones was emphasized. The most important planning focused on specific priority areas within larger programs. The best of these efforts involved significant and continued inputs from experts and practitioners in the field. The manner in which the input was sought, obtained, and used, however, varied enormously. For example, the use of experts was highly institutionalized in the NIH and routinized administrative procedures supported such use. In the Office of the Assistant Secretary for Planning and Evaluation, experts were consulted only as program managers saw the need in individual circumstances.

Most demonstration projects examined were supported by grants. A few programs sought proposals through broad solicitations, but most used requests for applications associated with particular program interests. The few programs conducting policy formulating demonstrations intended to support federal decisionmakers relied more often on contracts.

The choice of instruments reflected both the requirements of a specific situation and the history of the program. As others have found, contracts and grants may be used more or less interchangeably and the choice is to some degree a matter of custom. Cooperative agreements, a relatively new means of funding, were not often used in the programs that we surveyed but had proved useful in several instances.

Experts from outside the program contributed significantly to the technical evaluation of proposals in all programs. The experts were drawn largely from nonfederal sources for programs serving nonfederal audiences and from both federal and nonfederal sources in the programs serving federal audiences. Program officials made the final decisions on the selection of performers. The degree to which they followed the advice of the technical experts varied considerably, reflecting in part the priority that various programs attached to peer-judged technical merit as a criterion of selection.

Once performers were selected, programs followed several different strategies for implementing projects. Programs that served federal audiences and, in the solicitation, specified the tasks to be performed tended to use a controlling strategy to ensure that the projects operated more or less as planned. Those serving nonfederal audiences and involving applicants to broader, less specified solicitations tended to use a facilitating strategy that sought to help individual projects evolve successfully even if their purposes changed over time.

Facilitating strategies emphasized technical assistance, the creation of networks of investigators addressing similar projects, and assistance to projects in dealing with federal, state, and local bureaucracies. All

programs that we investigated also sought to ensure minimum standards of public accountability, but with few exceptions, this was a secondary goal during implementation.

Evaluation constituted an important management problem and approaches to it varied widely. Most commonly, the projects themselves carried out the evaluation. General evaluation plans were normally required as a component of the original proposal, but the results differed considerably. For programs supporting clusters of projects serving a common purpose (particularly informing federal officials), evaluations tended to be cross-project and conducted by a third party.

Prompted by bad past experience, programs are trying increasingly to commission evaluations simultaneously with or even before the demonstration projects themselves so that the evaluation design will shape the program design. Good examples of such strategies are now found in both the Office of the Assistant Secretary for Planning and Evaluation (ASPE) and the Health Care Financing Administration (HCFA). Nonetheless, evaluation clearly requires continuing management attention in all programs.

Most programs considered their dissemination and utilization efforts to be satisfactory. For programs supporting policy formulating demonstrations, close geographic proximity to the decisionmakers who constituted their primary audience made the informal communication of results feasible. Participation in legislative drafting and policy planning by demonstration program staff facilitated utilization. Results were usually disseminated to the public and the research community through standard professional and media channels.

The Public Health Service (PHS) programs seemed to disseminate and promote the use of policy implementing demonstration results most effectively. The strong institutional environment of the PHS and the traditional importance accorded R&D-based information apparently contributed importantly. In general, these programs also began preparations for dissemination and utilization by involving target audiences extensively in program planning, thus creating an awareness (and perhaps a sense of ownership) that contributed to subsequent dissemination activities. Dissemination and utilization in programs with nonparticipatory planning processes, nonreproducible technologies, weak institutional environments, and diffuse and poorly identified audiences appeared ineffective, almost by definition.

CONCLUSIONS

Quality of Management

Most of the demonstration programs that we examined seemed well managed; a few exhibited significant management problems. In most cases, however, the troubled programs themselves pointed out their shortfalls and told us what they were doing to rectify management. Further improvements need to be made, and some programs need more improvements than others; but taken as a whole, the management of these programs should not constitute an area of major concern for HHS.

Shared Vision

In the best programs that we examined, leaders, staff, and, to a significant degree, the grantees and contractors shared an understanding of the purposes and strategies of the program. This shared vision allowed individual staff, with little direct guidance, to act in ways that served the larger purposes of the organization.

We believe the single most important function of a demonstration program manager to be the conception of program mission and mode of operation that is capable of being widely understood by both the agency and the field. A central feature of such a conception is the manner in which the results of program activities will be used. Developing such a common understanding requires time and support from agency leadership and, in many instances, from the Congress and the program's constituencies.

Collaboration and Cooperation

The best demonstration programs emphasized a high degree of collaboration among the grantees (or contractors), the government staff, and the evaluators or technical assistance contractors. The nature of the collaboration depended on specific conditions surrounding the demonstration, such as the skills of the performer, the design of the evaluation, and the degree to which the federal program provided leadership. Overall, however, these programs conveyed the image of a team seeking to maximize the probability that a project or collection of projects would achieve its objectives. Collaboration and cooperation also contribute to a shared vision of purpose.

Demonstrations as Components of Larger Programs

The most significant demonstrations were conducted in the context of larger programs to achieve national goals. These demonstrations did not carry the entire burden of advancing national objectives, but were combined with data collection and analysis; education activities; policy research; federal, state, and local policy planning efforts; and creation of institutions to provide information. Collectively, these programs created a public awareness of a problem. They fostered the development of networks of people who were attacking the problem, and they created institutions staffed by experts who could advise policymakers.

As these larger programs evolved, their collective sense of purpose also evolved. Many different actors, without explicit direction, could take initiatives that contributed to national goals. In most cases, measures of outcome had been developed to judge the progress of the total effort, if not the specific effects of the individual components.

Continuity, Patience, and Experience

The design and implementation of a demonstration project or a program of projects takes substantial time—3 to 5 years according to most program and project managers. Planning in some programs requires a year or more before solicitations are issued, and project planning may require another 9 months to a year. A project then needs a start-up period of a year, or in many cases, several years, before the operations are sufficiently routinized to merit evaluation for outcomes. Small, isolated projects, initiated by the field, may require less start-up time but still take 3 years to produce useful results.

Panels of Outside Experts

All programs examined in our case studies used outside experts to assist in planning and in the selection of performers. Particularly in programs supporting policy implementing demonstrations, these experts can play an enormously important role in shaping the direction and content of the program. The choice and use of experts can thus be a major means by which program managers guide their programs.

Inevitably, the use of experts involves some loss of federal control over a program. Good people cannot be attracted to serve as experts if federal officials consistently ignore their advice or fail to explain decisions. For programs that serve the needs of nonfederal officials, that is, programs supporting what we call policy implementing or policy

assistance demonstrations, some loss of official control may be not only tolerable but desirable. For policy formulating demonstrations, however, federal officials must maintain control and the use of experts must be more circumscribed.

The use of experts is more thoroughly developed in the Public Health Service than in the other agencies that we examined. Specialized offices in the PHS select and organize the experts who judge the quality and relevance of proposals. The top PHS management devotes substantial attention to selecting program advisers.

The use of specialized offices by the PHS permits senior agency staff to direct and monitor the use of experts. It relieves the program staff's administrative burden. And, by separating the choice and management of experts from day-to-day program operations, it frees program staff to advise potential grantees on the development of their proposals. Their advice, in turn, initiates the collaborative activity that contributes to the success of demonstration programs. While the size of the PHS research program encourages this administrative specialization, many of the benefits might also be obtained in smaller programs by the establishment of similar management functions on a less elaborate scale.

Networks

Programs successfully supporting policy implementing demonstrations used networks of state and local policymakers, providers, or interested citizens extensively. Information concerning demonstrations was often communicated through such networks, or the networks were used to create awareness of the existence of the demonstrations. Frequently, the programs consciously sought to enhance these networks. The programs helped to sponsor meetings or actually convened groups of experts who formed the nucleus of such networks.

In well-developed institutional environments, such networks normally already existed. Professional associations and societies are an important element. Many federal programs have created (explicitly or indirectly) networks of state or local officials that have helped to implement the program; some of these have survived the recent trend toward block grants. Where such networks exist, program managers often use them. Where they do not exist, their creation might profitably be viewed as a subject of strategic planning at the beginning of a major demonstration effort.

Special Interest Groups

The relationship between the success of demonstrations and extensive reliance on nongovernment experts and networks creates a dilemma for federal policymakers. The success of policy implementing demonstration programs seems to depend heavily on creating communities of interested institutions and individuals who are the ultimate audience for demonstration results. The program must also respond to the interests of these networks, although each program can and should retain the ultimate responsibility for its own direction.

The extensive use of outside experts associated with planning that is relevant to the ultimate users and creates awareness of the demonstration results among those users also requires that federal policymakers cede some control to the field. Thus, effective demonstration program management is not necessarily management that completely controls program operations.

Associations of institutions and people sharing important interests inevitably constitute the nucleus of an interest group capable of bringing political pressure to bear on both the executive branch and the Congress. Committed lower-level federal officials will likely use such interest groups to further the objectives of their program or even of their personal careers. Such interest groups have contributed on a major scale to the fragmentation of responsibilities and the proliferation of categorical service programs. The last two administrations sought to control this influence in the interest both of a more coherent federal role in domestic policies and capping the growth of the federal budget.

The dilemma is thus obvious. The success of a demonstration program may well depend on creating or encouraging interest groups that are capable of and even likely to engage in some form of political action. For the foreseeable future, however, the control and aggregation of these interests is likely to be an important goal of the federal government. Maintaining the balance between fostering communication and losing control to a politically potent coalition constitutes an extraordinarily difficult problem in public management.

Feasible Management Practices

We believe that appropriate attention from high officials can make the management task feasible. If program managers can successfully create a clear and shared conception of purpose—including, particularly, a shared understanding of roles among federal and nonfederal actors—several of the case studies show that it is possible to carry out

programs of limited cost and duration that promise large benefits to the nation. The federal government has a unique and crucial role to play in the leadership of such efforts.

Productive collaboration between the federal government and state, local, and private institutions may become more feasible in the future. The past two decades were a period of confrontation. The federal government took the lead in enforcing concern for the rights of groups that had fared poorly in society at large or for problems, such as the environment, in which market forces sometimes slighted the public interest.

While many problems remain, the public now accepts the importance of these problems and the responsibility of all levels of society to deal with them. Most also agree that the federal government cannot deal alone with the problems. Demonstration programs may provide important opportunities for a collaborative attack on such problems. We hope that the ideas presented in this report further such efforts in the Department of Health and Human Services.

ACKNOWLEDGMENTS

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ACRONYMS

AFDC	Aid to Families with Dependent Children (Division of Family Assistance Studies, Social Security Administration)
AoA	Administration on Aging (Office of Human Development Services)
ASPE	[Office of the] Assistant Secretary for Planning and Evaluation
CDC	Centers for Disease Control
CSP	Community Support Program (National Institute of Mental Health)
DFAS	Division of Family Assistance Studies (Office of Research and Statistics, Office of Policy, Social Security Administration)
HCFA	Health Care Financing Administration
HDS	[Office of] Human Development Services
HHS	[Department of] Health and Human Services
NCCAN	National Center on Child Abuse and Neglect
NCHSR	National Center for Health Services Research
NCI	National Cancer Institute
NHLBI	National Heart, Lung, and Blood Institute
NIADDK	National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases (National Institutes of Health)
NIH	National Institutes of Health
NIMH	National Institute of Mental Health
OASDI	Old Age, Survivors, and Dependents Insurance
OEO	Office of Economic Opportunity
ORD	Office of Research and Demonstration (Health Care Financing Administration)
PHS	Public Health Service
PI	principal investigator
R&D	research and development
RFA	request for [research grant] applications
RFP	request for [contract] proposals
RIF	reduction in force

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I. INTRODUCTION

This report analyzes the management of demonstration programs in the Department of Health and Human Services (HHS). Demonstrations—the development and testing of a program design in a realistic setting—help federal decisionmakers to make informed policy and management decisions and enable federal agencies to help authorities at other levels of government or in the private sector to perform functions that advance national interests.

The report concentrates specifically on how HHS agencies use demonstrations and how these agencies plan their programs, solicit and select performers, implement and evaluate their projects, and disseminate and promote the use of the results. As its final goal, the report seeks to clarify the roles that demonstrations can play in HHS programs and to identify management practices that may enhance the contributions that demonstrations make to achieving HHS objectives.

USES OF DEMONSTRATIONS IN HHS

In FY1984, HHS spent roughly \$100 million for demonstration programs. This figure, in current dollar terms, compares with the level of a decade ago.¹ Two large programs, one in the Office of Research and Demonstration (ORD) of the Health Care Financing Administration (HCFA) and one in the Coordinated Discretionary Program of the Office of Human Development Services (HDS), receive about 60 percent of this expenditure. The remainder is spent on roughly a dozen other programs, some of which are isolated projects but most of which are clusters of related projects located in large research and demonstration (R&D) programs.

HHS uses demonstration projects for such diverse and important purposes as:

¹The exact level of expenditures is difficult to determine. Neither HHS nor most of its component agencies provides a comprehensive listing of demonstrations. In most budget documents, demonstration projects are mixed with all research and development activities. Moreover, both the Health Care Financing Administration (HCFA) and the Division of Family Assistance Studies of the Social Security Administration receive some support from the Social Security and Medicare trust funds and from the appropriations for the Medicaid and Aid for Dependent Children entitlement programs. In FY1975, according to a National Academy of Sciences study, the health and social services agencies of the Department of Health, Education, and Welfare spent \$113.1 million for demonstrations. See Abramson (1978, p. 134 and chapters 8–11).

- Assessing the feasibility of innovative proposals to solve program or policy problems
- Early and concrete testing of program designs (or changes in designs) before the programs (or changes) are adopted
- Estimating the costs of new or modified program designs
- Analyzing behavioral responses to new policies
- Developing and testing project designs considered too risky or too costly to be undertaken by individual service-delivery agencies or the private sector
- Providing concrete operating experience as a guide to other service providers seeking to improve their programs.

To cite only these instrumental uses of demonstrations, however, would be to ignore their important political purposes. Because of their moderate costs, demonstrations are used to symbolize public concern for a problem or constituency. They may serve as a convenient compromise between advocates of a major policy or program and those who view such policies as inappropriate. Or, they may be used to provide needed funding without creating a costly nationwide program. These political purposes, however, complicate the management of demonstration programs used for federal R&D and policy development purposes.

PROBLEMS IN MANAGING DEMONSTRATIONS

Indeed, demonstration programs have proved difficult to manage in virtually every government agency. Several major difficulties hinder the planning, implementation, and termination of programs.

First, demonstrations straddle the boundary between theories, ideas, and isolated research findings on the one side and action and practice on the other. The development of innovative programs and processes constitutes one of the most creative and hence least orderly and most-difficult-to-manage human endeavors.

The governmental setting further complicates the management of demonstrations. Demonstrations can serve many goals simultaneously. They are frequently initiated by coalitions whose members have different interests, goals, and perceptions of the problems to be addressed by the demonstrations. The manager of a demonstration program must somehow achieve sufficient consensus regarding goals to enable him to conduct the demonstration effectively.

Similarly, demonstration results may be directed to audiences with conflicting needs for information. Planning often slights audience and information needs, in part because it requires the resolution of these

conflicts. As a result, evaluations may be added after the conflicts have been worked out in the fielding of the demonstration projects themselves but when it is too late to design the demonstrations so as to obtain the needed information.

The timing of demonstrations introduces additional difficulties. Various forces drive decisions to seek new ways of doing things or to adopt new policies, whether at the national level or in individual local service programs. Only rarely does a change result solely from the appearance of a new and apparently superior way of doing things. Crises, new leadership, public pressure, and obvious performance failures all can force policymakers to alter existing practice. If demonstration results are available when such decisions must be made, they can influence the decision. However, demonstrations require a long time to plan and conduct and may not yet have produced results by the time the decisionmaker needs them.

In virtually every case examined for this report, the government funded the demonstration but a nonfederal agency or private organization conducted it. The goals of the funder and the performer do not always match. The funder may be trying to test the feasibility, cost, and performance of a program design; the performer may be trying to deliver services that it perceives to be most needed by its clientele or to produce novel research findings of interest to its professional peer group. Compounding this problem is the cultural gulf that frequently separates the practitioner and the researcher or evaluator. Bridging these differences challenges management.

The fact that demonstrations frequently serve political ends allows the performer to resist the direction of the funder. If the funder makes decisions that the performer dislikes, the latter may organize its constituency or go directly to the program manager's superiors or to the Congress. Moreover, demonstrations, especially of social service practices, often become routinely incorporated and develop constituencies that demand continuing financial support (and the organization to pursue such support). The situation created thereby undermines the goals of the demonstration and limits its ability to achieve its initial objectives.

Finally, two problems of a technical nature detract from the use of completed demonstrations. Techniques for evaluating the performance of a demonstration program often fail to separate the effects of the demonstration from the effects of the environment in which it is implemented. Indeed, these evaluation methods frequently fall short in measuring outcomes that many audiences consider important. And once results are obtained, the program frequently lacks proved methods of effectively disseminating and promoting the use of these results.

Not surprisingly, then, the results of demonstration programs often fall short of expectations. Projects may yield conflicting findings. Many fail to survive the withdrawal of federal funding, much less diffuse to other sites. Potential audiences find the results unpersuasive or believe that special conditions in the demonstration led to outcomes that could not be reproduced in their own settings. The costs of the innovation frequently exceed the means of potential adopters. In the hope of obtaining better results, or because clients and performers have become politically potent, the federal government continues to fund some programs long after their originally planned completion date, thereby reducing resources available for other activities. (See Bear et al., 1976; Glennan et al., 1978; and Berman and McLaughlin, 1978.)

FUTURE OF DEMONSTRATION PROGRAMS IN HHS

The conception of the federal role in human resources policy was undergoing a major reshaping at the time this study was being conducted. Between 1960 and 1975, demonstrations had contributed importantly to expanding the federal role in domestic policy, and indeed, to many they epitomized the activist spirit of the times. Since then, however, the federal government has reemphasized the role of state, local, and voluntary agencies in dealing with the problems of human resources. One might therefore question whether the role of demonstrations had not been significantly reduced.

We concluded that HHS demonstrations can continue to play an important role. However, their character seems likely to change substantially from what it was a decade ago. Indeed, as this study will suggest, their character has already changed.

HHS now faces the major challenge of containing the costs of medical care supported by Medicare and Medicaid in the face of an increased elderly population and the availability of expensive, new medical technology. Improving the equity, effectiveness, and efficiency of the various income security programs also presents a continuing challenge. Demonstration programs that develop and test improvements in program designs will be important management tools.

The department will continue to have the major national responsibility for the support of biomedical research, as well as research related to problems of alcoholism, drug addiction, and mental health. Public and congressional pressures to apply the results of these large programs will continue. Demonstration projects have been used in the past to promote the application of program results, and we believe that they will continue to be used.

The remaining HHS programs, many of which provide resources to assist vulnerable populations through medical and social services, have undergone the greatest changes. Funding has decreased and the funds that remain have been aggregated into block grants that leave substantial discretion to state and local authorities. Where past demonstration programs in these policy areas were frequently viewed as the source of new ideas and designs for national categorical programs, they must now be seen primarily as a source of ideas that state and local officials can implement because the ideas help them to perform their missions.

Many past demonstration programs that also sought to persuade nonfederal officials to adopt new practices did not, as we noted, achieve conspicuous success. They failed largely because the objectives of the demonstrations conflicted with the objectives of state and local officials. Indeed, the existence of a federal program often reflected the belief of the Congress and the executive branch that state and local governments were neglecting social problems or the needs of specific populations. For this reason, some observers noted that federally sponsored demonstrations tended to be institutionalized only when accompanied by regulations requiring action or, perhaps, by categorical funding (MITRE, 1979, pp. 148-149).

Many if not most of the problems that inspired federal activism remain, and new and different ones are emerging. At the same time, we note some profound differences. Important income security programs that barely existed in 1960 are now operating. State and local officials deal routinely with the social problems on which earlier federal activism focused. Institutions devoted to vulnerable populations have been created and continue to function. The national government need no longer confront state and local officials to draw attention to these important social problems.

The next decade of social policy may bring a more collaborative approach to dealing with social problems. The federal government must recognize that it cannot by itself solve or force the solution of profound social problems.

State and local officials and other institutions must accept their obligation to deal with the social problems that beset their communities. Collaborating to deal with these problems will benefit all. While political rhetoric may obscure areas of agreement, state and local governments, as well as private agencies, no longer seem to be simply reacting to the federal government and many are calling for greater collaboration in dealing with social and economic problems.

The dimensions of and mechanisms for such collaboration among levels of government lie considerably beyond the scope of this report.

Let us say only that demonstration programs fostered by the Congress and the executive branch offer a plausible mechanism. Programs with agendas developed jointly by state and local representatives and federal officials could address common problems. The involvement of such officials, we will argue in subsequent sections, would increase the probability that the program results would be used. With skilled leadership, the federal government could shape, if not control, the agenda so that national concerns were addressed. Several such programs currently operate in HHS.

STUDY GOALS

As its goal, the study documented in this report seeks to improve the use and management of demonstration programs. Management improvements can increase (and, indeed, have increased) the utility of demonstrations. These improvements are worth pursuing. However, demonstrations fail for many reasons other than poor management. This report provides a detailed appreciation of these reasons.

More explicitly, the study has three broad goals:

1. To provide a conceptual framework for describing the functions of demonstrations and the factors affecting their success—a framework that will help managers to clarify the goals of their demonstration programs and to justify these programs to departmental superiors and congressional leaders.
2. To identify good management practices currently used in the department's demonstration programs and the conditions under which the use of such practices appear desirable.
3. To identify several broad management perspectives that have general applicability to HHS demonstration programs and can contribute to their improvement.

These program goals relate to existing programs. The report will also speculate on the future of demonstration programs, because the broad perspectives relate to a conception of the likely future role of the federal government in general and HHS in particular.

STUDY METHODOLOGY

The present study built on a small body of work, conducted at Rand and elsewhere, that examined the role and effectiveness of demonstration programs as an instrument of government policy. It also drew

selectively on the much larger body of work on research utilization and program evaluation. Thirteen case studies of HHS demonstration programs constitute the study's empirical base. These will be published as a separate volume, *Case Studies in the Management of Demonstration Programs in the Department of Health and Human Services*, N-2253-HHS.

