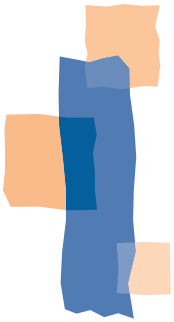

EVIDENCE-BASED PRACTICES KIT

Knowledge Informing Transformation

Building

Your Program

Consumer-Operated Services

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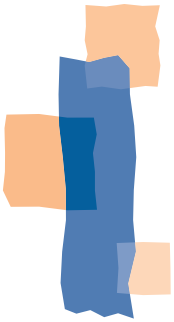

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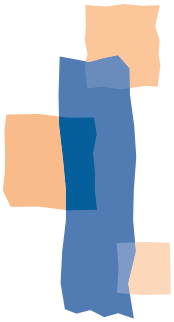


EVIDENCE-BASED PRACTICES

KIT

Knowledge Informing Transformation

Consumer-Operated Services

Building Your Program

Building Your Program is intended to help mental health authorities and consumer leaders think through and develop consumer-operated service initiatives.

The first section, "What are Consumer-Operated Services?" overviews key definitions and principles. Two sections of tips target specific needs of mental health authorities and of consumer-operated services leaders. An appendix provides a variety of tools found useful by others that may be adapted to a variety of situations. They include a sample grant application and budget form, a glossary of terms, sample contractual language, and a 501 (c) (3) fact sheet.

For more in-depth discussion on some points, the reader is pointed to other booklets in this KIT such as *Evaluating Consumer-Operated Services*, *Training in Consumer-Operated Services*, and *The Evidence*. For ease of reading, citations are minimized in the text. A comprehensive bibliography of citations and resources can be found in *The Evidence* booklet in this KIT.

For references, see the booklet, *The Evidence*.

This KIT is part of a series of Evidence-Based Practices KITs created by the Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services.

This booklet is part of the Consumer-Operated Services KIT, which includes seven booklets:

How to Use the Evidence-Based Practices KITs

Getting Started with Evidence-Based Practices

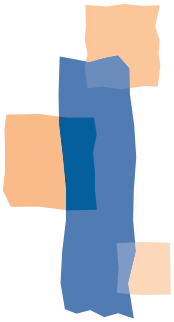
Building Your Program

Training Frontline Staff

Evaluating Your Program

The Evidence

Using Multimedia to Introduce Consumer-Operated Services



EVIDENCE-BASED PRACTICES

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Consumer-Operated Services

EVIDENCE-BASED PRACTICES

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Knowledge Informing Transformation

Building Your Program

What Are Consumer-Operated Services?

Consumers are called many things

Mental Health Consumers

Consumers/Survivors

Psychiatrically Labeled

Ex-patients

Clients

Peers

All of these terms refer to individuals who have experienced or been diagnosed with a psychiatric disorder. Most have received treatment by public or private providers. There is no consensus on which term is preferred. Consumers, consumer/survivors, and peers are most frequently used in this material.

Consumer-operated services are peer-run service programs that are owned, administratively controlled, and operated by mental health consumers and emphasize self-help as their operational approach.

Consumer-operated services may be called by other names such as *consumer-operated service programs*, *consumer-run organizations*, *peer support programs*, *peer services*, or *peer service agencies*.

Consumer-operated services help individuals see what is possible for themselves and for others. People see that recovery is real and possible. They can see it in the people surrounding them.

State mental health policymaker

"Consumer-operated" means—

- Independent—the entity is administratively controlled and operated by mental health consumers.
- Autonomous—decisions about governance, fiscal, personnel, policy, and operational issues are made by the program.
- Accountable—responsibility for decisions rests with the program.
- Consumer controlled—the governance board is at least 51 percent mental health consumers.
- Peer workers— staff and management are individuals who have received mental health services.

Consumer-operated services often collaborate with other mental health service providers but retain autonomy and an identity distinct from other providers.

What are possible functions of consumer-operated services?

Consumer-operated services have diverse sets of practices, but research has recognized four basic types of functions: mutual support, community building, providing services, and advocacy. Some consumer-operated services assume all four of these functions; others emphasize only some of them.

Mutual support

People with common life experiences have a unique capacity to help each other because they share a deep understanding that might not exist in other relationships. Mutual support exemplifies the "helper's principle" which means that both parties benefit from the process. When peers support each other in this way, there is no need to designate who is the "helper" and who is the "helpee." They might switch back and forth in these roles or act simultaneously.

The willingness to offer a hand up to someone who is considering a new way of life is the very basis of who the staff are and what they do. It is wholeheartedly believed that recovery from addiction and mental illness is possible because staff have lived it.

Consumer-operated service director

Community building

Consumer-operated services offer opportunities for participants to develop new social and interpersonal networks, to experience membership in an inclusive and accepting community, to think about themselves in new ways, and to learn better ways to handle problems.

Providing services

The services offered by consumer-operated services vary considerably. They might reflect the needs of a community, the expectations of a funder, and/or the interests or talents of group members. Concrete services might include the following:

- Drop-in centers;
- Peer counseling;
- Assistance with basic needs or benefits;
- Help with housing, employment, or education;
- Linkage to services or resources;
- Social and recreational opportunities;
- Arts and expression;
- Structured educational or support groups;
- Crisis response and respite;
- Information and education; and
- Outreach to community and institutions.

Some consumer-operated services are also involved in providing technical assistance, evaluation and research, training, or public education. Some even serve as healthcare purchasing cooperatives.

For many participants, consumer-operated services augment their traditional provider services. They may also serve as alternatives to traditional services, especially for those who will not accept, or who do not choose to participate in, traditional services.

What is peer support?

- Peer support is a mutually supportive relationship based on two or more people's shared experiences.
- In consumer-operated services, peer connections often revolve around experiences with treatment, the service system, life problems, and social stigma, not just the shared experience of psychiatric difficulty.
- Peer support may occur in formal groups or structured services and programs. Most often it occurs in day-to-day interactions and informal conversations.

Advocacy

Advocacy and social action to promote system change and social justice has been a core element of the consumer self-help movement from its inception. Consumers now participate at local, state, and federal levels to help plan services, shape policy, and promote change.

What makes consumer-operated services unique?

Consumer-operated services are not simply mental health services delivered by consumers. They have a different world view, structure, and approach to "helping" than traditional treatment services.

This uniqueness emerges from values and ideas born in the experience of living with a psychiatric difficulty and experiencing its impact on every aspect of a person's life: identity and sense of self, relationships, opportunities, acceptance by others, and even beliefs about the future. It comes from the conviction of many who have used traditional services that "there has to be another way."

There are different kinds of consumer-operated services. Some focus on peer support groups and some on educational programs. Others primarily provide a specific service such as housing and still others operate drop-in centers with a spectrum of services.

Studies on consumer-operated services from around the United States have identified some common ingredients that bind these different models together and distinguish them from other kinds of mental health services. These common ingredients are found in aspects of program structure, guiding values, and operational processes.

Program Structure

Program Structure refers to how programs are organized and operated. A consumer-operated service includes the following structural attributes:

- It is controlled by consumers – the people who use the service.
- It is run by its membership.
- Leadership is participatory.
- Participation is voluntary.
- The structure is planned with both physical and emotional safety in mind.

Values

Consumer-operated services share some core belief systems and offer an alternative worldview, incorporating the following:

- Empowerment and responsibility;
- Choice;
- Acceptance and respect for diversity;
- Reciprocity and mutuality in relationships;
- Social action; and
- Recovery from psychiatric difficulties.

Operational Process

Operational Process refers to the services offered and the methods of providing those services, including these:

- Peer support through relationships and informal and structured interactions;
- Meaningful roles and opportunities for everyone;
- Interactive decisionmaking; and
- Peer mentoring and teaching.

Frequently asked questions about consumer-operated services

Q: Who really runs a consumer-operated service?

The essential element of consumer-operated services programs is that they are run by the people who use them—"by us and for us." The governance boards of consumer-operated services must be no less than 51 percent identified mental health consumers. The operation of a consumer-operated service cannot be assumed or directed by any outside group or organization.

Q: Can anyone who has received counseling, for example, marriage counseling, be considered a consumer and operate a consumer-operated service?

By definition, peer support happens among individuals who share common experiences. If you are designing a peer support service for people going through marital difficulties, then yes, that person could be considered a peer or consumer.

However, if you are establishing a consumer-operated service for persons who have experienced problems with serious mental illnesses, then a person with marital counseling experience only would not be the right person to run it.

Q: Why is autonomy and peer leadership so important?

Consumer-operated services may position themselves as alternatives, adjuncts, or enhancements to the traditional mental health service system, but they cannot structurally be an arm or extension of it. This is necessary so that consumer-operated services can do the following:

- Promote equity and reciprocity in relationships. Consumer-operated services try to minimize or eliminate power differentials inherent in relationships between the workers and clients in traditional mental health services;
- Reduce pressure to conform to standards, practices, and values that are not consumer driven, and sometimes not even consumer centered; and
- Function as centers of opportunity for empowerment and leadership development.

Q: Can a mental health center or clubhouse hire a consumer manager for a program and call it a consumer-operated service?

No. Some mental health providers believe they provide many of the benefits of consumer-operated services outlined above through their treatment programs. However, consumer-operated services must be fully controlled by the people who use the service. They are organizationally separate and distinct from provider organizations such as hospitals, mental health centers, or rehabilitation agencies. Programs run by traditional providers are subject to the policies and mandates of those organizations. Consumer-operated services are responsible for making their own organizational and management decisions and policies. They assume both the responsibility and the risks of their decisions.

Q: Are there roles for nonconsumers or outside supporters?

Yes. There are a number of necessary and valuable roles for nonconsumer supporters and partners. In addition to being friends, allies, advocates, and champions, specific roles are the following:

- Funder/contractor;
- Sponsor/fiscal agent;
- Mentor; and
- Collaborator.

The role of a sponsor/fiscal agent is a temporary startup accommodation sometimes used for new programs. See *Tips for Mental Health Authorities* for a broader discussion of fiscal agency.

Q: My agency hires peer specialists. Isn't that a consumer-operated service?

A number of states and organizations have developed peer specialist training programs. These programs provide a standardized training curriculum and a certificate of successful training completion. This certificate may qualify graduates for particular employment opportunities or enable them to provide Medicaid-reimbursable services. Mental health agencies are increasingly hiring certified peer specialists to provide a variety of services under the supervision of mental health professionals. They are often members of clinical programs or teams or may run a peer support program within the agency.

Peer specialists can richly benefit the organizations that employ them. But, when the governance of the organization is not fully consumer controlled, employing peer specialists does not designate an agency or a program as "consumer-operated." Other aspects of best practice fidelity must also be considered.

Some consumer-operated services also employ certified peer specialists, and the trend is growing.

The majority of people who currently work in consumer-operated services have attained their positions through active involvement and investment in the program over time, rather than through formal peer specialist training or certification. As more consumer-operated services consider Medicaid as a source of funding, there is increasing attention to staff qualifications and certifications as required by Medicaid guidelines. Some of the pros and cons of using Medicaid to finance consumer-operated services are discussed later in this chapter.

Some consumers and nonconsumers share the concern that when peers become "specialists" or "billable" under the supervision of traditional service providers, they risk losing many of the values and characteristics that comprise their unique voice and contribution to the system of care. All agencies hiring peer specialists should be mindful to help them retain the distinctive qualities and experience they bring to the organization.

For more information on peer specialists in traditional agency settings, see the following references included in *The Evidence* booklet of this KIT: Substance Abuse and Mental Health Services Administration, 2005 and Townsend and Griffin, 2005.

Recovery is more than symptom management.

- To consumers, recovery implies having hope for the future, living a self-determined life, maintaining self-esteem, and achieving a meaningful role in society. All of these things can be accomplished with or without psychiatric symptoms.
- Who can I become, and why should I say "Yes" to life?

What is the history of consumer-operated services?

The roots of consumer-operated services are deeply embedded in the tradition of self-help, in the civil and human rights movements, and in the vision and experience of recovery among persons with psychiatric difficulties. *The Evidence* booklet of this KIT provides a more extensive discussion of this rich legacy.

Recovery

Individuals have spoken about recovery from psychiatric disorders and have occasionally written about recovery for many years. These anecdotal reports were largely discounted by professionals until recent research supported these personal experiences of recovery. Two core beliefs form the bedrock of consumer-operated service philosophy:

- People with psychiatric difficulties can and do recover, living meaningful lives and
- Peers can help each other with the recovery process in ways that professionals cannot.

Recovery must be the common, recognized outcome of the services we support.

Charles Curie, SAMHSA Administrator, 2006

Self-help

Self-help and peer support are the oldest and most traditional forms of mental health services. A friend lends a hand to a friend. A neighbor assists a neighbor in distress.

There is a natural tendency for people to seek others with similar problems and concerns in order to make sense of their experiences and to be validated, comforted, and empowered by that knowledge.

In the mid-20th century, peer support was formalized in a variety of ways, including the development of self-help groups such as Alcoholics Anonymous, GROW, and the Depression and Bipolar Support Alliance (DBSA), formerly the Depression/Manic Depression Association. In virtually every community, there are now self-help and peer support resources to help people cope with scores of health concerns and difficult life experiences.

Civil and human rights

The civil and human rights movements of the 1960s, and particularly the disability rights movement, were influential. Early mental health consumer leaders saw commonality between their own experiences of stigma and disenfranchisement and those of other oppressed groups.

The disability rights movement focused on promoting rights of people with disabilities, developing a different way of viewing the experience of disability, and establishing alternative service centers.

Similarly, a mental health patients' rights movement began to emerge, and mental health peers began to create self-help services in the form of consumer-run drop-in centers and other programs.

Growing policy support

Government agencies, researchers, and some professionals began to recognize the importance and potential of consumer-operated service initiatives. The Community Support Program (CSP), now part of SAMHSA, funded the first national consumer Alternatives Conference in 1985. From 1988 to 1992 SAMHSA funded 14 Consumer-Operated Services Demonstration Projects. Consumer-run technical assistance and self-help research centers were also established through federal grants.

Acceptance and inclusion within the service system

While consumer-operated services operate as independent entities, they are increasingly considered a core element in an effective system of care for adults with psychiatric problems.

Recovery-oriented services and supports are often successfully provided by consumers through consumer-run organizations and by consumers who work as providers in a variety of settings, such as peer support and psychosocial rehabilitation programs.

New Freedom Commission on Mental Health Final Report, 2003

In 1989, the National Association of State Mental Health Program Directors (NASMHPD) issued a position statement on consumer contributions to the mental health system. In addition to promoting consumer participation in all aspects of policy and practice, the statement calls for client-operated self-help and mutual support services to be "available in each locality as alternatives and adjuncts to existing mental health service delivery systems. State financial support should be provided to ensure their viability and independence" (Leaver & Campbell, 2003).

In 1999, the Surgeon General's report on mental health firmly established the concept of recovery as a guiding principle for mental health service systems and promoted self-help and consumer-operated services as important elements of recovery-oriented comprehensive mental health service systems (U.S. Department of Health and Human Services, 1999).

The 2003 President's New Freedom Commission on Mental Health Final Report acknowledges that many Americans are not receiving services oriented toward the hope of recovery. It presents consumer-operated, peer-delivered services as an emerging best practice (New Freedom Commission on Mental Health, 2003).

The National Council on Disability report (2000) and the Institute of Medicine report (2006) also advocate for a shift toward more recovery-oriented and more consumer-driven mental health systems. Consumer-operated services are part of this shift.

In 2006, SAMHSA issued a Consensus Statement on Mental Health Recovery. Developed by 110 expert panelists representing many stakeholder groups, the statement presents 10 fundamental components of recovery, one of which is peer support. It states, "Consumers encourage and engage other consumers in recovery and provide each other with a sense of belonging, supportive relationships, valued roles, and community." The bedrock philosophy of consumer-operated services supports mental health recovery and the value of peers helping peers with the process.

We're looking at consumer-operated services as more than just a "good thing." We see them as a critical core component of the continuum of care. There are strategic advantages to other parts of the system because effective consumer-operated services provide role modeling, natural support systems, and clearly help individuals with their personal recovery. They can work in ways that traditional services cannot.

State mental health commissioner

There are numerous examples of state, regional, and local mental health authorities incorporating peer-operated services into their systems of care. Some states have established significant statewide networks of consumer-operated services, while others are considering how to best develop and implement these services.

Are consumer-operated services effective?

Many studies support the value and effectiveness of peer support services in helping individuals to address problems in their lives. Other studies give credence to specific elements of peer support such as positive relationships, meaningful activity, sense of community and belonging, and so forth.

Until recently, research on consumer-operated services as a program model has been limited, albeit promising. In the past decade, however, an increasing number of controlled studies on consumer-operated services have demonstrated their effectiveness.

A study of the 14 SAMHSA-funded Consumer Operated Services Demonstration Projects 1988-1992 concluded that "as a result of these initiatives, consumers/survivors had achieved greater levels of independence, empowerment, and self esteem. Individuals had an improved sense that they could make their own decisions, solve problems, and help others." Participant quality of life improved and there were noted increases in social supports, employment skills, and education.

In 2003, Charles Curie, then Administrator of SAMHSA, reported on interviews he had with people about to be discharged from a state psychiatric hospital:

I asked them what they needed to make their transition successful. They didn't say they needed a psychiatrist, a psychologist, or a social worker. They didn't say they needed a comprehensive service delivery system or evidence-based practices. They said they need a job, a home, and meaningful personal relationships, or to use a direct quote..."I need a life—a real life. I need a job, a home, and a date on weekends."

cited in Clay, 2005

In 2001, researchers compared a group who participated in consumer-operated self-help programs with another matched group who did not use self-help groups. The self-help group showed higher use of problem-centered coping skills, used more coping strategies, achieved more years of education, and scored higher in social functioning on a standardized scale. The higher ratings of hopefulness and self-efficacy found in the self-help group positively affected coping strategies.

The Consumer-Operated Services Program (COSP) Multisite Research Initiative (1998-2006), funded by SAMHSA, is the largest and most rigorous study of consumer-operated services programs conducted to date. It looked at several models of peer-operated services around the country to determine whether consumer-operated services are effective as an adjunct to traditional mental health services in improving the outcomes of adults with serious mental illness.

This study found that consumer-operated services are effective, pointing specifically to the following:

- An overall increase in well-being among study participants and a greater average increase in well-being among those who used consumer-operated services the most;
- A significant effect on well-being for users of drop-in type services;
- An increase in most measures of empowerment correlated with the extent to which consumers used consumer-operated services.