The descriptive and comparatively brief case studies involved an average of 20 staff days each. The research team reviewed program plans, evaluation reports, solicitations, guidance memoranda, and manuals. Team members interviewed the program leaders and, on occasion, higher-level agency officials. We talked to as many project officers and mid-level managers as possible. As a check on what we learned, we talked with principal investigators of projects supported by the program and with potential users of the program's results.

We define a *demonstration* as a project involving the use of an innovation and operated at or near full scale in a realistic environment for the purpose of (1) formulating national policy, (2) improving national programs, or (3) promoting the use of the innovation. A demonstration project may, in sequence, (1) develop a project incorporating the innovation, (2) test or evaluate the performance of the innovation, and (3) promote the use of the innovation.

A *demonstration program* is a collection of demonstration projects managed by a single organization. Frequently, clusters of projects may be collectively commissioned and jointly managed to address a single problem or a series of related problems. We term this a *priority area*.²

We intended to use the demonstration program—that is, the management procedures followed by an organization—as the unit of analysis for this study. As the case studies make clear, the concept did not prove entirely satisfactory.

In several cases, demonstration projects are simply components of larger programs that consist mainly of research or education projects. To call these larger programs demonstration programs would be inappropriate. In other cases, important activities are carried on jointly by several organizations and again the organization is an inappropriate unit of analysis. Moreover, in many cases the organization that we examined was conducting what amounts to a priority-area activity or was supporting several priority-area activities more or less independently. In practice, much of what we say applies more to priority areas than to programs as a whole.

²What we call priority areas HHS staff normally refer to as *programs*. We try to maintain the distinction between priority areas and programs for analytical purposes, but at times this is awkward. The context should make our meaning clear.

The study methodology is inherently limited. We could not systematically observe program outcomes. Indeed, we do not even have a persuasive set of standards by which to measure program success. Even if we had been able to do so, we would have had no way to conclusively attribute those outcomes to specific management procedures. Our case studies are too brief to permit the detailed tracing of cause and effect.

In effect, we have had to triangulate. Research literature suggests some qualities of good management practice. We have descriptions from a variety of program actors of both the way they manage and their reasons for doing so. Finally, we have limited testimony from investigators outside the program concerning their perceptions of the problems in the programs. We have tried to weave these together with the stated purposes of the programs themselves in order to draw conclusions concerning good practice.

ORGANIZATION OF THE REPORT

Section II presents a conceptual framework that identifies the various factors (management practices and others) that influence the conduct of demonstration programs, as well as their success. Management practices are identified and analyzed in Sec. III. Specific practices of potentially broader interest are noted here, but the reader who wants more detail should consult the case studies. The final section outlines several broad themes concerning management practices that emerged in the course of the study and comments on their applicability to future HHS policy. An appendix briefly describes the programs that we examined.

II. CONCEPTUAL FRAMEWORK FOR ANALYZING THE MANAGEMENT OF DEMONSTRATION PROGRAMS

The management of demonstration programs must be tailored to the specific qualities of the program. In this section, we develop a framework within which to analyze the influence of management practices on program outcomes. The framework identifies program qualities and program environments that affect the choice of these management practices. Equally important, because these qualities and environments themselves help to determine the likely outcomes of demonstration activities, the section also constitutes an analysis of the factors other than management practices that determine demonstration outcomes.

OVERVIEW

Figure 1 presents the factors that influence the outcomes of demonstration programs and the choice of management practices. Central to this model are the program's characteristics, such as the quality and size of its staff, its conception of its role, and its organizational location. These characteristics are determined by qualities of the policy and institutional environment in which the program operates, the nature of the innovations that are the subject of its demonstrations, its origins, history, and legislative authority, and the HHS administrative rules and procedures that constrain its operations. The program characteristics, in combination with HHS administrative policies and the goals of a particular demonstration activity, shape the management practices used. The remainder of this section discusses the factors that determine a program's characteristics and influence demonstration outcomes.¹ Section III describes the actual management practices.

¹This section draws heavily on earlier Rand research reported in Glennan et al. (1978).

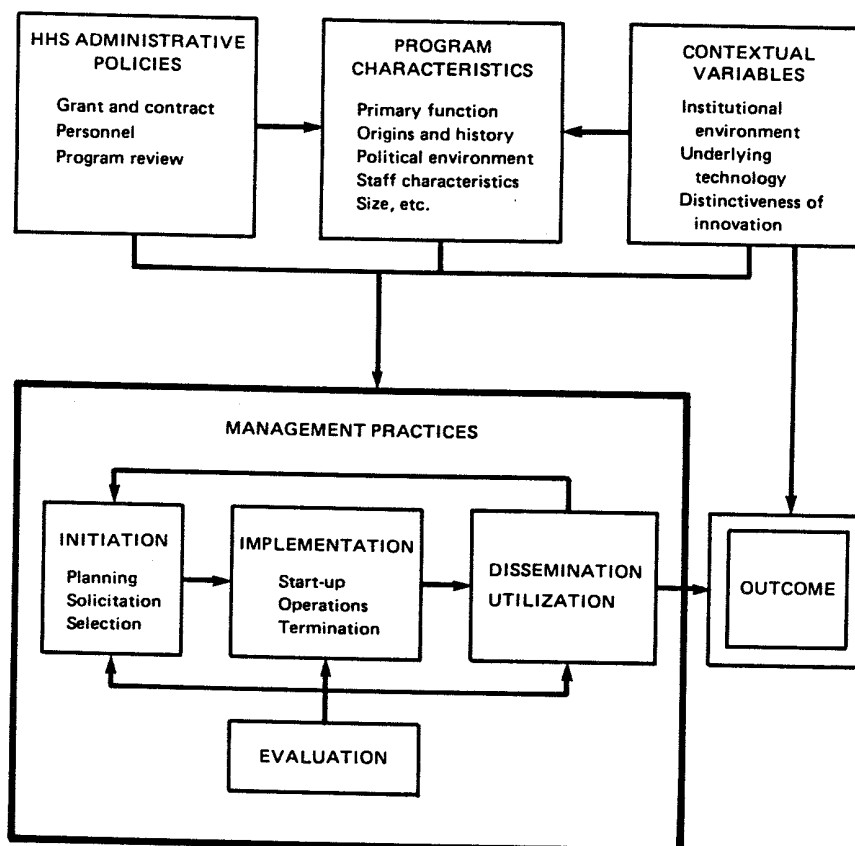


Fig. 1—Factors influencing choice of management practices and outcomes of demonstration programs

FUNCTIONS OF DEMONSTRATIONS

Demonstration projects serve three major functions in HHS: policy formulation, policy implementation, and policy assistance. *Policy formulation* demonstrations involve the development and testing of new programs and policies (or modifications to existing programs and

policies) for possible adoption and implementation by the federal government.

Policy implementation demonstrations are used to develop and test new programs or techniques that advance federally determined objectives but must be adopted and implemented by nonfederal actors, such as state and local governments or private sector organizations. Demonstration projects performing this function are ultimately intended to promote the use of an innovation.

Finally, in a few instances, an HHS demonstration program serves as an agent for nonfederal actors, aggregating their needs and commissioning activities that respond to those needs. We call these *policy assistance* demonstrations. Most HHS demonstration programs support demonstration projects that perform more than one of these functions, but one function predominates.²

Policy Formulation

Policy formulation demonstrations may support either federal or intergovernmental programs. In the first group, the federal government has sole responsibility for the policies or programs to which the demonstrations are addressed. Examples include Medicare and the Old Age, Survivors, and Dependents Insurance program under Social Security (OASDI). In these programs, federal officials (including the Congress) are the principal audience; they commission the demonstration, and if they choose to, implement program changes and policies based on the demonstration results. The results of the demonstrations may interest client groups, scholars, or the general public, but the desire of these groups for information typically does not motivate the initiation of the projects.

The second group of policy formulating demonstrations supports the major intergovernmental entitlement programs, Medicaid, and a variety of welfare-related programs. In these programs, the federal government shares both management responsibility and costs with state and local officials. Demonstrations may be commissioned to serve federally defined goals, state-defined goals, or jointly defined goals. The implementation may include both modifications in rules and changes in administrative practices. Obviously, planning and managing such programs involves difficulties not present when the federal government alone is responsible for a policy area.

²These definitions differ slightly from those developed earlier by Hayes (1981) and elaborated by Glennan et al. (1978).

Policy Implementation

In contrast to policy formulation demonstrations, which may be viewed as a means for deciding how to modify federal programs or policies, policy implementation demonstrations serve as an instrument of federal policy. They offer a means of persuading or assisting non-federal actors to meet federally established goals and objectives. Usually, they are not the only available means for achieving such an end. Educational programs, categorical funding programs, or regulation may also be used. In fact, these policy instruments are often used as complementary components of a government policy effort.

The federal goals that policy implementation demonstrations are intended to achieve may command wide support. For example, efforts to identify and treat diabetes and hypertension are relatively noncontroversial and widely approved, and their results may be readily adopted by professionals and institutions.

In other cases, however, the federal government's goals may conflict with those of important interest groups. Proposals for new approaches to school desegregation, controlling welfare costs, or health services reimbursement seldom attract universal approval. Demonstrations in support of such proposals may well face greater difficulties in gaining acceptance than those advancing goals commanding greater consensus.

Historically, demonstration programs that seek to institutionalize change at state and local levels have had little success, largely because many are intended to further controversial goals. Most federal human resource policies and programs have been established because the Congress believes that state and local institutions are failing to achieve goals that it deems important.

If the failure of state and local institutions to meet federal goals reflects strong local political pressures opposing such goals or a lack of local resources to pursue them, even a demonstration project that is unequivocally effective from the federal government's point of view is unlikely to find continuing support. It will neither be institutionalized in its initial setting nor be diffused to other settings.³

Implicitly acknowledging this point, a group of experts recently suggested that demonstration results were most likely to be institutionalized if the demonstration supported changes required by regulation. Categorical federal funding in support of the goals addressed by a demonstration was also thought to help its institutionalization. In the absence of one or the other of these two incentives to adopt a new

³A policy implementing decision may nevertheless leave behind organized groups of providers and beneficiaries who continue to promote the demonstration's goals even after the demonstration ends.

practice, the demonstration was unlikely to continue after federal funds were withdrawn. (MITRE, 1978, p. 148.) This reality poses the greatest challenge to policy implementing demonstrations.

Policy Assistance

Policy assistance demonstrations are less likely than other types to face problems of goal conflict, since they are intended to help non-federal actors to achieve their own goals. We found few instances of such demonstrations, however, and HHS does not emphasize them. Nevertheless, several Public Health Service (PHS) research programs occasionally receive proposals for demonstrations (or the evaluation of demonstrations), and the Comprehensive Arthritis Centers of the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases are required to conduct some demonstrations.

PROGRAM FUNCTION AND MANAGEMENT PRACTICES

Most HHS demonstration programs emphasize one class of demonstration function. In several, other functions receive secondary emphasis. Table 1 lists the programs that we examined in terms of their primary function. Inevitably, such a categorization involves judgments with which others, including the program managers, would not necessarily agree.

As Table 1 indicates, the bulk of the HHS demonstration programs emphasize policy implementing demonstrations furthering nationally determined goals, such as improving community treatment of the chronically mentally ill or improving preschool services for the disadvantaged. The largest programs, however, emphasize policy formulation. The Office of Research and Demonstration in HCFA conducts the largest demonstration activity in HHS; the Office of the Assistant Secretary for Planning and Evaluation (ASPE), until recently, was also quite large. The two programs that we list as having primary functions of policy assistance are small, and demonstrations constitute only a small proportion of their total R&D effort.⁴

⁴The programs listed in the table vary widely in the scope of their activities. Several predominantly research agencies use demonstrations selectively. Others, primarily operating (or funding) agencies, fund demonstrations using small discretionary amounts provided by the Congress.

Table 1

PRIMARY FUNCTIONS OF HHS DEMONSTRATION PROGRAMS SURVEYED
(Secondary functions are shown in parentheses)

POLICY FORMULATION Improvement of Federal Policies and Programs	POLICY IMPLEMENTATION Aid to or Persuasion of Nonfederal Actors to Achieve Federal Goals	POLICY ASSISTANCE Aid to Nonfederal Actors to Achieve Own Goals
Office of Assistant Secretary for Planning and Evaluation	Coordinated Discretionary Program; Office of Program Development; Office of Human Development Services—HDS (Policy assistance)	National Center for Health Services Research; PHS (Policy formulation)
Office of Demonstrations and Evaluations; Office of Research and Demonstration; Health Care Financing Administration (Policy implementation; policy assistance)	National Center on Child Abuse and Neglect; Administration for Children, Youth, and Families—ACYF; HDS (Policy assistance)	Multipurpose Arthritis Centers; National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases; PHS
Division of Family Assistance Studies; Office of Research and Statistics; Office of Policy; Social Security Administration (Policy implementation; policy assistance)	Child and Family Resource Program; Head Start Bureau; ACYF; HDS (Policy formulation)	
	Division of Model Projects; Administration on Aging; HDS	
	Community Support Program; National Institute of Mental Health; Public Health Service—PHS	
	Diabetes Control and Health Education-Risk Reduction Programs; Centers for Disease Control; PHS	
	Division of Cancer Prevention and Control; National Cancer Institute; PHS	
	Preventive Cardiology Branch; Division of Heart and Vascular Diseases; National Heart, Lung, and Blood Institute; PHS (Policy assistance)	

AUDIENCE FOR DEMONSTRATIONS

The primary audience for a demonstration program inheres in its function. For policy formulating demonstrations, it is agency officials and the Congress. For programs emphasizing policy implementing projects, it is the potential adopters in state and local government or in the private sector.

However, demonstration programs also have important secondary audiences. Since many projects deal with evolving and controversial areas of public policy, the programs often seek to reach influential opinion leaders or the media, whose support is needed if the policies or programs are to gain acceptance. In demonstration programs supporting intergovernmental programs, such as Aid to Families with Dependent Children (AFDC) or Medicaid, state or local welfare officials or state legislators normally are an important secondary audience because their support is necessary for changes in federal laws and regulations.

Finally, most programs seek to reach the professional and research audiences relevant to their program activities. In part this reflects the natural desire of program staff to communicate with their peers. Significantly, however, most of the programs that we examined viewed the advancement of knowledge as an important role and the scholarly community as an important and natural audience.

EFFECT OF PROGRAM CHARACTERISTICS ON MANAGEMENT PRACTICES

The characteristics of a program shape its management practices. Practices appropriate to a large program may be inefficient and cumbersome in a small one. Practices feasible in an old and established agency may be difficult to implement in a newer agency whose role and mission is rapidly evolving. Since this study seeks to identify promising management practices that might be adopted by demonstration programs, we want to discuss the characteristics of a program that should influence its choice of management practices.

As shown in Fig. 1 (above), these characteristics include the program's primary function, origins and history, political environment, staff characteristics, and size. We treat each of these characteristics briefly in this section. The discussion of management practices in Section III will examine the relationships more fully.

Primary Program Function

Programs that serve primarily the needs of federal program or policy officials are conceptually the simplest to plan, disseminate, and utilize. Their audience is clear and physically close. This audience is relatively easy to involve in program planning; demonstration program staff can serve on agency task forces drafting new legislation or regulations and can help to disseminate and use program results. Indeed, these programs report directly to the key policymakers, thus forming natural channels for both guidance and the reporting of findings.

The three programs that serve primarily federal decisionmakers—the Office of Research and Demonstration of HCFA, the Division of Family Assistance Studies (DFAS) of the Social Security Administration, and the Office of the Assistant Secretary for Planning and Evaluation—evidenced little concern over either program planning or dissemination and utilization. In each, the processes are relatively informal and continuing. In each, multiple channels provide the information needed for planning and transmit results of field activities to potential users.

Programs emphasizing policy implementation demonstrations face difficult management problems. Their audiences tend to be geographically spread out and diverse. Frequently, the federal goals to be advanced by the program conflict with the interests of the nonfederal entities that they are intended to influence. This conflict complicates planning and utilization. The large number of potential users of the demonstrated innovation are difficult to reach and to involve in planning. As demonstration performers, public agencies often lack relevant staff skills, and the demonstrations may conflict with their other activities. Management practices for policy implementing demonstrations must cope with these problems.

As Table 1 (above) suggests, several HHS programs combine functions. For example, HCFA demonstration programs serve primarily federal decisionmakers, but in many instances they also assist state and local welfare and health care financing agencies in ways consistent with federal policy objectives. Finally, other projects (for example, those described as “waiver only”) assist states to meet their own goals; thus, the HCFA program also supports policy assistance demonstrations. The HCFA management processes must have the flexibility to accommodate all three functions.

Program Origins and History

As a rule, programs that draw on a long history of research management in a relatively stable funding and staffing environment have well-understood management practices and operate effectively. Several programs that we examined fall into this category.

The institutes in the National Institutes of Health (NIH), the HCFA, and the Centers for Disease Control (CDC) have long research traditions. These programs build on management procedures that are accepted as legitimate by their performers. They usually possess experienced and competent staffs. The management practices used for demonstrations are marginal adaptations of historically proven research management procedures.

Other programs, including ASPE, the National Institute of Mental Health (NIMH), DFAS, and Head Start, date from the significant expansion in domestic programs in the 1960s. These programs normally had initial periods of stability and growth, during which management practices were established and institutionalized. In recent years, however, these programs have experienced significant funding cutbacks and in some cases redirection of effort. With the possible exception of Head Start, these agencies have been able to sustain and adapt their management practices to the new environments.

Finally, a number of the programs that we examined have been initiated since 1970. These include the National Center for Health Services Research (NCHSR), the Administration on Aging, the National Center for Child Abuse and Neglect, and the Office of Program Development of the Office of Human Development Services. These programs have experienced considerable funding instability, changes in mission emphasis, and in several instances, significant turnover in staff. We found the management procedures in these agencies to be in a continuing state of flux, except for the NCHSR, whose procedures are based on the NIH model and have remained stable.

These program qualities must be accounted for in considering whether management practices that seem effective in one agency setting can be adapted to another. Given both the strong traditions of research management and relative stability of funding experienced by the NIH institutes, it is not surprising that the NIH programs that we examined seemed well managed. The NIH draws on an extensive and well-staffed administrative structure that frees program personnel from many of the routine tasks that must be performed by individual project officers in other agencies. Peer review panels have clearly understood roles, agreed to by both senior managers and the field.

In other agencies, senior managers may not view peer review as an appropriate way of making project funding decisions. In particular, NIH's peer review system is predicated on field initiative in project design and project selection based principally on scientific merit. While the system has been modified to permit more initiative to be exercised by program staff, it still relies on investigator initiative and direction.

Other agencies quite properly want more direction over field activities, or consider scientific merit an inappropriate criterion for selection, or need flexibility to expand and contract their programs, or deal with constituencies that cannot easily be constituted into peer review panels. While NIH management practices appear to work well in the NIH (and several other PHS) settings, for many reasons they may not be expected to perform well in other settings.

Political Environment

In addition to supporting R&D, demonstration programs often serve as an important political instrument. They are, in fact, one of the few sources of discretionary funds available in HHS. The pressures to use such funds to build support among important constituencies are strong.

Special interests seeking to extend benefits under an entitlement program may begin by advocating a demonstration. Either the Congress or the executive branch, if unable to gain approval for a new program or program change, may use demonstration projects to advance an idea, hoping to build support for subsequent approval. Conversely, if political pressure exists to initiate a new program, a demonstration may be proposed by the program's opponents as a means of delaying action. Demonstration programs are also the source of funds for activities through which both the executive and legislative branches can symbolize public concern for important national issues.

The conduct of a demonstration may also involve conflict among important political actors. Several of the demonstration programs examined are associated with substantial intergovernmental entitlement programs. Inevitably, they are caught up in the political battles between the federal and state governments over the management of these programs.

Federal officials use the demonstrations to persuade states to go along with desired reforms. The states may also seek funding for projects to try new procedures or changes that suit their objectives. Funding for state requests is often the subject of discussion between state officials and high-level political appointees. In most cases, the parties

to these political debates are not research oriented and the projects they seek may or may not be good subjects for demonstration.

Political pressures can hamper the management of demonstration programs by encouraging the funding of poorly thought out proposals, rushing awards faster than good program development practices dictate, and, if frequent, demoralizing program staff. If such pressures lead to funding many unplanned projects, the credibility of program planning processes may be destroyed and the willingness of program staff and outside experts to contribute time to future planning efforts reduced. If a large proportion of decisions concerning what to fund or how to manage projects must be resolved at levels above the demonstration program itself, program officer initiative may be eroded.

Programs conducted in highly political environments tend to be structured to allow higher-level political appointees to decide the substantive directions, as well as the major performers, in the program. Such programs tend to assign senior and politically skilled staff to monitor sensitive projects. They also rely more on their own staff for planning and project selection than on outsiders.

Staffing Levels and Quality

Virtually as many staffing strategies as programs are found in HHS. At its best, staffing strategy represents a conscious choice by program managers and reflects the program strategy. Unfortunately, funding cutbacks and staff reductions frequently force the adjustment of the management strategy to cope with the realities of staff size and capability.

The clearest examples of conscious staffing strategies are found in the NIH institutes at one extreme and ASPE at the other. NIH program officers tend to monitor a relatively large number of grants or contracts. This reflects several factors. Most important, the NIH institutes rely heavily on the principal investigator (PI). They invest substantial efforts in choosing good PIs and then generally accept his or her judgment. The NIH system also depends heavily on outside experts in planning committees, peer review panels, and governing boards; this means that functions performed by government staff in many other programs are performed by outsiders in NIH. Finally, NIH possesses a sizable staff to provide administrative support to program officers. This staffing policy stems from the long-term development of NIH's basic research mission; in part, NIH's large scale makes this staffing policy possible.

The ASPE, in contrast, tends to have a high ratio of staff per contract or grant, and the individual projects tend to be larger. In most of

its demonstrations, ASPE forms staff teams to plan, solicit, and manage its field activities. In addition, in-house staff often conduct parallel research that complements or is based on the fieldwork. Outside experts are used, but more selectively than in NIH, and the selection process uses government staff rather than outsiders. This staffing strategy reflects the directed nature of ASPE's demonstration program; the projects are commissioned to support specific federal policy development needs.

The largest demonstration program that we examined, the Office of Research and Demonstration of HCFA, follows a mixed strategy. In a few large demonstrations, such as those associated with hospices, staffing resembles that of ASPE. More commonly, individual project officers have several ongoing projects and also work on the development of several new projects. This division of responsibility appears to result less from a desired staffing strategy than from a realistic adjustment to the size and capabilities of the existing staff.