These positive findings were not limited to one program model but encompassed all the consumer-operated service models studied.

A 2006 study by Corrigan similarly found positive correlations between participation in consumer-operated services and core factors associated with recovery and empowerment such as personal confidence and hope; willingness to ask for help; goal and success oriented; self-esteem/self-efficacy; sense of personal power; autonomy; optimism and control over the future.

How are consumer-operated services funded?

Consumer-operated services are best practices and should be funded as part of the mental health service system. Some mental health authorities (MHAs) are creating permanent carveouts (i.e. setting aside specific funds) for consumer-operated services. Others are using statutory mandates and other mechanisms to define consumer-operated services as a required core service, thereby including them in funding formulas.

Consumer-operated services are currently funded in a number of ways, each with advantages and disadvantages, and with specific accountability and reporting requirements. The text box lists the most common mechanisms for funding consumer-operated services. See *Tips for Mental Health Authorities* in this booklet for a broader discussion of funding.

As with other nonprofit services, funding is a perennial challenge for consumer-operated services. They are often seen as pilot or innovative program initiatives without permanent funding streams or are the first to see cuts in lean fiscal times. They must typically reapply for funds annually and are often first to have funding cut during periods of retrenchment or cutback. Applying for funding is complex and is an area where consumer-operated services often need and desire technical assistance.

Like other human services, consumer-operated services ideally need a diverse funding mix to ensure sustainability and to weather vagaries in the funding environment. However, some consumer-operated services—especially less established groups—find it overwhelming to navigate multiple funders. Attaining long-term sustainability remains a key challenge.

Primary sources of funding for consumer-operated services

- Federal Mental Health Block Grant
- Other federal sources, including SAMHSA, National Institute of Disability and Rehabilitation Research (NIDRR), and Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD)
- State or county general funds and county tax levies
- Other state funds such as vocational rehabilitation, social and substance abuse services, and reallocations from state psychiatric hospital downsizing
- Community reinvestment and community redevelopment initiatives
- Medicaid
- Grants from national, regional, and community foundations for specific projects or initiatives
- Managed care organizations and behavioral health care networks
- Charity groups, faith-based organizations, and nonprofit organizations
- Fundraising activities
- Entrepreneurial ventures and businesses run by consumer-operated services or programs

For more information about the effectiveness of consumer-operated services, see *The Evidence* booklet of this KIT.

EVIDENCE-BASED PRACTICES KIT

Knowledge Informing Transformation

Building Your Program

Tips for Mental Health Authorities

Consumer-operated services translate into real gains to the mental health system. Clinicians want and need people to be partners in their treatment. Often consumer-operated services help motivate people and help them find their voices. They come to believe they can contribute to their own care and make a difference in their own lives. Everyone wins.

Mental health center director

The information and tips in this section are based on the experience and accumulated wisdom of consumer-operated service pioneers and the mental health authorities (MHAs) and others who have funded and supported them. It includes information on why MHAs should support consumer-operated services, planning, soliciting proposals, funding, contracting, accountability, quality assurance, technical assistance, and sustainability.

Introducing any new approach into an established service system is rarely smooth and is often challenging. The guidance from this wisdom can help new consumer-operated service initiatives to build on what has worked for others and to avoid what has not been helpful.

For ease of reading, references and citations have been minimized in the text. See *The Evidence* booklet of this KIT for a bibliography of references and resources.

They're cost effective. They're creative. They're life affirming. They fill in gaps in the service system.

Consumer-operated services manager

Why should MHAs be interested in consumer-operated services?

There is growing interest in and support for establishing independent consumer-operated services in localities around the country. But why should you encourage and support the development of them in your system of care?

"Because they benefit consumers, mental health systems, and communities and they are cost effective," say representatives from state, regional and local MHAs and mental health agencies that have extensive experience in working with consumer-operated services in their areas.

Consumers benefit

Consumers are the primary beneficiaries of consumer-operated services. This benefit accrues in several areas.

- **Well-being.** Researchers find that participation in consumer-operated services is directly related to increases in participant feelings of well-being. Further, the greater the participation, the greater the benefit.
- **Recovery.** Participants see people "like them" who are living recovery. People see that recovery is real and is possible. A spark becomes rekindled.
- **Community building.** Networks of natural support evolve from positive peer environments. Quality relationships are the heart and soul of people getting better.
- **Empowerment.** Consumer-operated services provide opportunities for people to get involved in meaningful ways. Learning and leadership are integral to the service.

Mental health service systems benefit

Service systems with strong consumer-operated services find them to be important components of the system of care for a number of reasons.

- **Value.** Dollar for dollar, MHAs find that they get a greater return from consumer-operated services than from most other services, especially in terms of services and the number of people seen.
- **Enriched service choice and array.** Consumer-operated services give people an expanded choice of services, beyond those available from mental health centers.
- **Expanded availability.** Consumer-operated services can be offered at times and in places that are not cost-effective for MHAs to provide formal services. People don't need to have an emergency to make contact with someone.
- **Expanded access.** When systems are restricting services to those with the greatest needs, consumer-operated services provide an option for many people who need less specialized care.
- **Reaching underserved persons.** From a public policy stance, MHAs are concerned about people who are not in treatment. Some people will not go to a formal treatment service, but will go to a consumer-operated service.
- **Preserving services.** Many mental health centers can no longer afford to offer social and leisure activities. Consumer-operated services keep these options available.

Communities benefit

Some consumer-operated services are highly visible in their communities, providing a nexus for a range of community connections and activities.

- **Community education and de-stigmatization**. Consumer-operated services provide community education simply through their existence. Sharing experiences has proven very effective in helping the public understand and demystify mental illness.
- **Collaborative networks.** Many see consumer-operated services as community resources that are worthy of support. Groups support them with fundraising. Other organizations refer people to them. Some education programs are open to the public.
- **Public health promotion.** With MHAs beginning to focus more on public health promotion and illness prevention, with an emphasis on offering wellness training, consumer-operated services can be active and strategic partners.
- **Energizing community.** Consumer-operated services can help actualize a fuller spectrum of resources for all citizens. Like active churches, parent associations, and neighborhood groups, consumer-operated services can generate positive energy to reach across traditional service silos or boundaries.

How can mental health authorities support consumer-operated services?

As you read about the benefits of consumer-operated services, you might think that they sound like a great idea. You also might be worried about the cost, accountability, perhaps even whether consumers in your area could establish and operate a successful consumer-operated service.

Consumer-operated services are not luxuries found in better funded systems of care. They are cost-effective services that help people in rural, suburban, and urban communities in every region of the country. They are not fads or fringe initiatives. They are a recommended evidence-based practices by SAMHSA.

When I first met Joe 3 years ago, he was having many difficulties in his life. He was just starting to attend a local consumer-operated service. Six months later he became treasurer and transportation coordinator for the group. He was interacting with people and his grooming improved. I saw him recently. He had finished his first year at college, majoring in engineering with a 4.0 grade point average. He attributed his success to the consumer-operated service, saying, "Without them, I never would have tried."

MHA policymaker

In states that have well-established networks of consumer-operated services, one of the driving factors has been visionary policymakers who value consumer participation in the system of care, who recognize the need for these services, and who persist in overcoming challenges.

Be a visionary for your system.

This Tool KIT will provide you with information, resources, tools, and ideas about ways you can help facilitate and support the development of consumer-operated services in your area. This section discusses many ways that mental health authorities can support consumer-operated services.

But you cannot do it alone.

An MHA may have a vision, provide resources and funding, offer technical support and mentorship, and create guidelines and standards, but consumer-operated service initiatives must be driven by mental health consumers and grounded in their experience. Funding, policies, standards, contracts, and evaluation mechanisms must be informed by their input and preferences. The MHA's role is to facilitate and support consumer leadership.

Ways MHAs can support consumer-operated services

- Nurture consumer involvement at all levels.
- Develop collaborative relationships.
- Build a strong policy foundation.
- Promote high-fidelity consumer-operated services.
- Anticipate and address concerns.
- Ensure funding.
- Choose the best oversight structure.

Nurture consumer involvement at all levels

Supporting the development of consumer-operated services should be part of the MHA's effort to ensure a meaningful consumer voice in all aspects of the mental health service system. In the past decade there have been gains in consumer participation and involvement in many aspects of mental health policy and practice. At the same time, there is still a long way to go.

Invite and support consumer voices. A growing body of experience and literature outlines ways MHAs can invite and support consumers within their systems. See the "Selected Bibliography" in *The Evidence* booklet of this KIT for citations and additional relevant resources.

Identify and support emerging leaders. A fundamental aspect of nurturing consumer voices and leadership is identifying, training, and supporting emerging consumer leaders. A pool of leaders and emerging leaders is requisite to sustainability of meaningful consumer participation and of consumer-operated service initiatives.

Every locality has a mix of people who have both experience with the diagnosis of a serious psychiatric disorder and have the professional skills germane to developing and managing businesses such as consumer-operated services. Identify and support this pool of competent and invested persons.

The SAMHSA-funded Technical Assistance and Training Centers often have leadership development programs designed to cultivate new and emerging leaders. More information on these resources can be found in the "Selected Bibliography" in *The Evidence* booklet of this KIT.