One can usually infer a good deal about the management practices of a program if one knows the size and qualifications of the staff (relative to the funding level of the program). A low ratio of staff to program funding leads to broad solicitations and requires that nonprogram reviewers, whether government staff or nonfederal experts, be used to evaluate the proposals. Such programs monitor comparatively lightly and frequently use outside technical assistance contractors. Dissemination and utilization activities will be passive rather than active and initiating. In contrast, higher ratios of staff to funding usually are associated with more directive solicitations, more intense monitoring, and more direct involvement in dissemination and utilization.

In managing a planning and solicitation process, staffs made up of generalists, perhaps with operating program experience, are more likely to rely on outside expertise than to take an active design role. They will intervene less through monitoring, and they will take less interest in evaluation because of their limited research design capabilities. Staffs made up of research specialists, or having a significant complement of such specialists, will likely take a more directive approach to solicitation and monitoring and will emphasize evaluation designs.

In the programs that we examined, staffing patterns tended to reflect chosen program and management strategies although, in most instances, the program leadership would have preferred higher staffing levels and at least some additional staff with technical design skills related to evaluation. However, in a significant number of programs, the turnover of senior staff, reductions in force, and limitations on new hiring have contributed to instability in program operations, inhibited

the development of productive working relations with performers, and interfered with good program planning.

CONTEXTUAL VARIABLES AFFECTING PROGRAM MANAGEMENT PRACTICES

Two important qualities of the context in which a demonstration project is conducted seem likely to influence the success of the project: the technology underlying the innovation being demonstrated and the institutional environment (Glennan et al., 1978). Both factors affect program management practices.

Technology of Innovation Demonstrated

The concept of *technology* is not a precise one. We use the term to denote the inputs, outputs, and the understanding of the relationship between them, associated with the innovation incorporated in the demonstration. In the sense used here, the technology associated with the treatment of a disease includes inputs of diagnostic procedures, treatment protocols, and patient condition. Outputs include the changed patient condition. If the innovation relates to changes in the administrative practices associated with a welfare system, the inputs are the administrative practices incorporating the changes and a client caseload; the output is changes in that caseload and its treatment.

In earlier research, the concept of technology proved useful for comparing demonstrations of physical innovations, such as power plants, innovations combining physical and social systems, such as a van pooling system, and innovations involving "softer" technologies, such as changes in educational practices (Glennan et al., 1978). Two important qualities were associated with a demonstration's technology: its reproducibility and the degree to which it was in hand.

Glennan et al. (1978) considered a technology reproducible if one could predict the effects of using it in different sites. Reproducibility depends on understanding the relationship between inputs and outputs of the technology. If one understands the relationship, one should be able to predict the results of installing an innovation in a new site from the results of one or more demonstrations in other sites. In the absence of such understanding, one cannot know the effect of applying the innovation in new sites.

For some innovations, reproducibility can be improved by research and development. For others, such improvements are problematic. On the one hand, clinical research and trials may enable us to understand

the effects of administering an innovative biomedical treatment to various target populations. On the other hand, traditional forms of research do not seem to markedly improve our ability to predict the effects of using specific counseling techniques.

The research of Baer et al. (1976, pp. 46-47), primarily on demonstrations of physical innovations, suggests that demonstrations of incompletely developed technologies are unlikely to lead to an innovation's diffusion to other sites. If insufficient investment had been made in R&D to bring the technology in hand, potential adopters could not tell whether poor demonstration outcomes were due to the innovation itself or to its application in a particular setting.

The reproducibility and the degree of development of a technology are obviously imprecise concepts. They do, however, convey important distinctions among the demonstration subjects of various HHS programs.

For example, an early demonstration in the Cancer Control Program of the National Cancer Institute (NCI) explored the use of mammography to detect breast cancer in women. After an initial period of program implementation, widespread concern developed about the screening procedure itself: that is, whether mammography posed a greater risk to a part of the population being screened than did the failure to screen at all.

With the benefit of hindsight, NCI decided that it had failed to conduct sufficient clinical trials before the demonstration to determine the effects of radiological screening on various target populations. It has modified the planning procedures of the Cancer Control Program to ensure that new treatments are tested more thoroughly before being demonstrated (Purnell, 1985a). The technology in this case could be said to be potentially reproducible but insufficiently in hand.

This study found a wide variety of technology qualities and efforts to systematically develop technology. The biomedical, health care financing, and income security programs contained demonstrations incorporating many examples of innovations that we would term potentially reproducible. In other cases, underlying technologies did not seem reproducible in the sense that we have defined here. Instead, they embodied what Lindblom and Cohen (1979, pp. 12-14) termed craft or professional expertise, which could be passed on in the way such expertise is traditionally conveyed, through experience, personal contact, and training.

Institutional Environment

A demonstration is implemented in an institutional environment. Components of this environment include the developers of the innovation, its ultimate users, regulatory bodies that affect the application of the innovation, professional associations, and federal agencies that fund the demonstrations. Glennan et al. (1978, pp. 31-37) characterized the environment by the level of communications among its components, the degree to which they agree on their roles, and the importance that they attach to R&D as a means of improving practices.⁵ Baer et al. (1976, pp. 51-53) suggest that demonstrations are more likely to lead to successful innovation diffusion if they are implemented in a well-developed institutional environment.

Glennan et al. (1978, p. 36) proposed that a well-developed institutional environment must have the following attributes:

- A set of institutions to conduct the entire process of research, development, commercialization, and application.
- Agreement on the established roles and responsibilities of these institutions (including the federal role).
- Interinstitutional communication paths along which information critical to the R&D planning, utilization, commercialization, and innovation process can flow.
- Interinstitutional communications that are sufficiently frequent and strong to facilitate the movement of an innovation into utilization.
- Well-developed criteria for evaluating the desirability of moving from each stage of the innovation process to the next.

Among the policy areas in HHS, the Public Health Service clearly possesses the best developed institutional environment. It comprises a rich array of institutions frequently linked through professional and trade associations. The Public Health Service itself has long-standing ties to state and local public health agencies. The appropriateness of the federal role in supporting PHS research is widely agreed to; the appropriateness of federal support for applied research and, more particularly, demonstrations has been more controversial. While those involved often disagree over the rate at which to advance new technology into practice, owing to unknown risks and uncertain cost-benefit

⁵The concept of institutional environment used in this study is similar to the concept of a "technology delivery system" suggested by Wenk (1970) and the "selection environment" advanced by Nelson and Winter (1977).

ratios, they can at least apply existing conceptual criteria to deciding when to move to a subsequent stage of development.

In other policy areas, the institutional environment seems less well developed. Income security programs are administered through an array of established institutions. However, in the past several decades, substantial disagreements have arisen over roles and objectives and communications have not always been good. Despite these disagreements, the fact that the federal government provides a large share of the funds for income security gives it a strong role in shaping income security policies.

Research, development, and demonstration have not occupied a central role in the development of income security program designs. Rather, change has resulted from incremental administrative adjustment and political negotiation among a wide variety of interests. Research and demonstration appear to play a larger role in the formulation of health care financing policy, probably because the policy area emerged more recently than income security, largely at the instigation of the federal government, at a time when social R&D was assuming greater importance.

Still less developed are the social service policy areas. Debate over the appropriate federal role in these areas continues. The federal government does not provide a large share of the resources in many social service areas; thus it plays a lesser role in shaping policy and practice. Research and development are not seen as an important input to program design. Indeed, many would deny their usefulness. Delivery systems are variegated, with a wide array of public and private agencies providing services. Many of these agencies are isolated, underfunded, and not closely related to one another.

The above discussion of technology and the institutional environment indicates why policy on the use of demonstrations as a component of a sustained R&D process was best articulated in Public Health Service agencies, such as NIH and NCHSR.⁶ In several social service agencies, in contrast, the use of demonstrations seemed less the result of a consciously articulated process to improve the delivery of social services than of the federal government's lack of alternative ways to influence such performance.

⁶See, for example, *Guidelines for Demonstration and Education Research Grants*, National Heart, Lung, and Blood Institute, U.S. Department of Health and Human Services, National Institutes of Health, June 15, 1983.

EFFECTS OF HHS MANAGEMENT POLICIES ON MANAGEMENT PRACTICES

The Department of Health and Human Services, like all other government agencies, establishes various policies, conveyed in regulations, manuals, and guidance memorandums, to guide and control the performance of its constituent organizations. These policies are intended to ensure the fulfillment of congressional and executive branch objectives, appropriate levels of public accountability, and equity in the award of funding and in relations with the public. In a word, public administrators use such policies to ensure the use of good public management practices in their particular government agency.

Inevitably, the application of general policies to specific situations creates problems. Rules intended to ensure an orderly, publicly accountable process, when followed in awarding contracts, can lead to a lengthy and expensive contracting process that slows the agency's response to congressional and high-level executive directives. Procedures to protect the rights of federal employees may inhibit the hiring of qualified staff for an R&D program. The problem of regulations is widely acknowledged, and most agencies provide for the adjustment of policies to individual situations or exceptional circumstances.

We briefly examine below the effects of HHS administrative policies on demonstration program management practices. Three classes of policies stand out: grants and contracts, personnel, and secretarial reviews of R&D plans.

Grant and Contract Policies⁷

Most demonstrations are supported through grants. Grants are the traditional means of financially assisting individuals or entities whose activities are deemed to meet the public purposes incorporated in the legislation authorizing the expenditure of funds. Grant administration manuals published by HHS provide general guidance on grant competitions and management. However, specific regulations prepared by the program and issued by the Secretary of HHS govern individual grant programs. The programs have considerable flexibility in the development of these program regulations.

Most remaining demonstration projects and almost all evaluations are supported through contracts. Contracts are the instrument of procurement, intended primarily for the purchase of goods and services that serve well-defined federal government needs. Federal procurement

⁷For a general description of how grant and contracting policies affect the conduct of social research, see Abramson and Glennan (1980).

regulations and HHS implementing regulations govern the process of awarding contracts. A contracting officer with substantial authority exercises operational control over the process. Although contract officers frequently work in individual programs, they normally report to the head of administrative services of their agency. Program heads have little influence over them.

In fact, most demonstration projects represent neither pure assistance nor procurement of goods and services for the use of the federal government. Elements of assistance show up in the provision of funds to nonfederal institutions to carry out a demonstration activity. Elements of procurement are involved in that the assistance is usually provided to meet some federally specified objective, often resulting in prespecified deliverable documents. Thus, many program staff members whom we interviewed indicated that either a grant or a contract could be used to transfer funds for most projects. As a result, the choice of the particular instrument to use is based on such factors as traditional patterns of use in the program, convenience, costs in staff time, and the degree of control of the performers' activities desired (contracts permit withholding funds if a contractor's performance is unsatisfactory).

A decade ago, the Commission on Government Procurement observed that government agencies used grants and contracts inconsistently. Indeed, the two were often used almost interchangeably. This inconsistency could be traced in part to the fact that some agencies did not possess grant authority and thus used contracts for activities supported with grants in other agencies. More important, many activities were neither pure assistance nor pure procurement; they were assistance with substantial federal involvement, a form of joint activity. To deal with this joint activity, the commission proposed creating a new instrument, to be called a cooperative agreement.⁸ Such agreements were authorized by the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224).

Despite the obvious appropriateness of cooperative agreements for many demonstration activities, they are little used. The reason appears to be that from the perspective of the individual program they are unnecessary. The programs can achieve program purposes through a combination of grants and contracts, have experience in doing so, and see no need to change. Indeed, the need to develop and learn new procedures in order to use cooperative agreements in most cases discourages their use. In one exception, the Diabetes Control Program

⁸The Commission on Government Procurement, Part F, Washington, D.C., Government Printing Office, 1973, as cited in Glennan and Abramson (1980, p. 14).

of the Center for Disease Control replaced the contracts that it originally used with cooperative agreements and considered the latter a significant improvement.

In sum, the wide range of circumstances encountered in HHS demonstration programs makes it difficult to draw general conclusions concerning the effects of HHS grant and contract policies. While managers often criticized both grant and contract procedures as cumbersome, expensive, and time-consuming, they appeared able to select and use the instruments that served their needs. Well-established administrative units (such as those in the PHS), specializing in R&D administration and familiar with the use of all instruments, appeared to minimize grant and contract problems. The lack of widespread experience with cooperative agreements, coupled with the generally satisfactory experience with existing grant and contract policies, limits the use of such agreements. In general, the level of staff experience with the use of grants, contracts, or cooperative agreements, rather than the HHS policies themselves, appeared more important in determining the program manager's satisfaction with the processes for selecting performers and transferring funds to them.

Personnel Policies and Management Practices

Most of the personnel associated with demonstration programs in HHS are federal civil servants. Their hiring, transfer, promotion, and separation are governed by the civil service rules, which emphasize open competition for positions and due process in personnel actions. The National Institutes of Health can also hire personnel outside the federal civil service to meet its research needs. In addition, commissioned officers of the Public Health Service fill some PHS positions.

The civil service system is widely thought to have serious problems. Its procedures are cumbersome and time-consuming. It is difficult to reward good performance or penalize bad. Grade levels are associated with the position rather than the individual and often seem to bear uncertain relationships to responsibilities and capabilities. Pay is high in lower positions and, perhaps, low for the most senior positions. However, many managers of public bureaucracies have learned to live with the system and to make it work.

At the time this study was conducted, HHS was significantly reducing its work force. Many demonstration programs shared in this reduction. Subsequent hiring for demonstration programs was normally restricted to staff made available by these staff reductions. Although these people usually did not possess strong technical training,

they often had operational experience of value in monitoring demonstration projects.

As a result, many programs adjusted their management practices to accommodate to the talents of their staffs. The HCFA, for example, has increased its use of outside contractors to perform preliminary design for demonstrations (Hawes, 1985). The HDS has emphasized program objectives and management practices that depend less on the technical capabilities of its staff (Bodilly, 1985).

While HHS personnel policies clearly affect demonstration program management practices, these personnel policies are being driven by imperatives other than the improvement of the level and quality of individual program staffs. The analysis of these policies is beyond the scope of this study.

Review of R&D Plans

The Office of the Assistant Secretary for Planning and Evaluation annually calls for R&D plans, which it reviews and comments on. In discussing their own planning, few program managers mentioned these reviews. With one or two exceptions, the reviews appear to have had little effect on the program plans. Program managers seem to consider the reviews a necessary administrative hurdle rather than an important source of input to planning. They evidently feel that the programs and their parent agencies understand their problems better than ASPE does.

The timing of our study may have influenced the program managers' attitudes toward review. The past several years have seen few new initiatives in domestic policy, and those emphasized changes in existing programs. Secretaries of HHS appear to have delegated significant authority to the agency heads in this situation. Unsurprisingly, the agencies have taken the lead in planning, and ASPE's role has been circumscribed.

While the formal reviews appeared not to play a large role in most programs, program managers often praised individual members of ASPE who had made valuable contributions or provided needed support for program interests. Several ASPE staff indicated that the reviews had helped them in their staff functions. Thus, at present, program reviews probably represent more a means of exchanging information than a means of shaping programs.

In sum, while administrative procedures obviously significantly influenced demonstration program management practices, we found no surprising relationships. We would, however, highlight two points for further departmental action. First, cooperative agreements seem to be

an appropriate instrument for many demonstration projects. Several agencies are not using cooperative agreements simply because they have not yet developed the procedures for using them. Such agencies would do well to accelerate their development. Second, demonstration programs need workload models that would help them to size their staffs. While the current personnel situation may make such models a low-priority concern, in the long term they could provide valuable guidance to departmental administrators.

III. MANAGEMENT PRACTICES IN HHS DEMONSTRATION PROGRAMS

This section reviews the purposes served by each management function performed in HHS demonstration programs. We describe the range of practices that we found in our fieldwork and identify those that seem to merit wider application. The analyses in Sec. II will suggest the conditions under which the use of identified practices appears feasible.

For the purposes of analysis, we divide management into the following five functions:

- Planning, including broad agenda setting and priority-area planning
- Solicitation of proposals and selection of performers
- Evaluation
- Project implementation, including project planning, monitoring, technical assistance, and project termination
- Dissemination and utilization.

These distinctions among management functions are, however, somewhat artificial. For example, program planning involves the development of requests for proposals (RFPs) or grant solicitations. Technical assistance frequently is intertwined with dissemination and utilization. Evaluation, planning, and dissemination are closely related. As our analysis will suggest, management practices tend to involve clusters of related actions that respond to larger management strategies or styles, rather than isolated and independent activities.

Management practices should collectively contribute to one major goal: making the results of a demonstration useful to those it is intended to inform or persuade. But management has other goals as well. The management of public programs must meet standards of public accountability. It should promote efficiency in program operations and sufficient consistency among federal activities to minimize confusion among performers. We focus, however, on maximizing the probability that a demonstration will provide information that can be used by decisionmakers and/or successfully promote the use of the innovation being demonstrated.

Previous research, primarily dealing with what we term policy-implementation or policy-assistance demonstrations, has suggested a

number of factors associated with successful diffusion, adoption, and incorporation of innovations embodied in demonstrations. These factors relate to the characteristics of both potential adopters and the demonstration project itself. In the short term, one cannot easily change the adopters; one might succeed, however, with a long-term program.¹ Thus, the near-term goal is to plan and carry out demonstration projects so that they possess characteristics that lead to successful adoption and diffusion.

The following project characteristics have been associated with such success:²

- The project is associated with a clearly perceived operational need on the part of potential adopters and is viewed as contributing to this need.
- The project possesses clearly defined goals and well-understood implementation procedures.
- Project designs conform to organizational norms and can be implemented with the financial and human resources available locally.
- The design inherent in the demonstration is adaptable to different local conditions.
- The technology or treatment modality underlying the demonstration is well in hand.³
- All elements of the institutional environment relevant to the adoption of the demonstration are involved in the planning and conduct of the demonstration.⁴

Management practices should be structured to maximize the probability that funded demonstration projects possess or develop these qualities. In some instances, these qualities may be impossible to develop, because the government's goals conflict with the potential adopter's goals to the extent that some demonstration characteristics do not meet the criteria above. In this instance, the decision to proceed involves balancing the probability of success, the importance of the

¹Programs that sought to change the institutions constituting their audience included the Community Support Program in the NIMH and the Diabetes Control Program in the CDC. They did this by requiring that state agencies create advisory committees, establish special organizational units, and carry out special planning activities that had the effect of creating a constituency for the results of the demonstration projects. See the discussion below under Dissemination and Utilization.

²See Ellickson and Petersilia (1983) for discussion of many of these factors in the context of the criminal justice system.

³See the discussion of technology in Sec. II, above.

⁴See the discussion of institutional environment in Sec. II, above.

policy objective, and the availability of alternative means of obtaining the objectives.⁵

These points apply most clearly to demonstrations intended to assist or persuade nonfederal actors, but they may also bear on demonstrations intended to support federal decisionmakers. In either case, technology should be in hand, and elements of the institutional environment that relate to implementing an innovation being demonstrated should be involved.

In most of the policy formulation projects that we examined, however, implementation was not contemplated at the time the demonstration was initiated. In fact, the demonstration could be seen as a way for federal policymakers to explore policy options that would be further developed if they appeared interesting. In general, this required close relationships between the demonstration program and the policymakers, something that was possible to achieve for policy-formulating demonstrations because of the close geographic and organizational proximity of the two.

Indeed, this last point may be extended. In our judgment, the management of demonstration programs concerned primarily with policy-formulating demonstrations (HCFA, DFAS in the Social Security Administration, and ASPE) was conceptually easier than the management of programs intended to influence nonfederal audiences. This applied particularly to planning, dissemination, and utilization, but extended also to other functions. This point will be developed further in the discussion of each function.

PLANNING

Program-level planning involves both program-wide agenda setting and priority-area planning. The first is concerned with the composition of an entire organization's demonstration (and in some instances research) activities. The second treats a collection of demonstrations and related activities that address a particular policy problem. A third class of planning, that associated with individual projects, is discussed in the subsection on implementation, below.

⁵Baer et al. (1976, pp. 56-57) explicitly concluded that demonstration projects were poor mechanisms for bringing about institutional change.

Agenda Setting

The explicit function of agenda setting is to decide which substantive areas of research and/or demonstration to emphasize. Usually, other functions are also important; their importance will vary with the program. The process of preparing an agenda may offer an opportunity, for example, to:

- Discover the perceived needs of potential audiences for demonstration programs
- Identify technologies with potential for development
- Develop or refine program goals and objectives
- Alert potential users and/or performers to the fact that demonstrations are being contemplated
- Develop in potential users a sense of ownership of the demonstration program
- Enable program leaders to understand the state of the technology or practice of the potential activity
- Create a statement of program priorities and objectives that will elicit proposals for projects that advance program goals; in other words, prepare a solicitation.

The Department of Health and Human Services does not consider agenda setting a major management activity. While the organizational units that we examined must do some form of agenda setting so as to justify budget requests or to provide inputs to agency operating plans, this planning in most instances is fairly perfunctory. Lists of activities that are going on or being proposed, together with some form of justification, are provided. What planning has occurred is related to individual projects or clusters of projects, what we term *priority-area planning*. The agenda setting or planning is thus incremental and ad hoc.

Several factors explain the lack of emphasis on agenda setting. First, few programs were large enough to justify such activities. Most dealt with one or two priority areas. All activities could easily be examined informally by senior program managers; to do more would have inappropriately raised expectations of both the staff and the field. Even in larger programs, the amount of funding committed by past actions is normally such a high proportion of the total budget that a large planning effort seems unnecessary.

Second, the programs that regularly conducted agenda-setting activities did so in connection with the preparation of an annual comprehensive solicitation for the program. Such a solicitation results from the annual program-wide planning carried out by the Office of Research and Demonstration in HCFA. The agenda itself is set internally,

although the activity draws on priority-area planning efforts that usually involve outsiders. It culminates in a two-day retreat bringing together senior HCFA policy and legislative staff and HCFA program managers to discuss the results of past programs and to plan future ones. This effort produces a statement of priorities and a list of activities to be incorporated in an annual solicitation.⁶

The Division of Family Assistance Studies of the Social Security Administration and National Center for Health Services Research of the Public Health Service also engage in agenda-setting activities related to solicitations. Because both are small programs, these activities are informal. Most planning is done internally, although the staff may seek advice from the field. The NCHSR has set up a special organizational unit to facilitate communication with potential users of NCHSR research, and this unit contributes to the planning. In the past several years, NCHSR has distributed a short statement of program priorities to potential applicants to a standing open grant competition. The DFAS has used *Federal Register* announcements similar to those used by HCFA.

The annual solicitation prepared by the Coordinated Discretionary Program, managed by the Office of Program Development of the Office of Human Development Services, constitutes a fairly complete agenda. The program, now 3 years old, seeks to reduce overlap and duplication among research and demonstration activities related to special populations, such as children, the elderly, and the developmentally disabled. The program emphasizes field initiative and limits the term of its grants to 17 months. Thus, prior year commitments make few claims on program year funds.

In its first 2 years, HDS formally sought early input from national organizations of service providers and published the grant announcement in the *Federal Register* with requests for comment. The FY1984 announcement was prepared entirely by HDS staff, apparently because the program leaders did not feel that the field input added significantly to the planning effort. The announcement itself has always been thoroughly reviewed by the commissioners of the HDS constituent agencies and the assistant secretary.

The individual NIH institutes follow institute-wide planning processes that involve extensive reviews by outside councils. However, the planning emphasizes research, the traditional concern of NIH, and demonstrations represent only a small component of the total effort. Because of this, we did not examine these planning activities.

⁶The solicitation does not, in itself, constitute an agenda because most ORD activities are initiated through targeted solicitations.

Priority-Area Planning

Priority-area planning develops plans for several demonstration projects that collectively deal with a program or policy issue. Such planning takes many forms in the programs that we examined. It may be highly prescriptive, as was the case in several social experiments supported by ASPE. The planning may focus mostly on problem definition and broad guidance for investigator-initiated proposals, as in the NIMH Community Support Program. The planning may be evolutionary, with successive projects reflecting lessons learned in earlier efforts, as in the case of the Statewide and Workplace Demonstration projects of the National Heart, Lung, and Blood Institute (NHLBI). It may reflect a traditional sequential R&D philosophy, as in the NHLBI, NCI, and NCHSR, where research leads to clinical trials or system developments, which in turn provide the basis for demonstrations.

While priority-area planning is intended to provide concrete plans for groups of demonstration projects, as with program-wide agenda setting, it has a number of other purposes as well. These additional functions ensure that the demonstrations possess the characteristics, listed above, that have been identified as contributing to successful diffusion and use. A list of the most important functions follows.

- Involvement of potential users of the demonstration results can create an awareness and sense of involvement that may contribute to the dissemination and utilization of the demonstration results. This may particularly help programs that are carried out in an intergovernmental context, where the potential for conflict between federal policymakers and state and local policymakers is high.
- The planning process itself may be a means of beginning to make nonfederal actors aware of the existence of a problem that federal policymakers think important.
- The planning process provides the opportunity to seek the advice of experts from outside the agency concerning the nature of program or policy problems, the state of technology, research and demonstration methods, or existing project designs worthy of incorporation in a demonstration effort.
- The planning process can alert potential demonstration performers to the likely availability of financial support so that they can begin their own planning.

- The process often culminates in grant solicitations or RFPs, together with accompanying background papers, intended to clarify the goals and objectives of the priority area.
- The process may be used to develop a management team.

No one or two model practices stand out. Rather, the particular form of priority planning reflects several factors associated with individual programs, including, particularly, the nature of the target audience for the demonstration results, the size and qualifications of the program staff, the management traditions of the program as a whole, the state of understanding of the technology underlying the demonstration program, and the state of development of the institutional environment.

Audience. If the demonstration results are intended for the use of the federal government, federal program officials must take the lead in planning for the priority area. The ASPE's leadership in planning the Channeling Demonstrations as a part of a larger effort to develop policies for long-term care provides a good example.

The ASPE plan for the Channeling Demonstrations included consultation with research and practitioner authorities, review of existing practice, consultations with state and local authorities, publication of notices of intent in the *Federal Register* to elicit comments from the field, development of evaluation and technical assistance plans (and RFPs), and regular meetings with departmental policy personnel to discuss both program objectives and the plans themselves. Throughout this process, the ASPE management style was directive, in keeping with the fact that the initiative supported federal policy planning.

Conversely, if state and local officials are to use the demonstration results, federal officials should normally play a circumscribed role. For example, NIMH's planning effort for the Community Support Program (CSP) involved extensive consultation with the field. A few federal staff acted as conveners, organizers, and facilitators, rather than as decisionmakers.

Instead of sharply defining the CSP demonstration objectives, NIMH staff allowed them to develop in the field. The NIMH sponsored several follow-up conferences involving both grantees and other mental health professionals concerned with the problem of chronically mentally ill adults as the demonstration unfolded, both to share experiences associated with the start-up of the program and to plan future activities.

Staff Capability. The size and qualifications of the staff also determine planning procedures. Limited staff, in large part associated with NIH research management traditions, led the National Institute

of Arthritis, Diabetes, and Digestive and Kidney Diseases (NIADDK) to use outside advisory groups extensively to plan both the initial arthritis centers program and the modification of the program as it progressed. The staff facilitated that planning, but did not actively direct it.

In contrast, a sizable program staff possessing substantial expertise and experience permitted ASPE (together with HCFA and the Administration on Aging) to plan the Channeling Demonstrations with only limited outside assistance. The staff have crystallized essential decisions concerning program plans.

Management Traditions. A program's management traditions (which are shaped by its organizational setting and purposes) also strongly influence priority-area planning. The NIH, with its tradition of field-initiated and field-guided research and peer review, plans its demonstration activities with more participation from the field and less detailed direction from federal officials than other agencies that we examined.

The ASPE, with a tradition of a strong in-house staff involved in departmental policy development, tends to devote extensive internal resources to planning new demonstration initiatives. The NCHSR, with modest funding levels, competent in-house staff, and a tradition of facilitating and independent project monitors, follows a more evolutionary planning process, with individual project officers seeking opportunities to capitalize on and promote the results of existing work.

State of Technology Understanding. The nature of priority-area planning depends heavily on the development of the technology underlying the demonstration. The existence of proved and accepted treatment modalities for hypertension permitted the High Blood Pressure Education Program to proceed directly to such questions as the most critical target populations and how best to reach them. The resultant planning demonstrated continuity, incorporating new information on the incidence of hypertension and problems with its treatment as obtained through the research and demonstration projects.

In contrast, HCFA efforts relating to cost containment needed to be exploratory since administrative mechanisms for containing costs or providing incentives for efficient use of medical resources had not been developed and tested. Papers were commissioned and conferences convened. Several mechanisms for achieving the policy objectives were tried over a period of years. The existence of a problem was clear; its causes and ways of coping with it were not.

Institutional Environment. If the institutional environment of a demonstration is well developed, priority-area planning should involve elements of this environment. The CDC's planning for diabetes

control programs involved state-level public health agencies that were expected both to perform the demonstrations and ultimately to use the information developed in the demonstration.

The Community Support Program in the NIMH engaged large numbers of representatives of community mental health centers, state mental health agencies, and other mental health professionals in an extensive planning effort related to chronically mentally ill adults requiring treatment in local communities. Since the goal of the demonstration (and planning) effort was to create awareness of a significant national problem, the planning effort in itself served some of the purposes of the demonstration.

Observations

Most HHS program planning centers on specific priority areas. Our research indicates that HHS uses formal, program-wide agenda setting infrequently, apparently because most HHS programs are limited in size and focus and because more elaborate agenda setting, involving outside experts and potential users, proved unfruitful.

The principal goal of priority-area planning should be to obtain information that will enable demonstration program managers to solicit and choose demonstration projects (coupled with evaluations) that simultaneously further federal program goals and meet the conditions that lead to the greatest probability of successful adoption by the targeted users.

The conditions leading to a high probability of adoption usually cannot all be met, either because the planners cannot know in advance how a demonstration will work out, or more important, because the interests of the federal sponsors of demonstrations, the performers of demonstrations, and the potential users of demonstration results may conflict. A more realistic goal of priority-area planning, then, is to clarify the federal goals, assess the state of technology, and seek a shared understanding of these among the program participants.

Demonstration programs in HHS have used various management techniques to achieve these ends. The variation reflects the particular needs of a problem area, the management style of the program, and the character of the program staff. We found no reason to believe that any particular management practice could be identified and cited as the best practice. However, planning for priority program areas that seemed to perform well possessed the following common characteristics:

- The planning involved extensive consultation with the experts from the field, both researchers and practitioners.
- Skillful staff who understood the management style of the agency led the planning.
- The planning sought to develop a clear, explainable goal or a small set of goals.
- Sufficient time was devoted to the planning effort.
- The planning possessed continuity, usually building on prior research or demonstration efforts; moreover, staff and program interests showed continuity.

The best priority planning efforts seem to require many months and, in some instances, more than a year. Arrangements for involving researchers and practitioners require time. Developing suitable goals that command some consensus is a difficult and lengthy process. Moreover, initial experience may suggest that plans need to be altered.

Not surprisingly, priority-area planning seemed best developed in programs possessing a strong constituency and broad political support. The comparative program stability provided by this support permitted the extended time needed for the effort. The same conditions, particularly the existence of a developed constituency, facilitated the planning and ultimately the dissemination and use of the results of the program.

SOLICITATION AND SELECTION

Proposals for demonstrations (and supporting analyses and services) are obtained through solicitation. The proposals that appear likely to best meet the needs of the program are then selected. In practice, solicitation and selection go hand in hand because the policies and regulations guiding solicitation contain guidance concerning the selection process.

The criteria for judging the effectiveness of the solicitation and selection process include:

1. The ability to attract proposals that fulfill program objectives
2. The availability of appropriate expertise for the selection of performers
3. Freedom from conflicts of interest and encouragement of public accountability
4. Efficiency in terms of the cost to the government and the performer community.

Solicitation practices in HHS demonstration programs vary widely. Some are quite directive and specific concerning both the problem to be addressed and the methods to be used. The ASPE's income-reporting experiments specified the experiment goal (more accurate reporting of income and reduced program costs) and the methods to be used (a reporting system that had worked in Colorado).⁷ Most federally supported third-party evaluations of demonstrations are solicited through requests for proposals that specify both the criteria by which the demonstrations are to be judged and elements of the evaluation design.

Other solicitations are directive concerning the problem to be examined but open concerning the approach to dealing with the problem. For example, the solicitation for the initial statewide demonstrations in the High Blood Pressure Education Program specified that the goal was to create coordinating mechanisms that would increase the proportion of hypertensives who were identified and whose hypertension was controlled. The specific nature of these mechanisms was not defined. Similarly, the annual general solicitations from HCFA and DFAS contain short descriptions of the problems to be addressed but leave open how they are to be addressed.

Other programs use solicitations that contain only broad areas of suggested activity with both the detailed specification of the problem and the methods used to address the problem being left to the proposer. The Coordinated Discretionary Program in HDS and the annual solicitation of the Administration on Aging are examples of this type of solicitation.

Finally, a few programs have open and continuing solicitations, sometimes with statements of priority interests. These programs supported predominantly research and relied heavily on peer-review panels to score proposals, primarily on the basis of scientific merit. For example, the National Heart, Lung, and Blood Institute issued general guidelines for demonstration-project proposals and the National Center for Health Services Research supports a few demonstration projects submitted in its standing grant competition.

We found one solicitation that focused entirely on performance capabilities. The grantee for the Health Insurance Study was selected in a competition that asked for information on staffing and survey capabilities that could be used to implement an existing preliminary design for the experiment. Many solicitations involve elements of a

⁷In this particular instance, the reporting system proved to be inappropriate in other sites and plans had to be revised. See Glennan (1985).

capabilities competition, but they are normally combined with requests for proposals for suggested demonstration designs.

Factors Affecting Choice of Solicitation Style

The function that the program seeks to perform largely determines the style of the solicitation. Demonstrations intended to support specific federal decisions require a specific solicitation. A problem for which the desirable policy action is unclear might be explored with a solicitation describing the nature of the problem but leaving the specific project design to the proposer. If the program seeks to provide general support for improvements relating to a broad policy area, it would likely use a general solicitation that leaves the definition of problem and project design to the proposer.

The nature of the performers who are expected to respond to solicitation also strongly influences the solicitation style. If the performers know what to do and can do it, broad statements of the problem to be addressed are likely to be appropriate. Less well-informed or technically proficient performers (such as service agencies) may be better served by more highly specified solicitation.

Finally, the extent and quality of the demonstration program staff affect the style of the solicitation. An extensively specified solicitation requires a staff with the knowledge and expertise to define the problem, the technical capability to specify a design, and the time to do both. Programs with limited staffs or few technical specialists must either limit themselves to more general solicitations or rely on outsiders for assistance in developing solicitations.

Selection Processes

All programs seek to use experts to judge the quality of proposals. Programs vary, however, in how expert judgment enters into the final decisions and who makes the final decisions. Federal government and departmental regulations and manuals offer guidance on the use of experts, but programs have substantial flexibility.⁸

The PHS agencies have a formalized process, managed by special organizational units, for selecting experts. The NIH has a regular and continuing grant program that uses standing initial review groups to judge the scientific merit of proposals. However, in most of the instances examined, the institutes formed special ad hoc panels composed mostly of nonfederal experts with skills relevant to the specific

⁸See the discussion of management policies on grants and contracts in Sec. II, above.

solicitation. This system was deemed necessary because existing study sections often lacked the expertise needed for demonstration programs. Standing advisory committees of the particular institute performed a second-level review. Federal program officials made the final decisions, but closely followed panel recommendations.

The HCFA and DFAS used panels selected by operating program administrators based on recommendations from research program staff. Although these panels called on some outside experts, they used a much higher proportion of federal employees, usually from outside the demonstration program staff. Program staff performed additional reviews to ensure that the program perspectives concerning the proposals were known to officials making the final decisions. Federal officials above the demonstration program made the final selections, based on the panel and staff reviews but also reflecting operational and political factors.

The HDS agencies used panels selected by top substantive managers from lists prepared by R&D program staff. The preparation of such lists was but one of many tasks performed by program staff, and because of the instability that has characterized most of the programs, it was not highly routinized. In the case of the Coordinated Discretionary Program, government staff initially screened prospectuses for proposals to reduce the number of final proposals to manageable proportions and to minimize the burdens on the proposers. Program staff also reviewed proposals. Substantive managers made final selections based on the reviews and other management and political factors.

When contracts are used, selection processes are governed by federal procurement regulations, which reduce the latitude for program officials to choose proposals with lower technical ratings but with other desirable qualities, such as a specific location or class of performer. However, if these qualities are program relevant and anticipated, they can be built into the selection criteria included in the RFP.

Observations

According to the program staff with whom we talked, the time, staff resources, and administrative hassle associated with the use of contracts meant that these were used only when the federal government sought to prescribe and control the tasks to be accomplished. Otherwise, the use of grants was quicker, easier, and generally adequate. Examination of both the validity of the comments concerning contracting and the opportunities for changes was beyond the scope of this study.

In principle, methods of solicitation and selection should be chosen largely on the basis of the functions that the program seeks to perform. In practice, the choice depends on staff competences and administrative realities. A few agencies, such as NIH and ASPE, appear to have explicitly tailored staffing and administrative support to the function the agency seeks to perform. In many other programs, outside factors, such as reductions in force (RIFs) or generally applied administrative policies, seem to play a larger role in the choice of solicitation and selection policies than program function. Program managers, of necessity, take these outside forces as givens.

We do not know what the effect would be of reducing these disruptive outside factors. We found few managers who advanced integrated staffing and management strategies. When queried, they indicated that senior agency personnel often ignored requests for more staff or modifications of administrative procedures. Given this situation, they saw little reason to develop such strategies.

Two management practices seemed useful and worthy of wider implementation: preproposal counseling by program staff and specialized organizational units for the management of solicitation and selection. However, proposal counseling is feasible only in grant programs. Contacts between program staff and potential proposers are prohibited in contract competitions.

A number of agencies, particularly those associated with the PHS, emphasized preproposal counseling. To the extent that program officers understand the interests of the selection panels and possess useful methodological skills or relevant substantive information, their counsel can improve the quality of the proposals. Counseling can also help the agencies and performers in the field by referring them to other agencies or to experts that can provide advice and assistance. Moreover, it can discourage proposers who do not possess requisite skills or interests, thus saving them from wasting effort writing a proposal and reducing the proposal review burden. Finally, giving counsel can increase job satisfaction for program officers by enabling them to contribute to the field.

The existence of a strong and independent administrative organization responsible for constituting and managing panels adds significantly to proposal assistance. It frees program officers from any direct responsibility for performer selection, allowing them greater freedom to advise prospective proposers. Such an administrative unit also reduces the time that program staff must devote to administrative detail so that they have more time to devote to substantive matters.

At the NIH, a model for such activities, administrative units have routinized grant-handling procedures and freed program staff for more

substantive program activities. These units provide independent but apparently responsive handling of the appointment of outside experts to panels. The basic dual review grant system used for basic research has been adapted to specific grant solicitations (RFAs) and contract solicitations (RFPs). The scale of NIH's research program makes this management infrastructure feasible. However, small units performing the same functions might be developed in other agencies.

EVALUATION

Evaluation performs several functions in HHS demonstration programs. It provides the cost and performance information needed for federal program and policy decisions. If a demonstration is intended to promote and facilitate the adoption of a project design, an evaluation offers important information to potential adopters. Finally, evaluations contribute to project and program planning by indicating where performance is falling short of expectations and by clarifying project and program goals and strategies.

The classic evaluation views a program as a treatment and compares clients of the program with similar persons who have not been treated by the program.⁹ For the purposes of this study, this view of evaluation is too narrow. Widely varying studies of the implementation and effects of a demonstration can serve evaluative purposes. The benefits of elaborate studies must be weighed against their costs. For some demonstrations, a simple descriptive case study may suffice. Others may require an elaborate experimental design to make the demonstration worth doing at all. The choice among such designs as the following should be a major goal of demonstration planning:

- A case study that describes the project, analyzes its costs, indicates outcomes, discusses implementation problems, and specifies available manuals, curricula, etc. Either the project staff or a third party may conduct the case study.
- A project-centered outcome evaluation using a comparison group. The comparison group may be a randomly assigned control group, a group of similar clients with statistical techniques used to control for differences, or in appropriate cases, a comparison community, treatment facility, or group of facilities. Either a third party or the project may evaluate the outcome.

⁹It is usually argued that the best evaluations assign potential clients randomly to treatment and comparison groups so that observed differences in the two groups can be unambiguously attributed to the program. In practice, true experimental designs are frequently difficult to implement because of a variety of operational and ethical problems.

- A multiple-project outcome evaluation with comparison groups. The evaluation may seek to differentiate performance among projects. As with the project-centered evaluation, comparison groups can take a variety of forms. Normally, a third party will evaluate.

Most HHS demonstration program managers considered evaluation their most difficult management problem. They know its importance: In most demonstrations, evaluation constituted the prime source of information on project performance. However, evaluations are often difficult to implement. Evaluators and demonstration project managers may disagree over project goals, and managers may fear that evaluators will emphasize measurable goals over real ones. The timing of evaluations may conflict with the demonstration project itself. Coordination of evaluations of a group of related projects causes even greater problems. Moreover, the final results of many evaluations have proved discouragingly ambiguous.

HHS Evaluation Practices

Like other management functions, evaluation in HHS demonstration programs takes several forms. The most common practice, particularly in projects resulting from broad solicitations, requires the demonstration project to evaluate itself. In research-oriented programs such as those in NIH, proposal evaluation criteria require provisions for project evaluation, and program monitoring reinforces these requirements. In less research-oriented programs, such as those in HDS, solicitations call for evaluations where appropriate but devote less attention in the selection and monitoring processes.

The HCFA and DFAS require project evaluations by almost all grantees, whether the project was solicited to deal with specified issues or was proposed by a state agency. The latter sometimes require that these evaluations be contracted to third parties or that evaluation plans be submitted for approval. In a few instances, the agencies provide additional funds to enhance the evaluations beyond what the states are willing to support.

Third-party cross-cutting evaluations are commonly used to assess a cluster of related projects in a priority area, particularly in HCFA and ASPE, which are strongly oriented to federal policy and program needs. The preferred strategy awards the evaluation and the demonstration contracts or grants at about the same time so that they may be implemented simultaneously and coordinated. The past failure to commission cross-cutting evaluations before demonstration projects began

resulted in the absence of common data collection protocols among projects and difficulties in reconstructing descriptions of project implementation.

Cross-cutting evaluations of multiple project demonstrations are feasible even where a single, third-party evaluation is considered infeasible or undesirable. For example, in the High Blood Pressure Education Program, contractors and government program officers synthesized and supplemented the results of individual project evaluations to provide a better picture of what was learned in the course of the demonstration effort. Such synthesis is particularly appropriate when projects emerge naturally in a succession of broad solicitations rather than being commissioned through a single unified announcement.

Problems of Evaluating Demonstration Projects

Evaluations of HHS demonstrations exhibit the traditional problems of all social program evaluations. Objectives are difficult to specify and measure. The external validity and replicability of findings are difficult to ensure. Many programs had trouble pinpointing audiences and learning their needs for information. In general, these problems are more severe in social service than in health service programs and in programs intended to serve nonfederal audiences than in those serving federal audiences.

Even the simple demonstrations that we examined had objectives that could not easily be quantified. In projects limited to testing administrative changes intended to reduce program costs, for example, lower costs were an insufficient indicator of important program effects. In the case of ASPE's Monthly Income Reporting Experiment, the distribution of impact among clients and the administrative feasibility also needed to be considered.

Most demonstrations that we examined had complex objectives. Consider, for example, tests of the extension of entitlement program coverage. The HCFA Hospice Demonstrations and ASPE Channeling Demonstrations both sought to reduce program costs by substituting less expensive for more expensive services. Comparing the costs of these activities with the costs that would be incurred in providing services in more traditional ways is by no means simple, but it is considerably easier than determining whether client welfare has been improved.

Client welfare is important and usually extremely difficult to measure. If cost savings are achieved, it is important to know if client welfare has been maintained. If those savings do not materialize, the increase in client welfare (if any) must be weighed against the

increased costs. Assessing client or societal benefits from the treatment of terminal illness in a hospice or long-term care in community settings also involves many subjective judgments.

The NIMH faced a nearly impossible task in objectively assessing the impact of its Community Support Program on the quality of life of chronically mentally ill adults living in communities. The best that can nominally be done is to provide a number of plausible indicators of outcome that can assist policymakers and other interested citizens to judge the worth of the reform.

Confounded Attribution. Even when satisfactory indicators of program outcomes can be specified, it is usually difficult to attribute them unambiguously to a demonstration project.