Develop collaborative relationships

Maintain ongoing dialogue with consumer leaders and interested others to build a strong foundation for the initiative and to model an open, participatory process. Consumers must be involved in every aspect of a consumer-operated service initiative, from initial concept and design to developing standards, qualification requirements, accountability expectations, and quality assurance mechanisms.

Keep the process transparent, and maintain clear lines of communication. Expect differences of opinion, but focus on productive solutions. Find the common agenda and, when necessary, agree to disagree and move on.

You cannot spend too much time hammering out the vision, the mission or specific roles in achieving the vision, the values that guide decisions, and the definitions of the service components.

Lack of a clearly articulated purpose, priorities, and focus creates confusion and reduces effectiveness.

Take the time to do this together. The process itself brings people together. Everyone is both challenged and enriched. It forms the basis for a culture of respect.

MHA policymaker

Build a strong policy foundation

"Co-create" a shared vision for the initiative by collaboratively addressing at the outset some basic questions such as those listed in the text box on this page. This helps you to incorporate many perspectives and build a broad base of support for the initiative. There are no "right" answers to these questions and your thinking might change over time.

You might want to revisit these questions and your vision periodically to refresh, renew, and revise your original thinking.

Building a strong policy foundation: Preliminary discussion checklist

- What is the spark?
- Who needs to be involved?
- What motivates us? Why are we doing this?
- What values guide us?
- What role will the consumer-operated service play in the system of care?
- What services will be offered?
- What outcomes do we expect?
- What accommodations are required?

Discussions to address these questions will help MHAs and consumer leaders to create clear and focused policy documents, requests for proposals, and contracts; design technical assistance; and develop evaluation approaches. Further discussion of each of these key questions follows.

Once you have reached preliminary answers, disseminate the vision for the consumer-operated services initiative for discussion among diverse stakeholders. Encourage feedback and input from individuals and groups not involved in the earlier discussions. This will inform people about the initiative and encourage wide involvement and support. It will also give you a "heads-up" if there are problems that should be worked out.

What is the impetus?

The initial spark for a consumer-operated services initiative might come from one or multiple sources:

- Individual consumer leaders or groups;
- The Office of Consumer Affairs or other departments of a mental health authority;
- Nonprofit agencies such as mental health associations, community groups, or mental health providers who believe that establishing consumer-operated services will help to serve people in their communities.

Regardless of who is the initiator, existing and/or emerging consumer leadership must be involved early and in every aspect of development. The work of the MHA and other supporters must be guided by the momentum and direction of grassroots interest.

Who says mental health consumers should be treated only by professionals, in formal systems, and sometimes against their will? Let's not forget that as mental health consumers, we are the ones who are most qualified to evaluate what has helped us and what does not help.

Consumer-operated service founder

Who needs to be involved?

Who needs to be at the table to help think about and craft the consumer-operated initiative?

- Consumer leaders and emerging leaders
- Policymakers and potential funders
- Potential partners and collaborators such as local service providers and community groups

It can be helpful to include voices that are not immediately supportive of the initiative. They will help raise concerns and barriers that need to be addressed for consumer-operated services to be both successful and sustainable.

What motivates us? Why are we doing this?

Clarify why you want to support a new or existing consumer-operated service. The motivating impetus often shapes the structure, process, and even outcomes of the initiative. Your motivations might change over time. You might have a single driving factor or many. MHAs might be motivated by the following:

- Desire to improve system of care through implementation of best practices;
- Mandates from policymakers or funders;
- Vision and drive from a few leaders;
- Pressure from consumer groups;
- Assessed need;
- Desire to invest in cost-effective service approaches;
- Demonstrated success of consumer-operated services elsewhere;
- Opportunities for grants or special funding; and/or
- General philosophical support for the values and approach.

What values guide us?

Consumer-operated services are grounded in a common set of values. However, they should not be the sole representation of these values within a service system. Your MHA should endorse these values and build policies which promote recovery-oriented and consumer-driven services throughout the behavioral health care system. These values help establish a strong policy foundation for consumer-operated services and help guide future decisionmaking and problem solving.

What role will consumer-operated services play in the system?

Clarify the role or roles you anticipate that peer programs will play in your system of care. Will they be one or more of these?

- Adjunctive to traditional services, sharing a geographic area or clientele?
- Alternatives to the existing service approaches, possibly reaching people who are not currently involved or well served by traditional services?
- Expected to assume a portion of the services currently delivered by nonconsumer providers such as social/leisure agencies and groups?

Consumer-operated services are present and vocal members of the service provider community. They are equal to other providers in this forum. Their presence has challenged us, but also strengthened us. We are learning to work together in productive and mutually beneficial ways.

Mental health center director

Are accommodations required?

The answer is both "yes" and "no." From a policy standpoint, accommodations are MHA standards, procedures, or expectations required of other service vendors that might be modified to meet the developmental needs of new consumer-operated service organizations. New consumer-operated services may benefit from accommodations while more established services may not need them and some may find the idea of accommodations patronizing. Remember that the shared goal is sustainable services that meet the needs of mental health consumers.

Address the need and form of any such accommodations up front. Consider the following questions when addressing whether a program or development initiative will benefit from accommodations:

- To be eligible for funding, do consumer-operated services need to have a fully established infrastructure and successful track record, or is there room for a developmental approach?
- Are consumer-operated services held to the same expectations as more conventional service providers for the proposal/funding/contracting process, oversight, review, audit procedures, and documentation and reporting requirements?
- Should funding be linked to technical assistance so that consumer-operated services can meet standards and expectations?
- Does a consumer/survivor group compete with traditional service providers for a portion of a single pool of funds or is there a set-aside allocation for consumer-operated services?
- Should a funder expect a consumer-operated service, which might have limited funds and infrastructure, to adhere to the level of fiscal accountability required of organizations with accounting units, financial officers, and well-developed computer technology?

MHAs and consumer groups struggle with these questions and resolve them in different ways. It is best to address the issues in a proactive, transparent, and just manner. Using a developmental approach that also includes adequate controls to safeguard funds is common and will be addressed further in these tips.

What services will be offered?

There is flexibility in designing consumer-operated services. Best practice fidelity for consumer-operated services focuses less on specific activities delivered and more on processes such as being consumer-run and promoting empowerment. See the *Evaluation* booklet of this KIT for more information on the FACIT, a best practice fidelity tool for consumer-operated services.

Some developers have specific models of service in mind such as a drop-in center, an education and resource center, a housing support program, or a set of peer support groups. These ideas emerge from what people know or have seen. Acknowledge these initial ideas but also explore others to expand the range of possibilities. Consumer-operated services might function in many ways:

- Single service providers for drop-in programs, support groups, housing, employment, training, and consultation;
- General recovery resource, education, and self-advocacy centers; or
- Multiservice organizations that provide an array of services and resources.

The services offered by a consumer-operated service are ultimately a reflection of the needs of the community, what the program leaders believe is important, what they can deliver, and what funders are willing to pay for.

What outcomes do we expect and how will we assess them?

Standard outcome assessment mechanisms designed for more traditional services might not be readily transferable to a consumer-operated service setting. At the same time, funders rightly expect demonstrable outcomes for their investment.

Articulating and agreeing up front about reasonable outcome expectations for consumer-operated services helps diminish misunderstanding down the line and enables program developers to build in assessment strategies from the beginning. This is discussed in the Quality Assurance section of these *Tips for Mental Health Authorities* and in the *Evaluating Consumer-Operated Services* booklet of this KIT.

Consumer-operated services are essential vehicles for empowering consumers. They provide opportunities for leadership education, helping others, and getting involved – even in things like training and research. Leaders develop in consumer-operated services and often become involved in various ways in state and local governments.

State-level policymaker

Promote high fidelity consumer-operated services

The Fidelity Assessment Common Ingredients Tool (FACIT) was developed as part of the Consumer-Operated Services Program (COSP) Multisite Research Initiative. This tool helps provide a picture of the desired program elements of consumer-operated services and can be used to assess the degree to which a program implements these elements.

The FACIT also provides MHAs with a basis for framing contract expectations and service standards, identifying needed technical assistance resources, and planning quality assurance activities.

Table 1 gives a snapshot of the elements of a consumer-operated service that would achieve a top score on the FACIT. The full instrument and additional tools can be found in the *Evaluating Consumer-Operated Services* booklet in this KIT.

TABLE 1: Characteristics of a consumer-operated service with a perfect score on the FACIT Fidelity Scale

Structure:
Consumer-controlled, participant responsive

- **Board participation:** 90-100% of the board is self-identified as consumers, and all of the officers are self-identified as consumers.
- **Consumer staff:** 80-100% of staff members identify themselves as consumers, and all of the administration members identify themselves as consumers.
- **Hiring decisions:** Consumers are responsible for making all hiring decisions.
- **Budget control:** Consumers are responsible for the development and control of the entire budget.
- **Volunteer opportunities:** Most (85-100%) volunteers are self-identified as consumers.
- **Planning input:** There are multiple avenues evident for providing input, and the program displays a significant commitment to implementing recommended changes.
- **Satisfaction/grievance response:** The program has a formal policy for addressing grievances and for assessing consumer satisfaction. It displays a significant commitment to implementing recommended changes.
- **Linkage to other supports:** The program offers linkage to other supports; it provides referrals to other community services and networks with other consumer groups.
- **Linkage to traditional mental health services:** There is intense involvement with traditional mental health services, and this involvement is reciprocated.
- **Linkage with other consumer-operated services:** There is intense involvement with other consumer-operated services, and this involvement is reciprocated.
- **Linkage with other service agencies:** There is intense involvement with other service agencies, and this involvement is reciprocated.