The statewide demonstrations intended to improve the coordination of activities extending hypertension screening and treatment, for example, took place simultaneously with widespread education and promotion efforts (often associated with the parent High Blood Pressure Education Program) aimed at the same objective. The national incidence of undetected and untreated hypertension was significantly reduced. The demonstrations themselves were publicized at professional meetings and some of their approaches were certainly adopted by other states. Unambiguously attributing improvements in detection and treatment of hypertensives to the demonstrations thus became impossible.

In other cases, program effects may be difficult to detect because they are swamped by more powerful factors. Various programs that experimented with work or training requirements associated with welfare programs yielded inconclusive outcomes because economic conditions changed significantly while they were in progress. Good experimental designs or statistical controls can help in separating the effects of the economy from that of the program, but the results are seldom totally persuasive.¹⁰

Uncertain Replicability. A demonstration project that produces particular outcomes in one site will not necessarily produce similar outcomes if the project is replicated elsewhere. Most demonstrations that we examined involved teams of people providing services according to complicated and sometimes loosely specified protocols. The project staff usually exercised extensive discretion. The qualities of project leadership do not easily lend themselves to measurement. Establishing the relative contributions of each of these factors is difficult.

¹⁰It is worth noting that randomized assignment of subjects to alternative program treatments and to control groups has been achieved in a significant number of instances in the programs that we examined. In particular, ASPE and HCFA have succeeded in implementing several such experimental designs.

Management policies for demonstrations should take into account the crucial factor of replicability. If the substance of a demonstration program cannot be reproduced in other sites, the traditional view of the function of a demonstration program must be modified. Indeed, the societal value of such a demonstration project must be questioned. If the results in one site cannot predict what will happen in other sites, potential adopters must use criteria in addition to evaluation results in deciding to implement that design.

Programs that we examined dealt with the issue of replicability in two major ways: They funded multiple sites, and they relied on professional judgment.

If several sites using more or less similar program designs—the first approach—produce consistent results, potential adopters can have more confidence in the effects of adopting a design than would be the case if the program had been tested in only a single site. Some form of coordinated evaluation effort is needed to ensure comparable data in each site. Such comparability can be achieved either by funding a single cross-project evaluation or by providing guidance to individual sites concerning the evaluation to be conducted.¹¹

The second approach accepts the fact that projects are unlikely to be replicated and relies instead on professional judgment and discretion concerning ideas, procedures, organizational forms, and materials to adopt from a demonstration project. Such an approach assumes that each new project implementation involves important elements of program development.

Discussions with demonstration project personnel, perusal of descriptive documents, observation of program operations, and adoption of materials developed in the demonstration project can all make the new development easier, cheaper, and more effective. The new project will not, however, faithfully replicate the demonstration activity.

If this second approach is appropriate for a program, evaluations should provide information that permits potential adopters to make a preliminary judgment that the project is worth examining. Potential adopters will thus obtain some outcome data, descriptive information on the project, information on project costs and, perhaps, some opinions on the program's important design characteristics.

Poorly Defined Audiences. Whether a highly formalized experimental design or a less formal descriptive study, an evaluation should

¹¹For an example of such a coordinated effort, see the discussion of the National Heart, Lung, and Blood Institute's evaluation activities in the subsection on Observations, immediately below. Cross-project evaluations have been used in HCFA, ASPE, and the Head Start program of HDS.

produce information that the audiences for the demonstration results want and can use. Unfortunately, evaluators frequently experience difficulties identifying the needs of different audiences or, indeed, identifying the audiences to be served. Potential audiences are infrequently involved in the design of evaluations, particularly those of demonstrations intended to aid nonfederal actors. Evaluators often respond to professional norms and rewards rather than to specific needs of program managers and policymakers. In addition, many demonstration programs seek to meet the needs of several audiences and thereby complicate the planning of evaluation.

The audience presented the least problem in policy formulating demonstrations intended to serve the needs of federal program and policy officials. Particularly in efforts having high priority, evaluations and evaluation measures seemingly responded to policymakers' needs. The ASPE, HCFA, and DFAS provide the clearest examples. In contrast, project-centered and project-conducted evaluations that attract little federal program interest and monitoring are normally viewed as unimportant by performers and, consequently, receive less emphasis.

Observations

Absence of Evaluation Specialists. One unexpected finding of our study was that few programs possessed evaluation specialists. Of the demonstration program agencies surveyed, only HCFA contained a special evaluation unit. Several programs belonged to agencies with staff evaluation units that offered (or responded to requests for) assistance but apparently were not involved in the planning of demonstration programs. In the absence of a specialized staff, a program's evaluation efforts depend on the qualifications and interests of its program staff, that is, the project officers and their supervisors, and on the qualifications and interests of the chosen performers.

The qualities emphasized in program staff vary. Programs such as HCFA and ASPE traditionally have hired staff with training or experience in research design.¹² Such staff instinctively think in terms of evaluation designs. Programs with action-oriented staff, emphasizing program development skills, tend to emphasize the program development itself, rather than evaluation designs. Programs with research traditions, such as NIH or NCHSR, emphasize the selection of research-oriented performers and tend to leave evaluation to the individual project. In some of these programs, individual project officers

¹²In recent years, RIFs and hiring restrictions have changed staff composition and reduced the proportion of staff with such qualifications.

possess methodological skills and can assist investigators in improving their designs.

To improve the evaluation of demonstration programs, HHS must first ensure that demonstration programs possess and use staff trained and experienced in evaluation. The form that the evaluation will take will differ significantly from one program to the next, depending on many factors enumerated in the preceding section. But unless evaluation is seen as a sufficiently important function to merit commitment of staff resources, it is unlikely to be seriously pursued.

Collaborative Project-Centered Evaluation. The NHLBI collaborative evaluation emphasis, which has evolved as the institute's experience with demonstrations has grown, provides a useful model for priority-area demonstrations in which the performers have good evaluation or research skills. Current NHLBI solicitations for demonstrations usually provide broad guidance on the type of evaluative information wanted and indicate that the PIs will meet early on to discuss common data requirements and appropriate measures of outcome. Thus, the project PIs retain the principal responsibility for evaluation, but their efforts will likely be more easily aggregated than they would be in the absence of joint activity.

The present practice reflects problems experienced in early NHLBI demonstrations. Three demonstrations of the screening and treatment of hypertensives in workplace settings yielded outcomes that could not be compared because outcome measures differed and costs lacked a common definition. The first demonstrations of statewide coordination of programs to reduce hypertension encountered similar problems. In this case, NHLBI's Office of Planning and Evaluation provided financial support for investigators to meet and for consultants and experts to assist in developing the evaluation. A second solicitation for additional sites stated evaluation requirements more explicitly.

The collaboration extended beyond the planning of the evaluations. The investigators discussed program goals and measures of performance. They also shared experiences. Working groups of statewide project representatives reported on the demonstrations. In addition, NHLBI commissioned a synthesis of findings from the demonstrations by an outside consultant.

The organizational culture of NIH, which emphasizes the primacy of the individual investigator, engenders, and perhaps necessitates, this approach to evaluation. Third-party evaluations would be difficult to implement in NIH programs; moreover, the investigators are themselves interested in the research. While particularly appropriate to NIH, this technique of promoting evaluation merits consideration in other programs where a few projects collaborate on program

development and where elaborate initial external designs would not suit.

Third-Party Evaluations. In contrast to NHLBI, which relies on project-centered evaluations by the projects themselves, HCFA requires third-party evaluations of all major projects. This stated policy is intended to bring independence, greater federal program control, and specialized competence to bear on the evaluation problem. When collections of projects are to be evaluated, HCFA staff usually design the evaluation, at least broadly, to meet HCFA specified needs. This approach is appropriate because HCFA demonstrations emphasize policy formulation.

The HCFA approach has several advantages. It ensures the coordinated evaluation of groups of projects dealing with a specific issue. It facilitates the incorporation of the outcome measures that HCFA management considers important; such measures would be less likely to be incorporated if individual project investigators played the major role in specifying outcome measures. This type of evaluation also suits the types of demonstration performers involved in HCFA programs. In many instances, the demonstrations are run by public agencies possessing limited evaluation skills and lacking the resources and incentives to devote substantial efforts to objective evaluation.

Although stated HCFA policy requires external evaluations of all projects, the policy cannot (and probably should not) be fully implemented. Projects do not receive such evaluations when HCFA does not consider their results to be of national interest or when limited staff and financial resources do not permit. In such cases, project-centered evaluations are required, but the demonstration performer has the responsibility.

Collaboration in Program Development and Evaluation. The coordination of a multiple-site demonstration program with a large cross-project evaluation demands careful management, particularly when substantial program development is required before the evaluation actually takes place. With good management practice, the evaluation contractor would normally be selected at the beginning of the program. However, if the nature of the individual projects, and therefore the evaluation task, is not understood, the wrong evaluator may be selected. Moreover, the demonstration program managers naturally emphasize program development over evaluation.

Evaluations of collections of already-operating projects pose important difficulties. Often the projects have developed somewhat different goals appropriate to local conditions, and almost inevitably the management systems associated with the individual projects do not produce fully comparable information.

Several recent priority-area programs dealt with this problem by making the evaluator a collaborator in the implementation of the entire demonstration effort.¹³ A team made up of federal project officers, individual principal investigators, technical assistance contractors, and the evaluator worked together to define program goals, design measurement instruments, and agree on common data collection protocols. The team approach requires (1) leadership from federal program officers and (2) letting the evaluation contract simultaneously with (or before) the actual demonstration grants or contracts.

This collaborative approach has several benefits. The need to design an evaluation in detail clarifies program goals and objectives and thus benefits all participants. The evaluation contractor may facilitate individual project-centered evaluations or data-collection efforts by designing data-collection formats or test instruments. Evaluation personnel participating in the early stages of the program start-up have communicated to project staffs an understanding of the need for randomized assignment of clients, common intake instruments, and stabilized project designs. This intimate involvement apparently has not reduced the objectivity of the evaluations.¹⁴

Evaluability Assessment. In recent years, Wholey (formerly deputy assistant secretary for Planning and Evaluation) and his colleagues have espoused the concept of evaluability assessment as a means of dealing with what they perceive to have been the unsatisfactory outcomes of many federal evaluation efforts (see, for example, Strossberg and Wholey, 1983). In their view, many program evaluations made assumptions concerning program goals and objectives that were not shared by program managers or policymakers. Evaluations were sometimes carried out before the program was fully operating and used flawed measurement or analytical techniques.

Wholey and his colleagues suggested that program evaluation begin with an evaluability assessment that clarifies the goals and objectives of the various parties interested in the program, develop a clear description of the assumptions held by various parties concerning the manner in which the program is supposed to operate, and assess the desirability of additional evaluation activities. Particularly during the

¹³See the description of the Channeling Demonstrations in Glennan (1985).

¹⁴During the past 15 years, evaluators and project staff have collaborated in the large income maintenance and health insurance experiments supported by ASPE. However, the situation in these experiments differs somewhat from that described here. In the ASPE experiments, the designer and manager of the experiment was the equivalent of the evaluator. He had clear and full responsibility for the field activities. In the collaborative style of implementation suggested here, individual sites and the evaluator are more nearly coequal partners in a venture. The government staff must provide the leadership.

late 1970s, ASPE encouraged and collaborated in the conduct of evaluability assessments throughout HHS.

While the evaluability assessment concept was developed for large government operating programs, it was also used in two demonstration programs examined for this study, the Community Support Program of the NIMH (Purnell, 1985b) and the Diabetes Control Program of the CDC (Rizor, 1985). In both cases, program managers found the activity useful.

These complex programs had made certain strategic assumptions concerning roles of state and local actors. The evaluability assessments investigated the degree to which these assumptions were shared by these actors, identified perceived problems with program implementation, and suggested needed clarifications in objectives and strategies. While the assessments generally found agreement concerning program objectives and strategies, they also suggested changes (such as switches from contracts to grants in the CSP and from contracts to cooperative agreements in the Diabetes Control Program) that were adopted.

This experience suggests that evaluability assessment may offer a useful evaluation technique in programs where demonstrations are used as a policy instrument for furthering a national objective and where the demonstrations are sufficiently diverse that the type of collaborative and/or cross-cutting evaluations discussed above are appropriate. Evaluability assessment can help to clarify and refine program goals in light of the initial year or two of experience. It may also provide the most useful form of evaluation when the ultimate effects of the demonstration program are difficult to measure or attribute to specific program activities.

In sum, evaluation constitutes one of the most difficult management problems for demonstration program managers. Precise and universal guidelines for management practices concerning evaluation cannot be derived from our case studies. To the contrary, evaluation plans should be made case by case, taking into account:

- The intended purpose and audience of the evaluation
- The competence of the program staff and the project staffs
- The likelihood that robust and acceptable measures of program success can be developed
- The desirability of comparative analyses of projects
- The danger of serious conflicts of interest compromising the evaluation outcome.

While flexibility is desirable, however, a reasoned decision concerning the evaluation to be performed should be made in each case. Evaluation should not be an afterthought.

IMPLEMENTATION

Once the demonstration performer has been chosen, the project implementation begins. During the implementation phase, more detailed project planning may be carried out, program operations commence, and ultimately, federal support for the project ends. Clearly, the responsibility and action shifts to the field. In most cases, the federal program staff have only periodic contact with individual projects.

The federal function during implementation involves monitoring the field activities, providing assistance, and if necessary, persuading or directing projects to make changes that increase the probability that federal program objectives will be met. Normally, the key federal official at this stage is the project officer or monitor.

Program implementation tends to emphasize one of three objectives: *control* of field activities, *accountability* in the use of federal funds, or *facilitating* field activities. Of course, programs seldom devote efforts exclusively to a single objective. All take actions to ensure accountability for the use of public funds. Most stand ready to help projects that need it. Usually, however, a program emphasizes one or another objective, either because that objective is particularly appropriate to the program's mission, consistent with its staff capabilities, or a part of its organizational culture.

Implementation based on facilitation particularly suits demonstrations that involve substantial development. This style of implementation provides technical assistance to help a project to organize, plan, and implement its activities. A program may also train project staff. Project officers often assist in negotiations with officials of federal, state, and local governments. They will probably flexibly interpret and revise grant and contract provisions as project needs change. Project officers may try to develop networks of individuals and projects that share common problems so that they may share experiences.

The overarching goal of facilitation is to increase the probability that a project will succeed. Examples of programs placing a great deal of emphasis on facilitating implementation include the Community Support Program in NIMH, the National Heart, Lung, and Blood Institute, and the National Center for Health Services Research.

Implementations emphasizing control are appropriate when the federal program establishes a demonstration's objectives and develops its design. Federal program officials are substantively involved in project implementation so as to ensure conformance with the design. Obviously, a controlling strategy of implementation requires a program staff with the competence and size needed to run the field activities and performers, who acknowledge the responsibility and authority of this staff.

The controlling style of implementation suits policy formulation demonstrations intended to serve clearly established federal needs. As we noted in Sec. II, only three HHS programs regularly supported such demonstrations: ASPE, HCFA, and DFAS. None of these programs used a pure controlling strategy.

In their actual implementation, the ASPE, HCFA, and DFAS programs combined elements of both facilitation and control. Two factors explain the dual emphasis. First, the programs would be unlikely to find good performers who would carry out demonstrations wholly under the direction of the federal government. Indeed, state and local agencies might find it politically and legally impossible to conduct such demonstrations. Second, few if any programs have sufficient staff with appropriate experience and skills to design and fully control the implementation of complex demonstration activities. Instead, these agencies tend to use a collaborative implementation strategy with final approval of plans being reserved by federal program officials.

An implementation strategy emphasizing accountability entails relatively passive government involvement, relies on the initiative of the field, and focuses on assuring that the administrative provisions of grants are met. Strategies emphasizing accountability apply when the volume of activities is large relative to the size of the staff, there is little staff continuity, staff do not play a large role in developing solicitations, and the solicitations are quite general. On the one hand, an accountability style of implementation provides few staff rewards and thus fails to attract good staff. On the other hand, this type of implementation does not require highly qualified staff.

As with the controlling implementation strategy, we found few examples of a pure accountability strategy. The HDS Coordinated Discretionary Program provides the closest example. This program uses management information systems to prompt the staff to ensure that the administrative requirements of the demonstration grants are met. Even in this program, however, many staff members provide assistance intended to facilitate the implementation of individual projects. As we noted above, some emphasis on accountability is a component of all implementation strategies.

Project Planning

Federal implementation strategies have their greatest impact during project planning. The involvement of federal staff in project planning varies widely. At one extreme, demonstration programs may adopt a hands-off approach, leaving projects to plan as they see fit. This approach is unlikely unless the staff is severely limited in size or possesses experience. No program followed this approach as a stated strategy, although the Coordinated Discretionary Program came close.

A second approach provides facilitating assistance on call. Projects are encouraged but not required to seek technical assistance from the program. This approach is used often in HDS agencies and to some extent in NIH and NCHSR. It assumes either that the individual project managers are capable of planning their activities or that it is inappropriate for federal staff to take the initiative in assisting individual projects.

A slightly more activist implementation strategy has the program staff taking the initiative in facilitation. Federal staff bring project PIs together to discuss common problems, aggressively seek to provide technical assistance, and in some instances, provide financial support for a technical assistance contractor(s). The Community Support Program in NIMH and the later NHLBI demonstrations in support of the High Blood Pressure Education Program exemplify programs whose staffs took considerable initiative in facilitating project planning.

Still another approach emphasizes procedural control. The program establishes a requirement that a project develop an adequate plan but provides little direction concerning the specifics of the plan. The program may prevent the project from beginning operations until the project produces a satisfactory plan. This approach characterizes HCFA and DFAS demonstrations that do not result from extensively planned initiatives. It may be seen as a way of improving chances for project success without forcing excessive federal control. This approach is easily implemented in these agencies because most projects must obtain waivers to the regulations governing the major federal entitlement programs. Approval of such waivers can be withheld until a satisfactory plan has been developed.

The final approach to project planning involves active federal leadership and direction throughout a demonstration. Most policy-formulating demonstrations followed this approach. The ASPE's implementation of the Channeling Demonstrations provides a particularly good example.

In the Channeling Demonstrations, a substantial federal staff, drawn from ASPE, HCFA, and AoA, met regularly with project PIs, the

evaluation contractor, and the technical assistance contractor to clarify program goals, develop clear treatment protocols, and formulate evaluation plans. Telephone conferences were held several times a month to iron out problems. Teams were designated to deal with particular problems, such as the development of a screening instrument that could be used for both individual project operations and baseline data in the evaluation. While all involved participated in virtually all decisions, they agreed that the federal program officer provided strong leadership and made the final decisions concerning the direction of the program.

The people in the field gave no indication that they considered federal direction too strong or overbearing. The case studies conducted for this research involved telephone interviews with a few principal investigators in each program examined. The selection of the PIs to interview was based upon our examination of program plans and project lists, as well as advice from program officials. We were probably not directed to the most troublesome projects, although we might have come upon one by accident. Nonetheless, no PI with whom we talked considered federal involvement excessively intrusive. Many expressed appreciation for the assistance and support that had been provided. A few felt that stronger federal direction would have improved outcomes.

Termination of Project Support

The federal government has often encountered difficulty in terminating support of demonstration projects. The projects may fail to attract other sources of funding. Their costs may be too high or the services they provide seen as of marginal importance to local officials. At the same time, the projects often build a constituency made up of clients, the providers of services, and interest groups. For example, the Follow Through Program, which provided enriched educational services to Head Start youngsters as they entered elementary school, sold as demonstrations and then developed strong political backing and survived for many years as a limited service program (see Rivlin and Timpane, 1975).

At present, the termination of federal support does not appear to be a major problem in HHS. Most solicitations make clear the expected duration of the project. Moreover, program monitors require plans for phasing out federal assistance. This requirement reflects the strong incentives that the federal programs have to encourage the termination of funding in the tight budget situation of the past 10 years. If the support of old projects is not terminated, the government lacks resources to support new activities.

Projects supported through entitlement program funds, made available by waivers to program regulations, appear to be an exception, one that we did not investigate in detail. Frequently, these projects have important political support within a state. The states share in any costs that are incurred, and the projects may not entail additional funds. In these cases, waivers may be continued for a number of years beyond the time originally planned.

Relationship to Other Management Practices

Project implementation practices are closely correlated with other demonstration program management practices, particularly those relating to solicitation and dissemination. Concretely specified solicitations reflecting federal needs naturally lead to control-oriented implementation strategies and dissemination performed by federal officials who have monitored and led the projects.¹⁵ Solicitations seeking a group of related, development-oriented projects often use facilitating implementation strategies, and networks that evolve in connection with such strategies frequently also help to disseminate project results.

Finally, broad solicitations tend to be associated with passive, accountability-oriented implementation strategies because the government staff usually cannot build the competence needed to effectively pursue a facilitating implementation strategy. Normally such programs emphasize project-centered dissemination and/or responsive dissemination, such as clearinghouses.

DISSEMINATION AND UTILIZATION

Federal demonstration programs support demonstration projects to help policymakers or deliverers of services to perform their functions. If information concerning a demonstration does not reach these audiences, the program cannot realize its objectives. Even if information reaches the audiences, if it is inadequate or if the potential user is incapable of using it, it counts for little. Thus, management practices governing dissemination and utilization may be crucial to the ultimate success of a demonstration program.

Most program managers with whom we talked felt that their programs dealt adequately with the problem of dissemination. They relied

¹⁵Note, however, that in both the Channeling Demonstrations and the Monthly Income Reporting Demonstration, the rapid implementation of the innovations embodied in the demonstrations by the states led ASPE to encourage the individual projects to disseminate information concerning their experiences and reduce the role of federal officials in the dissemination activities.

heavily on traditional professional channels, including research and professional journals, both program-specific and general clearinghouses, and professional meetings. A number had developed additional program-specific channels, such as national and regional meetings. Agencies conducting policy formulating demonstrations for federal decisionmakers used informal staff contacts, service on legislative drafting groups, and testimony to the Congress as a means for reaching their audience. Only the agencies in HDS expressed serious concern about their dissemination activities.

In contrast, few even discussed the issue of utilization: Dissemination was their end point. Special efforts to improve the utilization of information generated seemed normally beyond the scope of the program. However, this may be largely a semantic distinction of little significance.

In fact, the conduct of a demonstration project may itself be a means of promoting the utilization of research-based knowledge by embodying it in an operating setting. And the involvement of research and demonstration staff in drafting legislation is certainly a form of use. Many programs supported the development of manuals and other program materials or fostered the development of networks of individuals who share common problems. Thus, while utilization is rarely discussed, many management practices clearly extend beyond merely making sure that information on projects is available.¹⁶

What Is Use?