TABLE 1: Characteristics of a consumer-operated service with a perfect score on the FACIT Fidelity Scale

Environment: Accessibility, safety, informal setting, reasonable accommodation	■ **Local proximity:** Location of program is optimal – at the very center of a population cluster. ■ **Access:** Access is excellent, for both local and more remote members. ■ **Accommodations:** The program is fully accessible to people with a wide range of disabilities and committed to accommodating individual differences. ■ **Lack of coercion:** The program encourages people to choose whether or not to participate. Behaviors are tolerated as long as they are not harmful to others. ■ **Program rules:** Adequate controls and safeguards exist so that participants feel safe from physical or emotional harm. Rules are developed by participants and mechanisms are in place to respond when rules are violated. ■ **Cost:** All services are free of charge.	■ **Physical environment:** Meets all obvious requirements for physical comfort and makes extensive efforts to ensure that minor aspects of the environment add to participants' physical comfort. ■ **Social environment:** Staff treats participants with openness, directness, and sincerity. ■ **Sense of community**: Offers extensive opportunities for warm, interpersonal interactions, a sense of belonging, and socialization with other participants. ■ **Timeframes:** No timeline is attached to participation in program. There is no pressure to join and no time limit to participation. Schedules and tasks are flexible and adapted to individual needs. ■ **Hours:** Hours conform to the times most needed and desired by participants.
Belief systems: Peer principle, helper principle, empowerment, choice, recovery, acceptance and respect for diversity, spiritual growth	■ **Peer principle:** Relationships are based on shared experiences and values. Participants and staff characterize relationships as mutual/reciprocal. ■ **Self-disclosure:** Self-disclosure is almost universal. ■ **Help and advice:** Help and advice are offered in a friendly manner; compliance is not demanded. ■ **Reciprocal helping:** 67% to 100% of participants report some experience of helping other program members. ■ **Personal empowerment:** Virtually everyone agrees that being involved in the program has helped them make positive changes in their lives. ■ **Acceptance and respect for diversity:** Accepts a wide range of nondangerous behaviors without threatening individuals' continued participation in the program.	■ **Personal accountability:** Program staff and leaders encourage a high level of accountability and self-reliance by program participants. ■ **Group empowerment:** There is a feeling of membership in the group, which offers a great opportunity to contribute not only to internal program activities and on program-specific policies and issues, but also to contribute through community activities, networking, and other relationships external to the program. ■ **Choice:** People have the choice to participate in a wide array of program activities with different levels/forms of participation, including the opportunity to shape these activities. ■ **Recovery:** The mission statement and materials describing the program include a clear statement of its hope-oriented approach. Participants can articulate this approach. ■ **Spiritual growth:** The expression of spiritual or religious insights is allowed within the program.

TABLE 1: Characteristics of a consumer-operated service with a perfect score on the FACIT Fidelity Scale

Peer support: Mutual support, telling our stories, consciousness-raising, crisis prevention, peer mentoring and teaching	■ **Formal peer support:** Numerous peer support activities are offered to program participants on a regular basis. ■ **Informal peer support:** The program provides opportunity for, and supports the development of, strong mutual peer relationships. ■ **Telling our stories:** The program provides numerous formal and informal opportunities for sharing stories within the program and with the larger community. ■ **Artistic expression:** Multiple regular outlets provide opportunity for artistic expression, with a variety of media. Opportunities are individualized, enabling all who are interested to participate. ■ **Consciousness-raising:** People recognize themselves as valuable members of a larger community with their own unique identities, and they feel confident contributing to this community.	■ **Formal crisis prevention:** Multiple avenues are provided for formal crisis prevention, and these appear to be effective. ■ **Informal crisis prevention:** Multiple avenues are provided for informal crisis prevention, and these appear to be effective in providing regular (and sometimes face-to-face) outreach to consumer-operated service participants. ■ **Peer mentoring and teaching:** Virtually all participants report that there are others within the program they look up to and from whom they can receive guidance, support, and companionship. These relationships occur without regard to title or position within the program.
Education: Self-management/problem-solving strategies, formally structured activities, skills practice	■ **Formal education:** Numerous opportunities and educational programs are offered to participants to learn practical skills relating to personal issues, treatment, and support needs. ■ **Structured curriculum:** There is evidence of a formal curriculum in problem solving and self management. Most or all participants (75-100%) have participated in classes with a structured format designed to teach self-management and problem solving. ■ **Informal exchange:** There is evidence of informal exchange of personal experiences to enhance individual problem-solving abilities.	■ **Receiving informal support:** Most participants (80-100%) report they have received informal support in self-management or problem-solving assistance. ■ **Providing informal support:** Most participants (80-100%) report they have provided informal support in self-management or problem-solving assistance. ■ **Formal skills practice:** Most participants (75-100%) are involved in some formal skills training that could lead to some kind of employment. ■ **Job readiness activities:** Most participants (75-100%) are involved in job readiness activities that could lead to some kind of employment.
Advocacy: self-advocacy, peer advocacy, outreach	■ **Formal self-advocacy activities:** Most participants (75-100%) have participated in informal training activities related to self-advocacy or informal opportunities leading to peer-to-peer learning about self-advocacy.	■ **Outreach to participants:** All participants are informed by the program through multiple channels, e.g., Internet, newsletters, conferences. Advocacy content is regular and strong. ■ **Peer advocacy:** Most participants are involved in providing peer advocacy. All members consider themselves peer advocates.

Anticipate and address concerns

Some MHAs, service providers, and consumers are unfamiliar with consumer-operated services; others have had some limited exposure or experience with this approach and may view consumer-operated services with some trepidation.

When a new idea is introduced to a service system, there are always worries and concerns, voiced and unvoiced. Some worries are based on experience or observation; others are based on assumption and stigma; still others are based on fear of failure – and fear of success.

Proactively identify and address these concerns. The consumer-operated services initiative is strengthened when all parties have accurate information, raise and honestly discuss concerns, and collaboratively develop policies or mechanisms to allay them. When worries remain unspoken and unaddressed, they can fester in ways that jeopardize the initiative.

Searching for the common ground is important and you may "agree to disagree" at times. Some worries are dissipated only through time and experience.

Most initial concerns fall into four main categories:

- Accountability;
- Leadership;
- Turf/philosophical differences; and
- Relationships.

The boxes on the following pages list common and often unvoiced worries about new consumer-operated service initiatives by consumers, mental health authorities, and traditional service providers. Some groups share the same or similar concerns. You can use these lists to help raise and explore difficult issues and to promote practical solutions.

Tell me, what mistakes can a consumer-operated service make that a traditional mental health service has not already made somewhere, somehow?

Mental health program director

Consumer leaders' common worries and concerns about new consumer-operated service initiatives:

- Can we do this? Is it too big, too much, too fast?
- What if we don't get enough funding, support, and assistance?
- What if we ask for help and someone just takes over and won't let go?
- How can we make sure this is truly different from the mental health service down the street? How do we keep from falling back on what we know?
- Is this "consumer-run" only to the degree that we do what we're told to do and don't step on any toes?
- Are we getting set up to fail?

Lack of county and state support is probably the greatest single factor in the downfall and even demise of otherwise viable peer programs.

Consumer-operated services founder

Ensure funding for consumer-operated services

Obtaining funding for consumer-operated services has historically been a perennial challenge for consumer-operated services. They are often seen as pilot or innovative program initiatives without permanent funding streams. They must typically reapply for funds annually and are often the first to have funding cut during periods of retrenchment or cutbacks. Applying for funding is complex and is one of the areas where some consumer-operated services desire technical assistance.

Like other human services, consumer-operated services ideally need a diverse funding mix to ensure sustainability and to weather vagaries in the funding environment. However, some consumer-operated services, especially less established groups, find it overwhelming to navigate multiple funders. Attaining long-term sustainability remains a key challenge.

As consumer-operated services become increasingly accepted and established as a best practice, MHAs are taking strides to solidify funding by including them in funding formulas for Mental Health Block Grant allocations and general fund revenues. Other mechanisms to stabilize funding include listing consumer-operated services as a required service in managed care contracts and considering Medicaid eligibility for the service.

Mental Health Authorities' common worries and concerns about new consumer-operated service initiatives

- Can they do it? Is it too big, too much, too fast?
- These are taxpayer dollars. Will people use funding appropriately?
- How do we oversee consumer-operated services? What kind of oversight is needed? How do we find the right balance of accountability and flexibility?
- What if a consumer-operated service does not fulfill expectations or its contract obligations?
- Can I enforce the contract and policies, even pull funding, without political repercussions? Without people going into personal crisis?
- What training and technical assistance is needed? How can I get it out there in a way that really helps the initiative, but is also affordable?
- Is one person leading this effort? What happens if he or she has a crisis or moves on to another job? Will everything fall apart? Who else could do this?

Federal resources such as SAMHSA, the National Institute of Disability and Rehabilitation Research (NIDRR), and Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD) sometimes have services, research or other development grant opportunities that can be integrated into a funding mix. However, these rarely guarantee sustainable funding.

State or local sources outside of mental health can sometimes be resources. These might include vocational rehabilitation, social and substance abuse services, community reinvestment programs, small business start-up, or enterprise grants.

Are consumer-operated services less expensive than other services?

In terms of percentage of the overall mental health budget, consumer-operated services receive very little funding for the high value they deliver. More than any other mental health service, consumer-operated services rely on volunteers, fundraising, foundation grants, civic groups, community donations, and enterprise for their revenue. This is common even when a program receives funding from state or local MHAs, because grant awards rarely provide full funding. Running programs on "a shoestring" is a source of both pride and ongoing frustration for consumer-operated services.

There is concern that consumer-operated services are gaining favor in some circles, not as a best practice but as a cost-saving venture. When consumer-operated services rely on volunteers or part-time workers, their service delivery costs can be significantly lower than those of services with full-time paid employees. However, technical assistance, mentoring, training, assessment, and oversight costs must be considered.

Further, as one researcher warns, "when consumer-operated services are more structured and formalized, and when consumers are paid at the competitive market rate for comparable experience and job responsibilities, as they should be, the service may well be comparable in costs to traditional services. Consideration needs to be given to whether consumer-provided services offer cost savings by reduced use of more costly formal mental health services, i.e., services dominated by professionals" (Solomon, 2004).

Mental health providers' common worries and concerns about new consumer-operated service initiatives:

- Are they getting my money? Will my services or budget be cut to fund consumer-operated services?
- Are consumer-operated services a way to cut professional services through underpaid, undertrained workers?
- Why can't these funds simply augment our rehabilitation programs?
- Will these programs make people "anti-psychiatry" or encourage them to stop taking medication and using other treatment services?
- Will I be held accountable if something goes wrong for a client who uses a consumer-operated service?
- Will my programs remain viable if consumers prefer to go to consumer-operated services and not to mine?
- How do we deal with the Health Insurance Portability and Accountability Act (HIPAA) and confidentiality?
- What if consumer-operated service staff wants or needs my treatment or crisis services for their personal problems? Doesn't that cross a boundary somewhere?

Will managed care fund consumer-operated services?

Some managed care organizations have become interested in consumer-operated services for their value and cost effectiveness, especially as elements of capitated service systems. However, there is a high degree of variability based on the policies and values of the managed care corporation, state or county legal parameters, interest and support of the local service systems, and specific contract stipulations. This is a potential growth area for funding consumer-operated services through both capitated service agreements through MHAs and direct contracts between a consumer-operated service and a managed care organization.

To fund consumer-operated services as part of a managed behavioral health care system, they must be included as required services in the contract between the MHA and managed care organization. Therefore, involve consumers as part of the contract negotiations to help advocate for this. Make sure the contract language fully reflects the values and principles of high-fidelity consumer-operated services.

Many groups don't think to include consumer-operated services in managed care contracts. If you want it, step up to the plate and advocate for it. Really look at the contract and proposal language. As a consumer-operated service, you have to make sure it's your language, that your service is there as a required service of the contract. Research these companies. What's their experience with consumer-operated services? Influence the process!

Managed care representative

Primary sources of funding for consumer-operated services

- Federal Mental Health Block Grant
- Other federal sources, including SAMHSA, National Institute of Disability and Rehabilitation Research (NIDRR), and Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD)
- State or county general funds and county tax levies
- Other state funds such as Vocational Rehabilitation, social and substance abuse services, and reallocations from state hospital downsizing
- Community reinvestment and community redevelopment initiatives
- Medicaid
- Grants from national, regional, and community foundations for specific projects or initiatives
- Managed care organizations and behavioral health care networks
- Charity groups, faith-based organizations, and nonprofit organizations
- Fundraising activities
- Entrepreneurial ventures and businesses run by consumer-operated services

What about Medicaid?

Medicaid funding is a controversial topic for independent consumer-operated services and has a number of pros and cons. At the same time, Medicaid is becoming an important source of funding for peer support services offered within traditional mental health agencies, and a growing number of independent consumer-operated services are exploring this avenue. Some consumer-operated services are drawn toward Medicaid as a source of more stable funding, while others are worried that accepting it will lead to compromising their role as an alternative service and will require co-option of basic principles and practices that make consumer-operated services unique.

When you create a mechanism that mirrors traditional service requirements with treatment plans, notes, justifications of services, medical necessity standards, regardless of who the provider is, a power relationship develops with one person placing judgment on others.

Consumer-operated service director

Some MHAs have revised their Medicaid plans to include peer support as an allowable service and consumer-operated services as agencies that can be certified for Medicaid funding. Consumer providers must be involved early in this process to ensure that regulations provide latitude to preserve the unique character of peer support in general and of consumer-operated services in particular.

Medicaid funds are presently used by some MHAs to partially finance peer support services based on training and certification of consumers as "peer support specialists." At least one state MHA has created a civil service position under this title. Some consumer-operated services are employing certified peer support specialists and going through the procedures necessary to bill Medicaid for peer support services delivered by these individuals. Another approach has been to license a consumer-operated service as a Medicaid-reimbursable provider, rather than billing through individual employees.

Are grants a good source of funding?

Grants can be a great source of time-limited funding and work well for start-ups, developmental activities, and special projects. But they are not stable sources of revenue and thus should never be the only source of funding for a program. They can be a useful part of a funding mix but do not provide for sustainability over time. No other community service provider relies exclusively on grant awards for long-term income.

Should fundraising and enterprise activities be expected?

There are many jokes about bake sales and car washes as fundraising enterprises. But the sad reality is that some consumer-operated services must look to raise funds to stay in business. Fundraising may include soliciting donations from community groups such as the United Way or faith-based organizations.

Some consumer-operated services are very creative with enterprise activities that can include spin-off businesses as well as contracts for consultation, training, evaluation, technical assistance, or provision of specific services.

Again, a mix of income resources is critical for long term sustainability and fundraising should not be a primary income source for basic operation of consumer-operated services.

What can an MHA do?

There is much that MHAs can do to establish funding streams for consumer-operated services. But, remember, always work *with* consumer leaders on these initiatives. MHAs must take the lead in some areas, but other goals can be achieved only by an active and strong consumer voice. You can help consumer groups to strategize their activities and support their efforts directly and indirectly.

Here are ideas from MHAs and consumer-operated services from around the country:

- Set a goal that no less than 5 percent of the overall mental health budget will be allocated as a permanent funding stream for development and operation of consumer-operated services.
- Establish consumer-operated services as a required core service in MHA funding plans for Mental Health Block Grants and general fund revenues.
- Promote consumer-operated services as an EBP service in state mental health legislation, statutes, and rules.
- Develop consumer-operated services as part of system transformation activities, psychiatric hospital downsizing initiatives, or community redevelopment and reinvestment activities.
- Negotiate with your managed care providers to include consumer-operated services as a required service in all contracts. Include consumer leaders in these negotiations.
- Suggest that managed care firms contract directly with consumer-operated services.
- Consider revising your current Medicaid code to include peer support services and consumer-operated services. Talk openly and honestly with consumers in your area about the advantages and trade-offs in this approach.
- Seek out opportunities from federal agencies such as SAMHSA, the Department of Veterans Affairs (VA), the National Institute of Disability and Rehabilitation Research (NIDRR), and the Department of Housing and Urban Development (HUD). Include resources for consumer-operated services development in all grant applications.
- Apprise consumer groups when there are federal, state, or local government grant opportunities for which they can apply. Encourage collaborative partnerships between consumer groups and other nonprofits, universities, or associations applying for such grants. Provide technical assistance and sponsorship as needed to create competitive applications.
- Support and assist consumer groups to apply for grants from local, statewide, and national foundations or philanthropy groups.
- Support and assist consumer groups to incorporate as independent nonprofit organizations to expand their eligibility for various funding resources.
- Help consumer-operated services look for opportunities in out-of-the-way places, including small business development opportunity grants, vocational rehabilitation, homeless and substance abuse initiatives, young adult and transition programs, and so forth.
- Encourage and assist consumer-operated services, like other community service agencies, to develop a broad funding mix.

Choose the best oversight structure

All public mental health services have oversight by regulatory, fiscal, contractual, and often legislative entities, as should consumer-operated services. A variety of options are available for how to structure oversight for consumer-operated services. Any of the approaches described below, or a combination of them, may be appropriate in a particular state or region. The primary responsibility for oversight of consumer-operated services usually falls to a funder or contractor such as a state or local MHA. However, some contractors engage an independent entity to provide direct oversight. Each of these is discussed below.

Oversight entities may play a key role in initiating, planning, or overseeing consumer-operated services. However, their responsibilities may vary based on stages of service development: from new and forming to more established and "seasoned." Sometimes oversight responsibilities are shared among several entities, each with a specific and negotiated role. Regardless of the specific oversight model chosen, the primary funding body will maintain the overall responsibility for overseeing the contract or grant.

State MHAs

State MHAs may choose to fund consumer-operated services directly. This approach gives the state MHA the greatest degree of contract oversight and control over how peer services emerge and develop. It also requires the MHA to commit resources to the effort (personnel as well as funds).