In the programs that we examined, the use of program results takes many forms. In some cases, demonstration results are used instrumentally. Policymakers take direct actions based on information generated by a demonstration or group of demonstrations. An example is the setting of reimbursement guidelines based (in part) on cost data generated in the Hospice Demonstrations funded by HCFA.

In other cases, demonstrations may contribute to the quality or shape of a policy debate. Information generated in planning and fielding a demonstration or in evaluating its effects contributes to the conceptualization of a policy or service problem. It helps to identify the dimensions of a problem and the character of the benefits and/or the

¹⁶Several federal education programs have established activities to aid local school districts in using the results of demonstration projects and other research and development. The National Diffusion Network and the Regional Educational Laboratories are examples. We found no examples of a program creating institutions intended to promote and assist in the use of the results from federally supported demonstrations. See Dersheimer (1976, Ch. 6).

costs of dealing with the problem. Examples include the income maintenance experiments and the Health Insurance Study supported by ASPE. While both sets of demonstrations have yielded information that has on occasion been used for instrumental purposes in developing policy or legislative proposals, their larger contribution has almost certainly been to create an appreciation of the income security and health care financing policy problems.

In connection with both instrumental and conceptual use, an important, if normally unanticipated, use of demonstrations involves showing the infeasibility of a policy or project design. As researchers are fond of noting, the failure of an experiment to confirm a hypothesis is as significant as a success. In principle, at least, demonstrations that fail provide important lessons for policymakers and service providers. Unfortunately, just as with successes, one does not know whether the failure is due to the poor implementation of a project or an inherent weakness in the project design. Moreover, the professional rewards for reporting failures are not large. As a consequence, failures often receive little attention.¹⁷

In a few cases, demonstrations provide a concrete and complete model program that can be adopted and implemented by agencies that face problems similar to those that the demonstration addressed.¹⁸ However, faithful adoption seems to be relatively uncommon. As suggested by the factors associated with successful demonstration use listed early in this section, adaptation to local conditions, staff capabilities, and resource realities is important. In their evaluation of programs seeking educational changes in public schools, Berman and McLaughlin (1978) repeatedly found that innovations (some of which were developed in demonstration programs) were modified as they were incorporated in new sites; at the same time, the sites themselves changed. Berman and McLaughlin termed this a process of *mutual adaptation*.

Given the reality that most programs are adapted to local needs, the concrete products of a demonstration may help users more than a detailed description of the program as a whole. For example, curricula, training manuals, screening instruments, information systems, resource lists, and organizational descriptions may be useful to other projects even if the program of which they are a part is not adopted.

An important use of demonstrations may result from the creation of staff expertise during their implementation. Many who have studied

¹⁷Exceptions exist; for example, the Office of Economic Opportunity (OEO) tested the use of incentive contracts with private firms to improve the reading and math performance of low income elementary school students (see Gramlich and Koshel, 1975).

¹⁸An example is the Teaching Family Model (see MITRE, 1979, p. 35).

the process of diffusion of innovations have emphasized the importance of personal contacts in information transfer. Written reports may create an awareness of the existence of a program dealing with a problem, but discussions with individuals who have implemented the program may help potential users to assess the applicability of demonstration experiences to their own needs. In addition, demonstrations provide experience for the development of more general expertise concerning a problem that may be useful quite independently of the specific aspects of the demonstration.

A function of demonstration projects that is even less specific to the projects themselves involves the creation of public awareness of a problem or of a class of policies. The NIMH Community Support Program offers one of the best examples of such a use among the programs that we examined. This program was designed to alert the mental health community to the problems of chronically mentally ill adults living in local communities as a result of the deinstitutionalization movement of the 1960s and 1970s. While the CSP sought to develop program models and materials that would find wider application, its major purpose was to create an awareness that would lead to public and private action whether or not it was patterned after the specific demonstration projects supported. The negative income tax experiments commissioned by OEO and ASPE, which focused on a policy at the federal level, provide an earlier example.

Implications of Two Models of Research Utilization

As suggested in our earlier discussions, two distinctive models associated with research utilization underlie most programs that we examined. In the *problem-solving model*, demonstrations are commissioned to deal with a problem identified by decisionmakers. In the *technology-driven model*, demonstrations are used to refine and promote opportunities arising from earlier basic and applied research.¹⁹ The model of research utilization that underlies a program has important implications for all phases of its management.

If the program uses a problem-solving model, it must find ways to identify the needs of the decisionmakers. This requirement should

¹⁹Weiss (1977, pp. 11-16) terms the first of these a *decision-driven model* and the second a *knowledge-driven model*. She also introduces the concept of an *interactive model* of research utilization in which "the use of research is only one part of a complicated process that also uses experience, political insight, pressure, social technologies, and judgement (p. 14). The technology-driven model is sometimes referred to as a linear or research, development, diffusion, and utilization (RDDU) model. For a discussion and critique of the RDDU model in social policy areas see U.S. Department of Justice (1976, pp. 68-72) and Louis et al. (1981, Ch. 2).

shape the planning process. Moreover, as noted, if the planning process successfully engages the decisionmakers, it creates an awareness of the project that is the first stage in achieving the utilization of its results.

Normally, demonstration results require interpretation to take account of artifacts of the demonstration or to use its results to estimate program effects in other populations. This interpretation requires either staff (in the demonstration program or working directly for the decisionmaker) or performers capable of performing policy analysis, a capability that often is not a strong point of project monitors. Interpreting demonstration results for policymakers often demands detailed understanding of the demonstration's implementation so that anomalies affecting the interpretation of the demonstration results are understood.

The three programs whose missions most closely fit the problem-solving model—Office of Demonstrations and Evaluations in HCFA, the Office of the Assistant Secretary for Planning and Evaluation, and the Division of Family Assistance Studies in Social Security—illustrate these implications. Decisionmakers were heavily involved in the planning. Staff participated in drawing implications or were well connected to other staff units, such as policy or legislative staffs. Where staff and funding permitted, monitoring was extensive, at least in part because the monitors were trying to understand how the projects were implemented.

These programs also view their audience as including the Congress. Many HCFA demonstrations, for example, reflect mandates from the Congress, and the Channeling Demonstrations in ASPE received explicit support from the leadership of the relevant congressional committees. In recent years, the expansion of congressional staffs has permitted the development of capabilities to interpret demonstration results. Congressional agencies such as the Congressional Budget Office and the Office of Technology Assessment play a particularly important role.

However, it is usually difficult to relate demonstration programs to the decisionmaking needs of the Congress. As a legislative body, its decisions are a product of advocacy and negotiation; analysis plays a limited role. Legislative bodies are inherently shortsighted and often uninterested in long-term projects such as demonstrations, except as a political tool to delay a decision or perhaps to sustain attention to a problem that would otherwise be ignored.

The adversarial quality of many relationships between the legislative and executive branches also limits the participation of congressional

staff in planning and in the analysis of project outcomes. While managers of demonstration programs should continue to seek to make their programs useful to the Congress wherever possible, all must recognize the inherent constraints on utilization posed by the character of legislative bodies.²⁰

A problem-solving model of utilization is difficult to implement if the decisionmakers are numerous and diffuse, as is the case with state and local government. The needs of decisionmakers inherently resist aggregations, as was amply illustrated in the experiences of the Coordinated Discretionary Program of HDS, which sought guidance concerning its programs from members of its constituencies. The statements of needs were written at a high level of generality that provided little concrete guidance.

Understanding a decisionmaking problem frequently involves extended interaction between demonstration program managers and decisionmakers; such interaction is almost impossible when decisionmakers are numerous and dispersed. In many cases, individual decisionmakers in state and local governments do not have the staff to interpret and apply demonstration findings to their own situation. Thus, the problem-solving model is difficult to apply to programs with primarily nonfederal audiences.

The technology-driven model is the most common research utilization model in HHS programs. This model starts with a technology (whether derived from a research or practice base) and seeks to assist or promote its use. In contrast to users of the problem-solving model, potential users of the technology-driven model customarily are not involved in planning the program; thus, they usually do not know about the demonstration activities. Users are often geographically dispersed. In many instances, use involves not only a decision (to adopt the innovation) but also a process (the implementation of the program incorporating the innovation). As we have noted, in HHS the innovation is intended largely to advance national objectives established either by the Congress or the executive branch, objectives that may or may not be shared by the potential adopters.

As with the problem-solving model, the technology-driven model has important implications for demonstration program management practices. The planning for the demonstration program should assure that the project designs possess characteristics that make their adoption feasible.

The characteristics listed at the beginning of this section—reasonable costs, implementability with the quality of staff available to

²⁰See Dreyfus (1977).

adopters, adaptability to local conditions, and if possible, relevance to adopter's perceived needs—should be criteria in the solicitation and selection process. Evaluations should be designed to produce the information that encourages potential adopters both to investigate an innovation further and to implement the innovation if they like it. Dissemination and utilization activities should create an awareness of the innovation's existence and assist adopters with its implementation.

Good examples of HHS demonstration program management practices to achieve these goals exist. Such practices usually recognize an important reality. In contrast to the problem-solving programs, the programs serving nonfederal audiences did not possess staff of sufficient size and capability to achieve the dissemination and utilization objectives on their own. They could not reach the potential adopters individually to learn of their needs or to make them aware of the availability of a demonstrated innovation. They could not know enough of the realities of local conditions to adequately judge the implementation feasibility of project designs. They could not provide the necessary assistance in implementing a design if a local official or organization decided to adopt it. The distinguishing quality of management practices in these programs was the manner in which they engaged others outside the program in these tasks.

The most successful seemed to use existing networks of professionals or individuals possessing similar responsibilities. For example, the CDC used state public health offices extensively in planning their programs for diabetes control and health education. These same offices helped to publicize the results of the demonstrations and helped adopters in their implementation. The program gave these state offices some financial support to perform the task.

In several instances, programs created their own networks, usually building on existing ones. As we noted in the section on priority-area planning, both the High Blood Pressure Education Program and Community Support Program created an extensive planning group representing federal agencies, state and local officials, private associations, and research and professional communities that participated extensively in planning the entire program. These networks subsequently participated in alerting projects to the results of demonstration activities.

A judicious use of outside experts familiar with the needs and capabilities of potential users may contribute to the likelihood that demonstration projects will be adopted and implemented. Most programs involved outside experts from operational backgrounds and included economic and operational feasibility as a criterion for project selection. Our research does not permit us to judge how successful this practice

has been in dealing with the frequent problem that demonstrations involve costs and techniques beyond the capabilities of most adopters.

The most common approach to providing technical assistance is the creation of program-related clearinghouses charged with collecting information and making it available on demand. The NHLBI, CSP, NIADDK, AoA, and National Center on Child Abuse and Neglect (NCCAN) all have or have had such centers. In addition, several programs, including NCHSR, CSP, and HCFA, have developed limited internal staff capabilities for this purpose.

We are unable to judge the performance of these clearinghouses, but they surely represent a necessary if not sufficient means to facilitate the use of demonstration results. Their sufficiency would depend largely on the capabilities of the potential users. If the users are trained professionals, written materials and telephone consultations should suffice to convey information.

In the belief that additional assistance is needed, the Department of Education has funded states to develop technical assistance networks, established the National Diffusion Network, and experimented with various other means to facilitate the incorporation of research and demonstration in practice. Such activities, while popular with practitioners, are expensive. None of the HHS programs has established such extensive activities.

From the User's Perspective

The cumulative activities of widely varying research and demonstration programs have built a sizable body of experience, technique, and understanding. Someone in the field facing a particular problem might reasonably expect to find useful lessons and materials somewhere in all this past work. How might a potential user learn these lessons? To what extent does HHS have the capability to assist this potential user? Indeed, should HHS develop the capability to do so?

This is, of course, an old problem in research management. The solution is normally to rely on journals and, increasingly in recent years, computerized data bases. Quality control poses a major problem: Journals deal with it by using referees; the data bases deal with it not at all or occasionally by some form of review.²¹ Few research managers see their program staff's function as serving the "walk-in" information seeker, though they may provide financial support for journals and data bases. Normally a research program also maintains project lists and descriptions that are made available on request.

²¹See Bikson et al. (1984).

Demonstrations differ from research. Individuals seeking information may differ from the individuals who produced it. The former are operational; the latter are often research-oriented. The potential user may have only a crudely defined sense of the problem that he wants to deal with. Many may have only vague notions that programs exist to support demonstration and development work. Consequently, the user has little notion of where to start looking for information. The results of a demonstration can seldom be stated succinctly, and an understanding of the critical factors that drive the results requires extensive reading or long discussions with individuals familiar with the project.

Recognizing that practitioner-users frequently require interpretation of the research (or demonstrations) results, many programs supporting research and development relating to social problems have funded organizations to carry out such interpretation and to serve as a source of information to the field. Where the program relates to an existing, clearly defined professional group, a professional association often performs this function. For example, the Council on Exceptional Children disseminates and interprets educational research related to the handicapped.

Where no such organization exists or where programs distrust the motivations of the professional organizations, new organizations may be created. For example, a decade or more ago several agencies provided support to start Public Technology Incorporated to help bring technologies to bear on the problems of the cities.

As noted, many HHS programs have established clearinghouses to provide information to practitioners. In most cases, these deal with the problems emphasized by the programs, but they do not restrict themselves solely to the results of research and demonstration supported by the program. If the potential user in the field works in an area served by such a clearinghouse, and if the professional structure of the field is fairly well developed (as is often the case in the areas related to public health, for example), he or she will probably find fairly quickly the clearinghouse and the assistance it can provide. On the other hand, if the potential user has only a weak relationship with a professional network or if such an organization did not exist, he might have difficulty finding answers to his question.

As a partial answer to this problem, HHS has established Project Share. A general purpose clearinghouse, Project Share provides information derived from many HHS programs and other sources to the deliverers of social services. Reports documenting the results of HHS research and demonstration are supposed to be sent to Project Share. The project prepares specialized bibliographies and commissions mono-

graphs that summarize research related to issues of importance to practitioners.²²

Observations on Dissemination and Utilization

Dissemination and utilization must be considered early in a program—not when the demonstrations are nearly completed. Planning, solicitation and selection, and implementation and evaluation are all related to program utilization concepts. It is not that planning should lead to utilization plans per se, but that utilization is organic to the whole effort. The program must be managed with an underlying concept of how its results will be used.

Demonstrations are often weak instruments of public policy. Isolated demonstration projects that emphasize a particular location's needs and available skills and last only a couple of years will probably not be widely adopted. If public funds have been spent for such activities, it is reasonable to insist that descriptions should be easily obtainable; it is unreasonable, however, to expect widespread adoption or to invest extensive resources to promote their use. This conclusion is reinforced when the incorporated technology cannot easily be reproduced.

If the potential audiences for a demonstration emphasize craft and the projects do not embody a well-developed and transferable technology, diffusion will depend on personal contacts and visits to actual programs to learn how they operate. Written materials and professional articles may alert the field to the existence of an opportunity for constructive change but by themselves have little likelihood of promoting real changes. In the absence of a strong need for information (such as might be created by the promulgation of extensive new regulations or the handing down of an important legal decision), passive dissemination efforts are unlikely to bear fruit.

More generally, if the professionals in a field do not perceive much need for improvements in the manner in which they deliver services, they are unlikely to look for new ways to improve delivery and even less likely to adopt major changes of the sort often emphasized in demonstrations. In these situations, nationally supported demonstration projects appear to have little public value and constitute a questionable use of public funds. Even if quite extensive dissemination activities are added to a program facing such situations, the program's results are unlikely to be incorporated into practice.

²²At the time of our study, Project Share was being reorganized and redirected in an attempt to make it more relevant to user needs. We were unable to judge its utility.

Demonstration programs that are components of larger federal program efforts seem more likely to succeed. Programs such as the High Blood Pressure Education Program, the CSP, and CDC's Diabetes Control Program provide interesting models. In each case, pressing problems of widespread concern were clearly identified. The demonstrations were only a component of a larger effort to bring about change. Before funding any demonstrations, each program began with large planning and education efforts that involved many opinion leaders and existing networks. The programs focused on understanding the problem, and federal officials brought demonstration project staff together on a regular basis to discuss common problems and to exchange information. The efforts had, or were intended to have, a significant lifetime so as to build and sustain momentum.

As a result, the programs created audiences for their activities. Demonstration projects did not have to carry the full burden of the program but rather could be used where they were the most effective policy instrument. The programs worked with existing service institutions, enhancing them where necessary. Program-specific dissemination and utilization institutions were created. The professional networks created in the process of planning helped in spreading the word about the program and specific projects. The program staff and the field shared a sense of purpose.

Expertise in adopter organizations is important, as illustrated by HCFA and ASPE, where substantial in-house analytical competence has permitted the results of experiments and demonstrations to be aggregated and presented in forms that are relevant to policymakers. In the absence of such expertise, the complex and voluminous technical reports would be unlikely to find much use. Significantly, the output of the income maintenance experiments was used mostly in microsimulation models developed by ASPE staff. Technical reports and papers by the performers of these experiments played roles in the public debate but had little effect on internal departmental deliberations.²³

The experience of the NHLBI is also suggestive. In most of its demonstrations, it dealt with skilled health professionals in well-established institutions. When, in order to reach ill-served populations in rural areas, it funded a number of community health centers, it found that it had to provide substantial technical assistance. The diffusion of these demonstration results to similar institutions will require the extension of such technical assistance.

Is there a substitute for the existence of expertise in an adopter's own organization? Our study provides little evidence on this question:

²³This point is also emphasized by Knott and Wildavsky (1980).

Interviews provided little evidence that programs had made explicit attempts to find substitutes or, indeed, to differentiate their dissemination and utilization efforts according to the expertise possessed by various components of their target audience. The question merits further attention.

CONCLUSIONS

As this section amply demonstrates, there are as many approaches to the management of demonstration programs as there are programs. For straightforward reasons, common *best practices* are not widely used: The problems faced by the programs, the nature of their audiences, and the capabilities of their staffs all differ.

The above remarks on dissemination and utilization may suggest a conclusion that has become more apparent to us as the research progressed. The most important force shaping management practices should be the conception of the manner in which the information produced by a program will be used. This conception affects all aspects of management. The conception should be shared by all members of the program staff and conveyed to performers as well. In the best programs that we studied it was.

Some specific practices merit consideration by programs other than the ones using them. These are discussed in this section and in more detail in the individual case studies. The meritorious practices include:

- The HCFA annual retreat for agency management and senior staff from the Office of Research and Demonstration to discuss the results of past work and plans for the future.
- The NIMH continuing conferences to redefine the problem to be addressed by the Community Support Program and the approaches to be taken, as well as to create a community of interest to serve as the ultimate audience for the program's results.
- The systematic encouragement and use of preproposal counseling by PHS agencies.
- The early and continued convening of the principal investigators of related projects to agree on common goals, evaluation procedures, and approaches to problems, as is done by such programs as the High Blood Pressure Education Program, the National Center on Child Abuse and Neglect, and Head Start.
- The use of a team approach to implementation involving program staff, the principal investigators, the evaluation contrac-

tor, and the technical assistance contractor, as ASPE did in the Channeling Demonstrations.

- The collaborative, project-centered evaluation used by the Statewide Demonstrations of NHLBI.
- The use of evaluability assessment by the CDC Diabetes Control Program and the NIMH Community Support Program.
- The use of state-level agencies for dissemination and the support of utilization by CDC programs and by the NIMH Community Support Program.

IV. OVERVIEW AND CONCLUSIONS

In this final section, we turn to several large, abstract themes that we believe bear on the guidance and management of demonstration programs in the Department of Health and Human Services. These themes do not in themselves constitute practices. Rather, they represent strategic concepts that guide the development of practices tailored to the needs of particular programs. The concepts include the transferability of management practices; shared vision; collaboration and cooperation; demonstrations as components of larger programs; continuity, patience, and experience; panels of outside experts; networks; and special interest groups.

These observations are addressed especially to program managers and, perhaps even more important, to agency leaders responsible for demonstration programs. Before discussing these larger concepts, however, I have a general observation concerning the quality of management as revealed by our case studies.

QUALITY OF MANAGEMENT

Earlier Rand studies of the management of demonstrations, as well as the extreme difficulty of managing a public demonstration program, led us to expect poor practice and, hence, unsatisfactory performance. In fact, at the level that we were able to examine, we found better practice than we had expected.

Many projects or collections of projects exhibited significant management problems. In most cases, however, the programs themselves pointed out shortfalls in management performance and told us what they were doing to improve management. Further improvements need to be made, and some programs need more improvement than others; but taken as a whole, the management of these programs should not constitute a major concern for HHS.

This observation, which must of course be viewed as no more than a comparison of the author's observations with his expectations, can probably be attributed primarily to two factors: the increasing experience and the better top-level oversight of HHS demonstrations. In many of the case studies, respondents told us first of the problems with past demonstration management practices and then of the changes that they had made to correct these problems. Present management prac-

tices differ substantially from those of 10 to 15 years ago. Not surprisingly, the progress seemed steadier and more considered in programs operating in stable political and funding environments.

The second factor may be the more important. Senior agency managers appeared to supervise the management of demonstrations more carefully than they or their counterparts did 10 years ago. Then, demonstrations were treated largely like research, an activity to be left to researchers following their own initiatives.¹ In fact, demonstrations serve mainly as a means of pursuing specific government, rather than research, objectives. The past failure of senior officials to provide the necessary program guidance resulted in a wide variety of activities, many of dubious value.

Senior agency management took part in virtually every program that we examined for this study. In most cases, they participated in planning or reviewed plans. In some instances, they specified or set standards for the performance of the program staff. In many cases, they played an important role in the selection of performers. In programs providing support for federal decisionmakers, these decisionmakers constituted a sometimes impatient and expectant audience for the program's results.

Such participation, we believe, reflects these officials' understanding of the instrumental uses that demonstrations can have in the making and prosecuting of federal policy. In a few cases, it represents their recognition of the fiscal and political costs that poorly conceived and run demonstration programs can impose on themselves, their agencies, and the nation.

A few demonstration program managers regarded the involvement of senior agency management as a mixed blessing. It inhibited their freedom to choose topics that they wanted to emphasize, reduced their ability to make commitments to performers in the field, and sometimes imposed burdensome administrative tasks. Most, however, welcomed the participation. We consider the attention of top agency management an asset and a likely source of sustained impetus for improved management practice.

¹On occasions, demonstration programs served as a source of discretionary resources that fulfilled the agency leader's political needs, and the leader took considerable interest in the programs as new initiatives were begun.