Typically, the MHA releases a detailed Request for Applications (RFA), selects a panel knowledgeable about peer support and consumer-operated services to review submissions, makes final decisions about grantee selection and award amounts, and assigns staff to oversee the initiative. Laws, regulations, standards, rules, and policies that apply to other state-awarded contracts are applicable to all consumer-operated service contracts. A single contract manager may oversee all the projects in a consumer-operated service initiative, or contract managers may have oversight responsibilities for all mental health contracts within a geographic region, including consumer-operated services.

Alternatively, a state MHA may designate consumer-operated services as a required community resource that each local mental health board must provide or purchase. The state may provide direct or contracted technical assistance, set standards, or certify programs, but the initiative is managed at a local MHA level.

Make sure that consumer-operated services are presented throughout the MHA and to local partners in ways that build support at all levels. Everyone needs to understand what a consumer-operated service is and what it is not. If people don't understand, they don't buy in; you need buy-in at every level.

MHA contract manager

Local MHAs

As noted above, in states where local MHAs or county mental health boards are the primary service purchasers, the state MHA may require consumer-operated services as part of the local service array. In this case, oversight responsibilities will be largely defined by the way the state system works. Alternatively, the impetus for establishing consumer-operated services may emerge independently at the local level.

A standard request-for-applications process is typically used, but local consumers and stakeholders should have input into its scope and form. Local as well as state funds may contribute to the financing mix. Consumer-operated services hold the status of being contracted service vendors within the MHA catchment area.

Local MHAs vary widely in their interest, understanding, and support of consumer-operated services. Many MHAs have little experience contracting with or supporting consumer organizations, let alone consumer-operated services. Innovative and progressive MHAs are more likely to encourage and support consumer-operated services that fit the needs of local consumers and the community. Uneven interest or resources across regions of a state may result in inconsistency in the availability, type, or quality of its consumer-operated services.

Independent entities

A third approach to consumer-operated services oversight and contract management is for the MHA to authorize an independent nonprofit organization to assume the responsibility. In some cases, granting or contracting authority is also awarded to this group. With this approach, the MHA manages one large contract with the authorized organization, rather than juggling multiple smaller contracts.

The oversight entity might be a statewide mental health consumer network or organization, or it might be another organization with strong consumer-oriented values.

If the MHA does not hold direct authority over these contracts, there is less demand for strict compliance with governmental contract regulations. Hence, there may be increased flexibility in contracting requirements and more tolerance for consumer-operated services learning how to operate their businesses.

This approach to oversight can increase the sense of ownership at the grassroots level, especially when a statewide consumer organization is at the helm, working to nurture consumer-operated services as a statewide initiative. However, because the oversight organization also assumes the risk of direct contracting, the success of this approach is dependent on the soundness of its leadership and infrastructure and, in particular, good accounting and staffing capacity.

Applications, contracts, and accountability

This section provides tips for functioning as a granting authority and contract manager and describes some issues to consider down the line. The tips are relevant for state, local, or independent oversight entities.

Key tips are found in the box. Each tip is discussed in the text that follows.

Remember your role

Consumer-operated services are nonprofit businesses that provide peer support and other services, and are run by mental health consumers. The consumer-operated service is the vendor and the MHA is the purchaser, never the operator of the service. Contracts with consumer-operated services should comply with statutes and regulations that would guide contracts with any vendor under contract with your MHA.

Many pioneer consumer-operated services started with only a handshake and the personal support of a visionary at an MHA. Experience has shown that, while collegial relationships are essential, they should enhance rather than substitute for clearly defined, negotiated expectations, and agreements. Mentorship of consumer-operated service leaders can be personal and informal, but do not lose sight of the bigger picture. MHAs are establishing a foundation for a best practice service with goals of effectiveness and sustainability over time.

Tips for MHAs starting a consumer-operated services initiative:

- Remember your role.
- Expect quality.
- Design pathways for development.
- Use straightforward application and proposal mechanisms.
- Ensure technical assistance, training, and field-based mentoring.
- Establish appropriate accountability mechanisms.
- Attend to quality assurance and evaluation.
- Address training and certification.
- Consider sustainability.

These are business relationships. Some formality is helpful to keep things on a business and collegial level. Stay away from the trap of trying to be a social worker or counselor nurturing consumer-operated services.

CMHC Executive Director

Lessons learned: Good intentions are not enough

Several years ago, a progressive MHA had good relationships with several consumer leaders. Both parties wanted to promote consumer-run programs in the state.

Believing that the consumer groups needed special accommodations to get started, the MHA allocated some startup funds with minimal application or accountability requirements. The initiative was launched with high levels of trust and flexibility. "Go forth and do good" was the underlying contract principle.

It didn't work. MHA expectations were unclear. The new programs did their best, but they lacked experience, structure, and support. Both the MHA and the consumer groups believed that "being a consumer" was adequate qualification to operate a consumer-operated service, so technical assistance was not provided.

The MHA was criticized for wasting resources. Budget committees and auditors demanded more documentation on the management of consumer-operated services funds. Questions emerged about unauthorized spending and lack of accountability among the programs. Under this pressure, the MHA imposed strict new rules and requirements for service delivery and fiscal reporting.

The changing expectations caused fallout between the consumer-operated services and the MHA. The consumers providing services felt distrusted and overly scrutinized. The MHA felt unfairly accused of being insensitive to consumers and believed its efforts and good intentions in supporting the consumer-operated services were unappreciated.

On reflection, both the consumer-operated services and MHA agree that their good intentions should have been backed by better preparation.

Lesson learned: *Take time up front to clarify all expectations, negotiate accountability mechanisms, and provide technical assistance to help consumer-operated services successfully take on the challenges of program operation.*

Expect quality

Establish high expectations, but couple these with accommodations, resources, technical assistance, and support to help people get there. The FACIT, a best practice fidelity assessment tool, provides guidance for quality parameters that should be expected from consumer-operated services. It is described briefly in Table 1 of this section and in more depth in the *Evaluation* booklet of this KIT.

Don't award contracts just because a group asks for funds. Clarifying thinking, writing a proposal, and involving membership all sharpen quality. This says that you take these services seriously and expect others to take them seriously as well. You are a vital part of the system. We have expectations of you. We believe you can deliver. We take you seriously.

Mental health commissioner

Design pathways for development

Some individuals and consumer/survivor groups have extensive experience with contracts, service delivery, business management, and fiscal accountability. Others have little or none of this background. MHAs may be excited about the potential of consumer-operated services but harbor concerns about risking resources on a new group.

States and regional MHAs looking to develop new consumer-operated service initiatives sometimes recruit experienced people from established programs in other areas. While importing "outsiders" can be politically delicate, it can be a viable approach when local consumer groups select and hire the recruited individual.

At the same time, new programs entail risk and MHAs, as stewards of public funds, must ensure they are used appropriately and effectively. Thus, another course is to increase capacity in your area by providing pathways for local consumers and groups to develop requisite knowledge and skills, assume responsibility, and demonstrate ability over time.

Your job is to help people understand and then take on full responsibility over time. Do not hang onto power or control. Let go, but do so in ways that will encourage and promote success. Yes, that means accepting that there will be risk and mistakes. So be it.

MHA contract manager

A developmental approach allows newly emerging groups access to a limited pool of funds or venture capital to establish infrastructure and build a track record of success and accountability before assuming responsibility for larger budgets or contract expectations. This approach keeps risk manageable for MHAs, funders, and consumer groups. At the same time, it provides opportunities for valuable hands-on, in-the-field learning. It also provides structure and support for groups to undertake the process of forming independent nonprofit organizations under federal 501(c)(3) guidelines and incorporating under state regulations. See the *Tips for Consumer-Operated Services Leaders* section for more information on 501(c)(3) status.

A series of tools are located in the Appendix to this section. Tool 1 offers a detailed "Example of a Developmental Approach to a Consumer-Operated Services Initiative." For each tier of grants there are specific eligibility criteria, award caps, and performance expectations.

Formal technical assistance from the MHA or another designated entity such as a university or established consumer network organization should be available to help programs advance to a higher level. Tool 2 provides a "Training and Technical Assistance Checklist" to help identify specific needs.

Establishment or "mini" grants

Small establishment or "mini" grants help new groups get started and encourage existing self-help groups to think about growing organizationally. Mini grants do not require 501(c) (3) status. New groups may use a fiscal agent, an established nonprofit that acts as a pass-through and accepts fiscal responsibility, allowing the consumer-operated service autonomy in shaping its program and time to develop its own nonprofit status. See *Tips for Consumer-Operated Services Leaders* for a discussion of fiscal agents.

These grants can underwrite organizational setup, membership development and promotion, refreshments for group meetings, and so forth. Accountability and reporting expectations for these funds are basic and in line with the allocation. Technical assistance is available to grantees.

Establishment or minigrants can foster progress in these ways:

- Encouraging groups to set up basic systems for bookkeeping and accountability;
- Promoting formation of a board of directors;
- Challenging groups to explore decisionmaking and leadership issues; and
- Helping groups think strategically about the pace and direction their growth trajectory will take.

Business development grants

Business development grants offer resources to help groups tackle more complex aspects of organizational development and expand their membership, activities, and services. This may include the following:

- Acquiring a 501(c)(3) certificate;
- Establishing a physical space;
- Developing a workforce, which may include volunteers, paid staff, and management;
- Developing and training a governance board;
- Creating capacity for fiscal management (e.g., hiring a bookkeeper or auditor);
- Learning about business issues such as insurance and wage and hour laws;
- Developing systems for data collection and reporting; and
- Building basic services for peer support, education, outreach, advocacy, and resource linkage.