MANAGEMENT CONCEPTS

Transferability of Management Practices

The diversity of HHS demonstration programs suggests the inappropriateness of simply transferring to one program the effective management practices developed in another program. Demonstration programs differ widely and in many ways:

They differ in function. Some test policy changes for national leaders (policy formulating demonstrations). Others support demonstration projects to help nonfederal actors meet national goals at the state and local level (policy implementing demonstrations).

They differ in the origin of the innovations being demonstrated. Some exploit technologies systematically developed through research. Others support demonstrations that attempt to invent and develop solutions to a social problem.

They differ enormously in size. The largest program sponsors demonstrations that cost well over \$30 million annually. The smallest conducts a few demonstration projects within a research and demonstration budget that has ranged from nothing to \$8 million in the past few years.

Some programs are devoted almost entirely to supporting demonstrations. Most support them as one of several activities—policy research in the case of the agencies tied directly to federal policymakers and basic and applied research in agencies whose major mission is research.

Some programs have comparatively stable budgets. Others have had wide swings in funding, and some have even been slated for extinction before a congressional reprieve was granted.

Finally, some programs evolved in agencies with long histories of well-developed research management techniques. They needed only to adapt these techniques to their particular needs. Others developed their procedures *de novo*. As a consequence of this diversity, good management practices developed in one area, if they can be applied at all elsewhere, are likely to require considerable adaptation.

Shared Vision

Peters and Waterman, in their 1982 best-selling book, *In Search of Excellence* (pp. 103-106, Ch. 12), observed that in the organizations that they identified as excellent, employees shared a common vision of the basic goals and tenets of the corporation. Tight adherence to those

tenets contrasted with the considerable flexibility in the manner in which they were implemented.

The best programs that we examined also evidenced a strongly shared understanding of the purposes and strategies of the program among leaders, program staff, and to a significant degree, grantees and contractors. This shared vision allowed individual staff, with little direct guidance, to act in ways that served the larger purposes of the organization.

Such shared understanding does not develop quickly, nor can it be imposed from the top. It requires interaction among program staff members, and between staff members and the performers in the field. Where it exists, staff can provide good information to potential performers who approach them at professional meetings or coherent answers to questions from state and local decisionmakers about what they can expect from the program.

Shared understanding extends to both the substance of the program and the way in which the program is to be implemented, particularly its management practices. With it, everyone involved knows the standards for preparing solicitations, understands the functions and style of monitoring, and feels responsibility for the dissemination of results.

Programs in turbulent environments seldom possessed such shared understanding, and their management practices showed less uniformity. The leadership and lower-level staff often disagreed over the best ways to accomplish a program's mission. Indeed, they sometimes disagreed over the mission itself. The experience of these programs' performers in the field varied more, and their sense of purpose was more self-centered.

Part of this turbulence, which particularly affected HDS programs, may be attributed to larger forces shaping the federal government. The Reagan administration sought to reshape or even eliminate many HDS programs. But while agency redirection was a significant problem, it was clearly not the entire problem. Our case studies showed that the history of disputed views of agency mission, and the mission of demonstration programs in particular, extended back many years.

We believe the single most important function of a demonstration program manager to be the conception of program mission and mode of operation that is capable of being widely understood and supported by both the agency and the field. As we argued in Sec. III, an important component of such a conception is the manner in which the results of program activities will be used. To devise such a conception requires time and support from agency leadership and, ultimately, from the Congress and the program's constituencies.

This task requires skillful leadership. Demonstration projects may serve many purposes, and agreement to fund a project may be achieved without agreement on the purposes. A local project may see the demonstration as an opportunity to develop better services for its clientele or to achieve professional recognition. The program leadership may see the demonstration as a means of furthering a personal or agency goal. The agency head or a congressional committee may view it as a means of avoiding other, less desirable actions. None of these reasons is inherently inappropriate. If, however, a program supports each of its projects for a different reason, it will not achieve solid and consistent management practices, to say nothing of useful results.

Collaboration and Cooperation

Collaboration and cooperation contribute to the creation of a shared vision. The best demonstration programs seemed to emphasize a high degree of collaboration among the grantees (or contractors), the government staff, and evaluators or technical assistance contractors. The nature of the collaboration depended on specific conditions surrounding the demonstration, such as the skills of the performer, the nature of the evaluation, and degree to which the federal program provided leadership. We sensed, however, a team effort to maximize the probability that a project or collection of projects would achieve its objectives.

A collaborative approach is particularly important to a demonstration project involving substantial program development. Advice concerning sources of information, training for staff, consultations concerning evaluation timing and content, and review of plans may all help the individual project to meet its objectives. In many instances, projects sharing common objectives and problems have been able to assist one another. Collaboration calls for what we earlier termed a *facilitating approach* to monitoring by government staff.

An interesting problem of collaboration arises in connection with evaluation. Traditionally, government policy has sharply separated evaluation from the development and management of the program that is to be evaluated. This policy reflected a concern that association between the evaluator and the project might bias the evaluation. The extreme case would occur when a project evaluated itself.

While the problem of bias surely exists, our case studies revealed instances in which the absence of sharp separation between evaluation

and program operations worked to the advantage of both.² The Channeling Demonstrations (ASPE), the AFDC Homemaker-Home Health Aid Demonstration (HCFA), and the demonstration of statewide coordination of hypertension control activities (NHLBI) all involved extensive and seemingly productive interaction between evaluators and the operations of projects.

Evaluators were able to explain reasons for the maintenance of an experimental design to the project staffs in both the channeling and home aide demonstrations. The projects assisted in the development of the baseline screening instrument in the Channeling Demonstrations. The program managers, evaluators, and projects all believed that collaboration improved the overall demonstration.

Several managers with whom we spoke strongly disagreed with our emphasis on the importance of collaboration. They believed that federal officials should not direct and interfere with local projects that were components of programs supporting policy implementation demonstrations.

We make two points in response. First, collaboration need not imply directiveness. Federal officials can assist or facilitate the activities of a project without directing it. Second, no project staff that we interviewed complained of directiveness on the part of federal staff. In fact, most appreciated the help, and a few complained that the federal staff had not taken more interest.

Demonstrations as Components of Larger Programs

The most effective demonstrations were conducted in the context of larger programs to achieve national goals. Examples include the Community Support Program in NIMH, the Diabetes Control Program in the CDC, the National High Blood Pressure Education Program in NHLBI, and the income maintenance experiments in ASPE.

In these programs, demonstrations did not carry the entire burden of advancing national objectives, but were combined with data collection and analysis; educational activities; policy research; federal, state, and local policy planning efforts; and the creation of institutions to provide information. These programs created public awareness of a problem. They fostered the development of networks of people who were attack-

²The social experiments relating to income maintenance and health insurance supported by ASPE have always integrated program management and evaluation (or research), and it is difficult to imagine how they could have been run much differently.

ing the problem, and they created institutions staffed by experts who could advise policymakers.

As these larger programs evolved, their collective sense of purpose also evolved. Many different actors, without explicit direction, could take initiatives that contributed to national goals. In most cases, measures of outcome were developed for judging the progress of the total effort, if not the specific effects of the individual components.

Some demonstration projects were commissioned as their value became apparent through the broader program planning. As a consequence, the appropriate goals for the projects were clearer than they would have been had the projects been initiated in a more isolated policy environment. In addition, the larger planning effort created an awareness of the demonstrations that should ultimately make the utilization of their findings more likely.

Continuity, Patience, and Experience

The design and implementation of a demonstration project or a program of projects takes substantial time—3 to 5 years, according to most program and project managers. In HCFA and ASPE, for example, internal planning usually requires 18 months before solicitations can be issued; project planning may take another 9 months to a year. A project then needs a start-up period of a year, or in many cases, several years, before the operations are sufficiently routinized to merit evaluation for outcomes. Small, isolated projects, initiated by the field, may require less start-up time but still take 3 years to produce useful results.

From a program perspective, still more time is needed. The evolution of demonstrations as a policy formulating or policy implementing instrument may clearly be observed in the case studies.

The cancer control program has taken a decade to assess its early problems and to plan and implement measures to deal with the problems. A steady progress in NHLBI management approaches may be observed over the 8 years that it has used demonstrations in its programs. The HCFA has made important changes in its approach to program and evaluation planning over a decade of program operation. The coordinated discretionary funds program has developed significantly in its first 3 years and promises to change still further as it gains additional experience.

Patience may have negative effects. Some always seem to believe that another year of development will improve a project's performance. This belief has led, on occasion, to the continuation of a project far beyond its planned lifetime. For this reason, each demonstration

funded should have, from the beginning, a realistic, clearly stated and understood duration. This admonition in no way contradicts the need for continuity and experience.

Strong pressures to commit current-year funds discourage a long-term perspective. The frequent changes in top management that plague the federal establishment further discourage it. Yet it seems to us important. The review afforded by senior secretarial and agency staff should, wherever possible, promote such a perspective.

Panels of Outside Experts

All programs examined in our case studies used outside experts to assist in planning and in the selection of performers. Particularly in programs supporting policy implementing demonstrations, these experts can play an enormously important role in shaping the direction and content of the program. The choice and use of experts can thus be a major means by which program managers guide their programs.

The use of panels is most thoroughly developed in the Public Health Service agencies. Several administrative support offices select panel members and organize their activities. In most demonstration programs, such offices have created special, ad hoc panels whose membership is keyed to the needs of the program.

The use of administrative support offices has several advantages. It permits senior agency staff to direct and monitor the use of experts. It reduces the program staff's administrative burden. And, by separating the choice and management of experts from day-to-day program operations, it frees program staff to advise potential grantees on the development of their proposals. Their advice, in turn, initiates the collaborative activity that contributes to the success of demonstration programs. Moreover, the formal separation also reduces the potential of conflict of interest because project officers have less opportunity to directly affect the project selection process.

The large scale of the PHS research program encourages this administrative specialization. Substantial administrative support offices can be justified as an overhead function. Conceivably, an agency such as the Office of Human Development Services might also support a small unit that specialized in formulating and managing the panels needed to conduct the competitions sponsored by HDS constituent agencies.

An administrative support office could develop and maintain lists of experts, handle the administrative activities associated with convening them, evaluate their performance and upgrade the quality of the pool of experts, and advise program staff on the composition of panels. The unit might also help to develop panels that could be used in planning

new programs seeking to pursue specific national goals. Finally, such a unit might also assume responsibility for routine monitoring paperwork, freeing program officers for a more facilitative role.

Standing panels to monitor progress and suggest modifications might be considered for some programs. These panels could play an important role in evaluation. Again, the PHS experience is relevant. Standing committees in NIH advise institute directors and staff on the merits of program plans and performance and even individual project performance. They provide both a useful continuity and a source of outside expertise. Although these practices reflect unique qualities of the biomedical research community and should therefore not be uncritically transferred, their adaptation merits consideration.

Inevitably, the use of experts leads to some loss of federal control over a program. Good people cannot be attracted to serve as experts if federal officials consistently ignore their advice or fail to explain the reason for their decisions. For programs that serve the needs of non-federal officials, that is, programs supporting what we call policy implementing or policy assistance demonstrations, some loss of official control may be not only tolerable but desirable. For policy formulating demonstrations, however, federal officials must maintain control and the use of experts must therefore be circumscribed.

Networks

All seemingly successful programs supporting policy implementing demonstrations used networks of state and local policymakers, service providers, or interested citizens extensively. Information concerning demonstrations was communicated through such networks, or the networks were used to create awareness of the existence of the demonstrations. Frequently, the programs consciously sought to enhance these networks. The programs helped to sponsor meetings or actually convened groups of experts who formed the nuclei of such networks.³

In well-developed institutional environments, such networks normally already existed. Professional associations and societies are an important element. Many federal programs have created (explicitly or indirectly) networks of state or local officials that help to implement the program; some of these have survived the trend toward block grants.

Where such networks do not exist, their creation might profitably be viewed as a subject of strategic planning at the beginning of a major

³The formation and use of networks (outside a research community) is not typically a concern for policy formulation demonstrations, although in activities related to intergovernmental programs, they may play an important role.

demonstration effort. Among the programs that we examined, both the Community Support Program and the National High Blood Pressure Education Program actively sought to create such networks. Both sponsored annual national meetings and encouraged more frequent regional meetings. Networks enabled individuals facing similar problems in their local settings to consult with one another. Demonstration and research program results were introduced through such networks. By all reports, network-related activities played a crucial role in the success of the national programs.

Special Interest Groups

The above observations on the use of panels and networks illustrate the dilemma facing federal policymakers. The success of policy implementing demonstration programs seems to depend heavily on creating communities of interested institutions and individuals who are the ultimate audience for demonstration results. The programs must also respond to the interests of these networks, although each program can and should retain the ultimate responsibility for its own direction.

The extensive use of outside experts associated with planning that is relevant to the ultimate users and creates awareness of the program among those users also requires that federal policymakers cede some control to the field. Thus, effective demonstration program management is not necessarily management that fully directs program operations.

Associations of institutions and people sharing important interests inevitably constitute the nucleus of an interest group capable of bringing political pressure to bear on both the executive branch and the Congress with serious deleterious effects. Committed lower-level federal officials will likely use such interest groups to further the objectives of their program or even of their personal careers. Such interest groups have contributed on a major scale to the fragmentation of program responsibilities and the proliferation of categorical programs. The last two administrations sought to control this influence in the interest of both a more coherent federal role in domestic policies and capping the growth of the federal budget.

The dilemma is thus obvious. The success of a demonstration program may well depend upon creating or encouraging interest groups that are capable of and even likely to engage in some form of political action. For the foreseeable future, however, the control and aggregation of these interests is likely to be an important goal of the federal government. Maintaining the balance between fostering communi-

cation with and losing control to a politically potent coalition constitutes an extraordinarily difficult problem in public management.

We believe that appropriate attention from high officials can make the management task feasible. If program managers can successfully create a clear and shared conception of purpose—including, particularly, a shared understanding of roles among federal and nonfederal actors—several case studies show that it is possible to carry out programs of limited cost and duration that promise large benefits to the nation.

The federal government has a unique and crucial role to play in the leadership of such efforts. Moreover, collaboration between the federal government and the other interested parties can contribute both to the success of the demonstration programs themselves and to the shared understanding of their role that makes such programs feasible in today's fiscal environment.

Productive collaboration between the federal government and state, local, and private institutions may become increasingly feasible in the future. The past two decades were a period of confrontation. The federal government took the lead in enforcing concern for the rights of groups that had fared poorly in society at large or for problems, such as the environment, in which market forces sometimes slighted the public interest.

While many problems remain, the public now accepts the importance of these problems and the responsibility of all levels of society to deal with them. Most also agree that the federal government cannot deal alone with the problems. Demonstration programs may provide important opportunities for a collaborative attack on such problems. We hope that the ideas presented in this report further such efforts in the Department of Health and Human Services.

Appendix

SUMMARY OF HHS DEMONSTRATION PROGRAM CASE STUDIES

We examined the management practices of 13 demonstration programs in the Department of Health and Human Services (HHS).¹ These programs have conducted most of the HHS demonstrations in recent years. Although a few other programs conducted isolated demonstrations not described in this report, we believe that the programs examined represent the full spectrum of experience in the department.

The case studies, which describe the management practices used by the demonstration programs, were conducted at various times during 1983. Because of the significant changes that have occurred in many domestic programs during the past 4 to 6 years, the practices described represent different time periods. Several programs have either disappeared or been consolidated with other programs. Thus, some practices described are those of several years ago, while others are those currently used. In one case, the study emphasizes a program's planned practices for the future.

The management practices that were examined included program planning; the solicitation and selection of performers; the implementation of projects including project planning, monitoring, and the provision of technical assistance; evaluation; and dissemination and utilization of demonstration results. Our sources included program documents, face-to-face interviews with a variety of program officials, and telephone interviews with a small number of investigators. We normally interviewed about 15 officials per program.

Before conducting the case studies, we developed a conceptual framework and an extensive interview guide. Six investigators carried out the individual studies. While we attempted to ensure that the same subject matter was covered in each study, the styles of the investigators resulted in somewhat different presentations. The studies were all reviewed by the programs for accuracy.

The overall study was not an evaluation of HHS demonstration program management practices. It was intended to identify good practices

¹See *Case Studies in the Management of Demonstration Programs in the Department of Health and Human Services*, N-2253-HHS, forthcoming.

that may have wider applicability. Inevitably, however, some of the individual studies appeared critical and raised problems with the management of a program. In most instances, the management problems were raised by the program officials with whom we talked or by investigators in the field. We found government staff generally cooperative and candid concerning their management problems.

This appendix briefly describes the programs examined to provide a flavor of the diverse demonstration activities supported by HHS. The descriptions apply to the programs at the time of this study, 1983. They are presented here in the order in which they are listed in Table 1, above.

OFFICE OF ASSISTANT SECRETARY FOR PLANNING AND EVALUATION

The ASPE serves the secretary of HHS as staff concerned with overall department planning. Historically, the office has tended to take the initiative in policy areas involving several HHS constituent agencies or where no agency has prime responsibility. In support of this staff role, ASPE carries out a program of policy research, and, in addition, oversees departmental research and evaluation planning. As part of its research, ASPE has sponsored a small number of very large, multiyear demonstrations or social experiments. Most demonstrations have been managed by the research office under the deputy assistant secretary for Income Security Policy. Recently, however, the offices of the deputy assistant secretaries for Health Policy and Social Service Policy have also managed demonstrations.

The demonstrations, reflecting policy issues of concern to senior policy officials, result from either staff initiative or a secretarial directive. The department has no continuing budget for demonstrations requiring allocation; funds are obtained only after a decision is made that a demonstration is needed. Planning activities, which are informal and usually take over a year to complete, include policy analyses, discussions with the relevant policymakers and professional communities, and development of tentative project and evaluation designs. These activities are normally carried out by in-house staff.

The ASPE has used both contracts and grants to support demonstrations. The choice has reflected both the departmental policies of the time and the degree of control the office has sought to impose upon the demonstration performer. Project review panels, composed of senior staff representing major components of ASPE, review projects before RFPs or grant solicitations are published. In addition to the

normal selection criteria, recent solicitations stress the performer's capability to collaborate with ASPE on the experiment design.

Project management is characterized by extensive collaboration, continuous monitoring, and frequent communication between ASPE and the performers. This contributes to the common understanding of project goals among all the participants and a reasonable degree of standardization in the treatments at the various sites.

Because the demonstrations provide policy-relevant information, evaluation planning is performed simultaneously with site operation planning, and evaluation activities are integrated with project operations. The results are used by ASPE, executive branch agencies, and the Congress. The dissemination of results is tailored to the demonstration and the state of the policy debate at the time that results are available. The ASPE stresses communication with the research and professional communities and in most instances has made demonstration research files available for public use.

Examples of demonstrations include the Health Insurance Experiment, which explores whether various cost-sharing plans influence health services utilization, and the National Long-Term Channeling Demonstrations, which test the ability of various community agencies to assess the needs and provide services for clients requiring long-term care.

HEALTH CARE FINANCING ADMINISTRATION

Office of Research and Demonstration Office of Demonstrations and Evaluations

The Office of Demonstrations and Evaluations (ODE), under the Office of Research and Demonstration (ORD), is responsible for approximately 100 demonstration projects supporting improvements in Medicaid and Medicare entitlement programs administered by the Health Care Financing Administration (HCFA). The ODE annual budget has been about \$15 million for the past several years. However, this figure understates its total demonstration effort because it is supplemented through the use of HCFA's authority to waive Medicaid and Medicare program requirements, permitting program funds to be used for demonstration purposes. The program is managed by approximately 50 professional and support staff.

Much of ODE's planning is carried out in conjunction with ORD's other division, the Office of Research. The ODE has a separate Evaluation Studies Division responsible for major evaluations of

demonstration projects or clusters of demonstration projects relating to a common policy issue. The director of ORD reports to the associate administrator for Policy of HCFA but has substantial direct contact with the administration and deputy administration of HCFA.

While the ODE program provides opportunities for state and local agencies and the private sector to obtain funding for research and demonstration related to health care financing, it emphasizes primarily activities that serve the needs of HCFA and HHS administrators, the Executive Office of the President, and the Congress. If demonstration projects are relevant to new legislation or regulations, the results of those projects are made available to interested state, local, and private sector officials.

The focal point of overall ORD and ODE planning is an annual solicitation published in the *Federal Register*. However, most of the funding is for demonstrations relating to specially identified policy issues or for those mandated by Congress. Such demonstrations involve specialized planning efforts using both in-house and external experts and separate solicitations are made for performers. In addition, solicitations for "waiver only" projects are periodically published to permit state Medicaid authorities to carry out demonstrations relevant to their needs.

Program results are disseminated informally in interactions between ODE staff and other HCFA staff and line officials. In addition, testimony is presented to the Congress and ORD staff serve on HHS task forces. A regular series of publications presents information on HCFA's research and demonstration program, and synopses of results are available to the public.

Examples of major demonstration activities carried out over the past few years include a series of projects dealing with prospective reimbursement of Medicare and Medicaid charges, demonstration of hospital reimbursement using diagnostic review groups (DRGs), which have recently been made public policy, and demonstrations assessing the feasibility and cost of covering services of hospices in the Medicare and Medicaid programs.

SOCIAL SECURITY ADMINISTRATION

Office of Research and Statistics

Division of Family Assistance Studies

The Division of Family Assistance Studies (DFAS) administers research and demonstration activities that support two programs: Aid to Families with Dependent Children (AFDC) and Child Support

Enforcement (CSE). At the time this study was performed, DFAS was one of six divisions in the Office of Research and Statistics (ORS), a part of the Social Security Administration's Office of Policy. The DFAS has two sections: Statistics and Studies. In early 1983, the 14 professional staff in these two sections were responsible for between 50 and 60 R&D projects. Over the past several years, annual appropriations for DFAS have been about \$3.5 million, but as with HCFA, waivers to program regulations enable demonstrations to be partially funded with program monies.

The programs that DFAS supports play an important role in its planning and in the selection of performers. The preparation of an annual solicitation is the focal point of DFAS planning. Even though the division is a component of the Office of Research and Statistics, the Office of Family Assistance (OFA), the office responsible for operating programs, coordinates the preparation of the research agenda. The Office of Research Grants and Contracts in ORS manages the selection process for special project funds. Technical and program reviews are separated, providing DFAS little participation in the former. Decision memoranda are prepared by the Office of Research Grants and Contracts, reviewed by the director of ORS, and approved first by the associate commissioner for Family Assistance and finally by the associate commissioner for Policy of SSA. The DFAS runs the review and selection of waiver-only projects using a similar approval process.

The DFAS monitors the demonstrations. Most projects are evaluated by the grantees themselves, but DFAS often encourages third-party evaluations of important priority projects.

The responsibility for dissemination is shared by OFA and ORS. The latter publishes outstanding project reports; selected grantees present findings at regional OFA conferences; and OFA's clearinghouse, the Welfare Management Institute, distributes results pertaining to routine operations. On occasion, DFAS staff serve on or as advisers to legislative drafting groups in HHS dealing with issues related to the DFAS program.

Among other things, AFDC demonstration projects deal with error reduction, administrative improvements, and welfare client work requirements. CSE demonstration projects are directed toward such concerns as improved child support collections and program administration.

OFFICE OF HUMAN DEVELOPMENT SERVICES

Office of Program Development Coordinated Discretionary Program

Begun in 1981, the Coordinated Discretionary Program (CDP) includes most of the nonoperating discretionary research and demonstration grant monies from the various administrations and offices under the Office of Human Development Services (HDS). Funds for the CDP come from nine separate discretionary programs. The CDP itself is coordinated by the senior staff of HDS with the administrative assistance of the Division of Research and Demonstrations (DRD) in the Office of Program Development (OPD). In FY1984, approximately \$25.9 million was awarded under this program.

The CDP was set up because the HDS leadership felt that the individual programs lacked relevance, a consistent strategy, and adequate efforts to disseminate their results. In addition, they often appeared to fund duplicative projects or projects dealing with issues that had already been the subject of previous demonstrations or research. By centralizing the planning, solicitation, and selection efforts of all the programs, HDS hoped to improve the usefulness of the activities supported with HDS discretionary funds.

In the 3 years of CDP existence, HDS staff have experimented with a variety of ways to solicit public input concerning the subjects to be emphasized in the program. These have included requests for formal inputs from professional associations, formal meetings, and informal discussions between staff and the field. Public comment was solicited to an announcement of proposed priority areas in the *Federal Register* in FY1982 and FY1983. In FY1984, no formal attempts to obtain field input were made; instead, the program relied on the inputs of staff based upon their expertise and professional contacts.

The selection process features a preapplication phase in which short project descriptions are submitted and reviewed by panels that include both federal employees and experts from the field. On the basis of these reviews and their own interests, senior staff invite selected preapplicants to submit a full-scale proposal. This step is intended to encourage a wider participation in the process. Most full applications are reviewed by nonfederal expert panels. These reviews plus inputs by agency staff provide the basis for selection by the HDS senior staff. The CDP grants are awarded for a period of 12 to 17 months and are rarely refunded. Grantees must provide matching funding of 25 percent, a requirement intended to ensure genuine local interest.

The OPD itself administers grants of cross-cutting or special interest, but most projects are administered by the administration that provides the largest portion of their funds. A coordinating committee composed of staff from each administration and major program heads seeks to ensure some uniformity in administrative practices. The OPD has also developed several computer-based management information systems to help track projects and improve efficiency. The style of monitoring varies, reflecting differences in staff skills and the fact that many monitors have significant additional staff responsibilities outside the demonstration program.

The program has no formal requirements for project evaluations, although the solicitation calls for evaluation where appropriate. The short duration of the projects makes evaluation of outcomes difficult in any case. Several proposals to evaluate earlier projects are being considered.

The program stresses dissemination of project results. Each grantee is required to establish a dissemination plan, and OPD and DRD are sponsoring a series of national seminars and regional workshops to make state, local, and private agency officials aware of the project results. A contractor has been selected to synthesize the presentations made at the national meetings.

The projects supported are diverse, reflecting the wide range of interests of HDS agencies. Recent demonstrations have dealt with management information systems, the use of vouchers for the financing of social services, and counseling and care centers for runaway youths.

OFFICE OF HUMAN DEVELOPMENT SERVICES

Administration for Children, Youth, and Families National Center on Child Abuse and Neglect

The National Center on Child Abuse and Neglect (NCCAN) supports a program making small seed money grants for demonstration projects related to its legislative mandate. It is a component of the Administration for Children, Youth, and Families (ACYF) in the Office of Human Development Services. In 1981, it awarded grants totaling \$3.3 million, most of which were in the \$50,000 range. It has a professional staff of approximately ten.

Two principles guide NCCAN's program. First, it seeks to sponsor clusters of projects relating to a common theme, because individual projects tend to be too idiosyncratic to provide good information to potential audiences, which include state agencies and legislators, as

well as local service agencies. Second, it keeps the size of its grants small, because it has found through experience that large projects are neither continued nor replicated.

The program carries out a rather systematic internal planning process that synthesizes information from past demonstrations, input from professionals in the field, and important societal trends to identify areas that merit attention. A preliminary demonstration plan, required by NCCAN's legislation, is published in the *Federal Register* for public comment. Based on this comment a solicitation is issued and a more extensive booklet providing detailed guidance is prepared.

Technical reviews are conducted by outside experts, usually by mail because of the lack of funds to bring panels together. Staff review the highly ranked proposals, and recommendations are briefed to the commissioner of ACYF, who has the final authority to select grantees. The technical reviews are made available to both successful and unsuccessful applicants.

Soon after the grant awards, the selected grantees are brought to Washington for a conference. General management issues are discussed, and the groups of projects that are related meet to discuss common problems with NCCAN project monitors. The intent, in part, is to begin the development of a mutual-support network.

Formal evaluation of NCCAN projects is rare, reflecting, in part, the small size of the individual projects. Full reports of project implementation are required, and NCCAN staff prepare regular assessments of each project.

Dissemination plans are required of each project. The NCCAN has issued short bulletins on lessons learned to state and local social service agencies. Programs have been developed for public radio. A national clearinghouse, mandated in NCCAN's legislation, distributes assessments of the literature and current research, training materials, and information on successful programs, and where possible, provides technical assistance. It handles about 18,000 requests for information each year.

OFFICE OF HUMAN DEVELOPMENT SERVICES

Administration for Children, Youth, and Families Head Start Bureau Child and Family Resource Program

The Child and Family Resource Program (CFRP) is a 10-year demonstration sponsored by the Head Start Bureau of the Administra-

tion for Children, Youth, and Families. At the time of this study, it was being brought to a close. Believing that family support plays an important role in the school performance of Head Start youngsters, CFRP provided services to families with children from the prenatal period through the age of eight. Its goal was to produce models of project designs that could be used to make the Head Start Program more effective. In recent years, annual costs for CFRP local operations averaged \$1.8 million.

The Office of Child Development (OCD), one of ACYF's predecessor agencies, planned the program. Regional offices each nominated several Head Start sites, which in turn were asked to submit proposals. Both regional and OCD federal staff reviewed the proposals and the OCD director made the final site selections.

One project officer monitored the 11 demonstration sites. A technical assistance contractor helped individual sites. In addition, national conference workshops for local CFRP staff and parents were held annually and the proceedings published.

Evaluation, a major concern of the program, has experienced considerable difficulties. An early assessment of the demonstration's evaluability showed a wide diversity among individual sites that hampered the comparison of results across sites. A subsequent major evaluation was terminated before all of its objectives were achieved.

Changed perceptions of appropriate federal roles in the provision of early childhood development services and the reduced availability of funds for social and educational services have hampered the use of the demonstration results. Although the lessons learned are intended for the use of other Head Start programs, few formal mechanisms and little funding are available to promote knowledge transfer. The project designs are relatively expensive, hindering implementation in an era of fiscal stringency. A final report on the overall program was planned, and a family needs assessment instrument, based on those used in the program, was being developed for use at other sites.

OFFICE OF HUMAN DEVELOPMENT SERVICES

Administration on Aging Division of Model Projects

Most of the demonstrations sponsored by the Administration on Aging (AoA) are managed by the Division of Model Projects. The division's goals are to encourage the creation and development of better

services for the elderly and to highlight the needs and interests of particular segments of that population. Division funding for research and demonstration projects declined from \$15 million in 1976 to \$1.5 million in 1982.

Staffed by six professionals, the Division of Model Projects is located in the Office of Research, Demonstration, and Evaluation. Subsequent to the study, this office was absorbed into a new Office of Program Development, and Model Projects was placed in the Research Demonstrations Division.

The goals and objectives of Model Projects are derived from the Older Americans Act. In addition to congressional mandates, division staff develop their goals, objectives, and priority areas from contacts with organizations and agencies that serve the elderly. These are embodied in a competitive grants announcement known as the National Impact Activities Program published in the *Federal Register*. The proposed announcement is reviewed by the Model Projects program director, the AoA division heads, the associate commissioner, and the assistant secretary for Human Development Services.

Proposals made in response to this announcement are reviewed and ranked by panels made up of experts from outside AoA. The Model Projects staff also prepares comments on the highest ranked proposals. The results are sent to AoA office heads and deputies for review and recommendations. The AoA commissioner has the ultimate authority for the selection of performers. Funding is awarded in the form of grants and cooperative agreements.

Staff follow a hands-off approach to project monitoring. Site visits are rarely made. Where possible, the staff have put grantees in contact with other performers dealing with similar problems. Evaluation efforts have been minimal.

Dissemination and utilization have not been emphasized. It is the responsibility of the grantee to identify potential adopters and inform them of demonstration results. An AoA clearinghouse, authorized in 1978, never became fully operational and is now defunct. Examples of demonstrations include a consumer education project on funeral and burial expenses, and several hospice care model projects.

PUBLIC HEALTH SERVICE

Alcohol, Drug Abuse, and Mental Health Administration National Institute of Mental Health Community Support Program

Begun in 1977, the Community Support Program (CSP) promotes the creation of systems to provide support services to the chronically

mentally ill who are living in communities. It was instituted, in part, as a response to the deinstitutionalization movement of the late 1960s and early 1970s, when patients who had been in state mental hospitals were returned to communities, frequently with little or no support. The program has funded several local demonstrations that serve as examples of elements of a support system. In 1979, the Community Support and Rehabilitation Branch was created in the Division of Mental Health Services of the National Institute of Mental Health (NIMH) to administer the program. As of early 1983, the equivalent of 4-1/4 professionals managed \$4.8 million in grants to state mental health agencies. At the program's height in 1981, eight professionals administered \$7.2 million.

Planners at NIMH spent over 2 years developing the CSP concept, using a participatory process. The NIMH sponsored a series of conferences that included representatives from the mental health community, both government and nongovernment. Planners used the input from these conferences to define the population to be targeted by the program and the elements of a community support system, as well as to devise an implementation strategy.

Requests for proposals (RFPs) for two types of contracts were sent to state mental health agencies. Community System Strategy Development contracts required the establishment (or designation) of a state-level agency as a focal point and the development of a plan for the statewide provision of support systems. The Community Support System Demonstration and Replication Contracts also supported state-level planning but allowed state agencies to subcontract with local programs that demonstrated aspects of the community support system concept. Contracts provided NIMH managers with more control over the program, allowing them to closely monitor implementation of the CSP and generate the data needed to assess the success of the CSP strategy.

Early evaluation studies showed a wide agreement over the program's goals and strategies among the program's participants. As a result, NIMH switched to the use of grants that required less time for administration and freed the program staff to provide assistance to the grantees. The request for applications required the identification of a focal agency and the planning activities but made the subcontracting for local demonstrations an optional activity.

The networks created during the program's planning phase have continued to exist throughout the program and have been the primary means of dissemination of program results. The NIMH has also sponsored learning conferences, which included members of the larger mental health community, legislators, and government officials along with

the representatives from individual projects. These conferences also provide the means by which program participants share experiences and provide feedback to the NIMH.

PUBLIC HEALTH SERVICE

Centers for Disease Control Diabetes Control and Health Education— Risk Reduction Programs

We examined two demonstration programs of the Centers for Disease Control: the Diabetes Control Program, administered by the Center for Preventive Services, and the Health Education—Risk Reduction Program, administered by the Center for Health Promotion and Education.

The Diabetes Control Program was authorized by Congress in FY1976 and initiated a year later. Appropriations for its first 7 years totaled \$27 million. The program began with a planning phase in which states were contracted to carry out baseline surveys of mortality, morbidity, and care resource data; establish means of improving the coordination of community resources; and develop action plans, to be implemented in subsequent phases of the program, to improve the control of diabetes. In the second phase, funding was provided for special studies and interventions for improving patient education, health service provider education, and direct services.

Throughout its lifetime, the program has pursued the double goal of (1) developing the capacity of state and local public health agencies to assist in the control of diabetes and (2) demonstrating specific means of contributing to this control. To this end, the federal government provided financial and personnel resources to state and local public agencies to develop their own understanding of the diabetes control problem and to set up an organization to encourage other public and private agencies to participate in dealing with the problem. The regular national and regional meetings were used to promote understanding among agencies and to disseminate the results of individual demonstration projects. The program was envisioned as having a limited lifetime and leaving capabilities in place that would command funding from state and local sources.

The Health Education—Risk Reduction (HERR) Grant Program, authorized in FY1976, began to grant funds in FY1979. Grants were made to states and territories to assist communities to improve their health education programs and to communities to demonstrate specific

health education-risk reduction activities. These local grants went to projects emphasizing education related to cigarette smoking, obesity, hypertension, and other chronic preventable health conditions and diseases leading to premature death and disability.

In FY1980, the Congress appropriated \$10 million for grants for education projects to reduce smoking and alcohol use among children and adolescents. The HERR program made these grants, which extended through FY1981. In FY1982, the program was terminated when its funding was combined with that of several other programs to form the Health Promotion and Disease Prevention Block Grant Program.

Both programs shared several management philosophies and techniques. They emphasized the involvement of state and local departments of public health in program management so as to create the capacity and constituency to attract nonfederal funding when the national programs ended. These agencies, together with other interests concerned with the problems targeted in the programs, participated extensively in the initial program planning. The programs used existing networks and promoted the development of new networks to aid in the dissemination and utilization of program results. The programs' management techniques show what can be done in policy areas with strong institutional environments.

PUBLIC HEALTH SERVICE

National Cancer Institute Division of Cancer Prevention and Control Cancer Control Program

The National Cancer Institute's Cancer Control Program uses demonstrations to bridge the gap between research and its application in three areas of intervention: prevention, detection and diagnosis, and treatment and rehabilitation. The Cancer Control program, located in the institute's Division of Cancer Prevention and Control (DCPC), formerly the Division of Resources, Center and Community Activities (DRCCA), receives approximately 30 percent of the division's budget. The division's newly formed Cancer Control Applications Branch administers most of the demonstrations.

Both the conception and management of the Cancer Control Program changed in the early 1980s in response to both past management problems and the development of new NCI goals to cut cancer mortality in half by the year 2000. Many of the management problems stemmed from the intense internal and external pressure to "do

something now”—pressure that stemmed from the rapid expansion associated with the “war on cancer” launched in the early 1970s.

These pressures led to a commitment to demonstrations before adequate proof of the efficacy of screening or treatment modalities existed, to rapid and imperfect project implementation, and to inadequate provisions for the evaluation of the demonstrations themselves. In addition, internal NCI pressures resulted in the sharp separation of research and control functions with a consequent lack of conception of how the two activities should relate to one another.

Program managers are advocating the development of a cancer control science that is more rigorous than the earlier approach to control. An important feature of the effort is the development of a typology of “cancer control phases” through which program efforts will normally progress. These phases are hypothesis development, methods development, controlled intervention trials, trials in defined populations, and demonstration and implementation trials.

The trials in defined populations are intended to ensure that the intervention is validated for the target population before the demonstration begins. Some question the existence of professional incentives in the research community to conduct the trials in defined populations. To stimulate researchers to perform these studies, cancer control research units (CCRUs)—specialized research units with long-term funding and a mission including such studies—are being funded.

Management practices are evolving. The leaders of the Cancer Control Applications Branch suggest that the planning process will involve more analytic choices of program initiatives with review by the division’s Board of Scientific Counselors. They intend to create a national network of technical support units to facilitate communication between the research community and those responsible for interventions. In addition, they plan to develop monitoring capabilities to track the progress of cancer control efforts. In particular, they will emphasize improving evaluation designs in future demonstrations.

Past demonstrations include the Breast Cancer and the Head and Neck Cancer demonstration networks. These are regional community hospital and health provider networks organized around a specialized cancer control hospital for the purpose of promoting early detection and improved management of specific cancers.

PUBLIC HEALTH SERVICE

National Heart, Lung, and Blood Institute Division of Heart and Vascular Diseases Preventive Cardiology Branch

The Preventive Cardiology Branch (PCB) administers hypertension demonstration and education research projects designed to evaluate the effectiveness of cardiovascular risk factor reduction programs. Major demonstrations run 3 to 7 years. Total funding for demonstrations examined ranged from \$1.7 million to \$24.5 million.

Responsibility for the programs is dispersed. The Preventive Cardiology Branch (Division of Heart and Vascular Diseases) is responsible for the scientific foundation as well as the administration of the demonstrations. The branch chief and one project officer manage the hypertension demonstrations. Two organizational units located in the Office of the Director of NHLBI also play important roles. First, the Health Education Branch (HEB) of the Office of Prevention, Education, and Control has responsibility for the National High Blood Pressure Education Program (NHBPEP), with which the demonstrations are associated. The HEB staff collaborates with the PCB on planning, monitoring, and evaluating the demonstrations. Second, the Office of Program Planning and Evaluation provides the institute-wide focus for overall planning and evaluation of the agency's R&D programs. Finally, the Division of Extramural Affairs provides grant and contract support, including the management of the peer review and funding process.

With the context of the NHLBI's long-range research plan, staff and advisory groups develop research initiatives, which each division uses to formulate implementation plans and priorities. These are reviewed by the institute director and the advisory council. Solicitations are by RFPs for contracts or RFAs for grants. Potential applicants are encouraged to discuss their proposals with program staff and to make known their intention to submit a proposal so that the review process can be properly planned. Outside peer panels, specially constituted for each solicitation, review all proposals for technical merit. The NHLBI advisory council performs a secondary review, and NHLBI staff make the final selection.

The NHBPEP, which promotes proved screening techniques and treatment programs, uses demonstrations to target populations or delivery opportunities that are not easily reached with other techniques available to the education program. Planning for the larger program thus contributes to clarifying the demonstration project objectives.

Evaluation is the responsibility of the contractor or grantee, but the institute staff coordinate, aid, and synthesize such activities. As experience has been gained, the institute staff have taken a more active role in ensuring that comparable data are collected in related demonstration projects. In disseminating demonstration results, the institute uses not only the traditional communication channels of the scientific and health community, but also the communication networks of the NHBPEP and the High Blood Pressure Information Center.

Subjects or sites of hypertension demonstrations include workplace programs, community-based programs, statewide coordination, and community health centers. The latter is a collaborative effort with the HHS Health Services Research Administration.

PUBLIC HEALTH SERVICE

National Center for Health Services Research

The National Center for Health Services Research (NCHSR), located in the Office of the Assistant Secretary for Health, is the government's only general purpose health services research center. A major mission of the center is to conduct and support research, demonstrations, and evaluations that address issues in the organization, delivery, and financing of health care services.

In the early 1970s, the NCHSR supported a large demonstration program; now, however, it supports primarily research. The few demonstrations that have been funded have been the responsibility of the Division of Extramural Research which, at the time of this study, had a staff of 26 professionals. The budget for extramural grants and contracts declined from \$51 million in 1972 to \$7 million in 1982. Because of this limited funding, NCHSR usually funds pilot studies rather than full-scale demonstrations.

The division's program planning is most influenced by the current interest expressed by the Congress and the administration and by the input of state and local providers through the center's State and Local User Liaison Program. Opportunities for grants are advertised in NCHSR publications, and potential applicants are encouraged to contact the center concerning possible proposals. Center staff often provide preproposal counseling.

Applications of over \$50,000 are referred to appropriate standing peer review committees by the Division of Research Grants of NIH. These review committees approve and rank the applications, although NCHSR managers can select from all approved applications regardless

of their rank. Final funding decisions are made by the Extramural Research Division director in consultation with the staff.

In recent years, project monitoring has increased and become more formalized. Project officers attempt to assist projects by putting them in touch with other investigators sharing common interests or possessing needed methodological skills. Grantees and project officers make quarterly reports and funding renewal requires formal project reviews. The NCHSR requires evaluation plans for all demonstrations.

The NCHSR disseminates and promotes the utilization of results through its various publications and the State and Local User Liaison Program. In addition, the center strongly emphasizes professional publications and presentations.

Recent demonstrations have included the development and test of the standard hospital information system (HIS).

PUBLIC HEALTH SERVICE

National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases Multipurpose Arthritis Centers

The National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases (NIADDK) awards grants for Multipurpose Arthritis Centers for long-term, multidisciplinary programs of research, education, and community and health services research. The bulk of the \$6.8 million in grants to 20 existing centers in academic institutions and consortia goes to basic and clinical research. Only 20 percent to 35 percent of each center's grant is applied to demonstrations. The NIADDK grants provide only part of the centers' total funding.

The Division of Arthritis, Musculoskeletal, and Skin Diseases is responsible for the Multipurpose Arthritis Centers (MAC) Program. One member of the division staff, the program director, administers the grants. Two branches of the Extramural Activities Program help. The Program Evaluation Branch conducts the technical evaluation of project proposals, and one staff member of the Grants Management Branch monitors the financing.

Each MAC institutes its own project planning under broad guidance. Center directors, after consultation with principal investigators and associate program directors, set the research agenda. Application guidelines for grants have influenced centers to include education and community projects in the agenda and establish core units to facilitate research and evaluation design.

Technical review of grant applications is by peer review groups drawn from the Arthritis Center Review Committee, whose membership includes MAC representatives. The NIADDK's advisory council independently evaluates the proposals for policy relevance and NIADDK staff make the final funding decision.

The NIADDK staff have a hands-off monitoring style. If problems arise, they try to encourage rather than prescribe changes. The MAC representatives are required to participate in annual meetings. Centers are responsible for internal project evaluation, but NIADDK relies primarily on the peer review process to obtain major program evaluation data.

Center researchers and the NIH peer review panels tend to use the project's publishable findings as the criteria of project success. In general, centers do not make special efforts to transfer knowledge gained in demonstrations to potential users and few demonstrations continue after termination.

Center-initiated demonstrations tend to deal either with community-based education or innovative health-care delivery. For example, one demonstration tested the effectiveness of a telephone information system for physicians, and another tested an improved approach to measuring the clinical status of arthritis patients.

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