Accountability and reporting expectations focus on infrastructure development and quantifiable elements such as the number of members, new members, services offered, and financial oversight.

Enhancement grants

Enhancement grants are for currently operating programs; they expand the number or extent of services or the consumers served. They are available to groups that have met the following criteria:

- 501(c)(3) nonprofit status; incorporated/ registered within the state;
- Organizational infrastructure, policies, and procedures;
- Strong membership and a cohesive group;
- Successful service delivery and fiscal accountability; and
- Active relationship with other provider/advocacy groups in the community.

These organizations may offer a range of services and activities and are expected to exemplify the common ingredients of consumer-operated services outlined in the FACIT.

Accountability and reporting requirements are similar to those of other nonprofit service organizations or of public mental health agencies. The grant award should reflect the real costs of operating a service , including personnel, benefits, operating and administrative costs, and insurance.

Getting started: Using a developmental approach

- SI! is a mental health peer support group for Spanish-speaking people offering weekly self-help meetings. They jumped at the chance to apply for a minigrant from their local MHA.
- No one in the group had written a grant request before, so they attended the MHA's "bidders' meeting." Here they learned about the grant criteria and some ways to write a clear proposal. Several SI! members attended the training and together they put together a winning proposal.
- During the grant year, SI! members opened a business checking account, created a formal steering committee, and organized a telephone support network for people who could not get to the meetings. They wrote letters to the MHA each quarter to report on how things were going and provided an accounting of the grant funds. The group grew stronger, larger, and more organized; coalesced as an organization; and developed new management and organizational skills.
- When they decided they were ready to open a drop-in center for Spanish-speaking consumers, they applied to the MHA for a development grant. This allowed them to rent space and acquire a computer and other equipment. They contracted with a bookkeeper and hired a part-time coordinator for their center. It wasn't easy and it took awhile to get everything in place, but technical assistance from the MHA and a mentor from a local business association helped them with the new business, documentation, and service requirements.
- Now, 5 years after their first minigrant, SI! is a thriving consumer-operated service that offers unique peer support programs. The drop-in center for Spanish-speakers has expanded to include a warmline, a recovery education program, and advocacy training. SI! also partners with community churches in outreach activities.

Performance contracting

Individualized performance-based contracts are used by some MHAs for both consumer-operated services and other service entities. These contracts are negotiated with each consumer-operated service contractor. They are developmental in nature and provide a mechanism for building pathways for development tailored to the needs and trajectory of each particular consumer-operated service receiving funding.

In performance contracting, the MHA and the consumer-operated service together identify and define the following:

- Annual goals and deliverables;
- Performance or outcome measures;
- Quality assurance requirements; and
- Expectations for documentation and reporting.

Performance expectations usually increase annually, based on what the consumer-operated service believes it can do and what the MHA desires. Training and technical assistance needs or expectations for the year may also be specified in the contract.

It is a good idea to initiate discussion and expectations for program quality evaluation as part of the performance contract. Is the consumer-operated service expected to self-assess? Will there be an external assessment? Who will do an external assessment—MHA personnel? An independent evaluator? A university? What standardized criteria will be used, e.g. the FACIT? If the program does not perform to expectations, what technical assistance will be available to assist it to meet the quality criteria?

We had to move away from the "go forth and do good" approach to peer services. Handing out money for the sake of handing out money was not developing a culture of mutual respect. We have learned to tie resources to outcomes – outcomes that are quantifiable, observable, measurable, and tailored to individual providers.

MHA policymaker

Use straightforward application and proposal mechanisms

Most MHAs have standardized policies and procedures for soliciting and reviewing funding proposals, often mandated by statute or other government regulation. A thoughtful and straightforward application and proposal mechanism for funding awards diminishes potential problems. The funder is clear about what is expected. The consumer-operated service communicates its goals, how it will meet expectations of the funder, and how funds will be expended. A formal relationship is established.

There are two views about whether the application process for consumer-operated services funding should be structurally and procedurally identical to that of all other vendors. One approach is to provide a simple "Application-EZ" approach; the other is to require consumer-operated service applicants to follow the process required by any other service vendor or contractor. Both approaches can be viable and are explained below.

Simplified approaches

Some funders have taken a very simplified, "Application-EZ," or bare-bones approach for proposals for consumer-operated service initiatives. These boil down to the following basic requirements:

- Explain who you are;
- Describe what you want to do and why it needs to be done;
- Tell us why you should do it; and
- Outline what it will cost.

In the Appendix, Tool 3 provides an example of a bare-bones "Application-EZ" for a minigrant program. It is most applicable to minigrants, where funding and the scope of activities are both generally quite limited. Tool 4 is an example of a more detailed, but still simplified, approach that uses an "essay question" structure to guide the narrative. Tool 5 provides simple forms for budget calculations. Tool 6 is a fundraising strategy plan sometimes required by funders who expect their awards to be augmented by other resources.

The advantage of simplified approaches is that they are straightforward, accessible, and do not demand extensive grant-writing skills. They can be useful when encouraging new groups to apply for funding.

Some consumer-operated services feel patronized by simplified approaches and some traditional vendors believe that they give consumer-operated services undue advantage in competitive funding environments. Any lack of clarity in the application about the funder's objectives and expectations for consumer-operated services, or lack of concrete detail required of the applicant, raises the risk of serious misunderstandings down the road.

Standardized

Some funders expect consumer-operated service applicants to use the same extensive and detailed application format, complete with full support documentation, required of any other service vendor.

Using standardized application and review mechanisms places consumer-operated services and other service organizations on a level playing field, giving them no advantage over organizations that may be far more sophisticated in terms of applying for funding. The same expectations are held for all.

However, traditional application processes can be arduous and confusing, even for experienced and savvy service providers. Consumer-operated services, especially new or developing programs, may lack experience in the process or personnel to dedicate to the task. Some may not be familiar with the terminology, the procedures, or the need for supporting documents. To meet application requirements, some newly forming or grassroots groups must use public library computers or borrow money to make twelve bound photocopies and express ship the documents to meet deadlines.

Combining strategies

Some MHAs use a combination of simplified and standardized strategies. For example, they may maintain high expectations of applicants, but also provide considerable assistance to help applicants meet those expectations. Following are some recommendations to help you tailor your application process:

- Use the developmental orientation. For mini-grants, try the "Application-EZ" or other simplified approach. Larger or more experienced consumer-operated services would use the standard application process.
- Authorize an independent entity as the granting body to allow for greater flexibility in the proposal process.
- Develop a proposal format and process that is specific to consumer-operated services. For example:
  - Structure the narrative section as a set of guided essay questions about the organization and its proposal.
  - Gear proposal questions toward having applicants explain how the proposed service will demonstrate desired values or principles of high-fidelity consumer-operated services such as empowerment, recovery, inclusiveness, and member control.
  - Tailor budget forms to specific cost centers relevant to consumer-operated services and include a section describing arrangements with any designated fiscal agent.

Providing technical assistance for bidders

If you decide to offer technical assistance to help bidders succeed in submitting well thought-out proposals for consumer-operated services that meet the MHA's technical requirements, consider the following:

- **Provide adequate assistance.** Ensure that adequate technical assistance and resources are available to help groups navigate the proposal requirements and instructions for submission.
- **Use bidders' conferences.** Require attendance at bidders' conferences, which provide an opportunity for applicants to walk through and ask questions about each section of the application and instructions.
- **Offer prebidders' conferences.** Require groups to submit an initial letter of interest rather than a full proposal. Bring interested groups together to discuss the application process and review the application. Resources for technical assistance and mentoring are shared. Writing workshops can help groups work on their drafts with technical support on site.
- **Provide access or links to independent help and support.** In-kind support is valuable – access to basic resources such as computers or a photocopier, help from someone familiar with the process, readers, and presubmission reviewers. Recommend that bidders find a local organization that has been successful with grant applications and approach them for assistance. Universities, small business associations and other nonprofit groups may be excellent local resources.
- **Offer followup interviews with unsuccessful applicants.** Provide feedback on strengths of the proposal as well as low-scoring areas. Help applicants gain knowledge that will help them submit a stronger application during future funding rounds.

Review

Consider structuring the review process to allow consumer-operated service applicants who may be new to proposal writing the opportunity to be successful and express themselves fully. For example:

- Allow proposals to be revised for resubmission after internal review for eligibility and completeness.
- Use interviews as part of the proposal or review process—not to substitute for a narrative, but to augment it. This provides applicants with opportunities to explain their ideas verbally and can help the funder more fully understand what bidders are proposing. This is especially useful for applicants with little grant writing experience or limited writing skills.
- Include consumer/survivors who are familiar with peer support and consumer-operated services on the review team. Solicit reviewers with content expertise from outside the region or even the state. Select reviewers who will base ratings on the quality of the ideas presented as well as the quality of the written proposal itself.

Don't be patronizing... Even with all good intentions, we run amuck when we patronize. Don't treat people differently than in similar relationships with other people. Respect a consumer-operated service director in the same way you'd respect a director of any other nonprofit agency.

MHA policymaker

Ensure technical assistance, training, and field-based mentoring

Availability of training and technical assistance is critical to establishing and sustaining viable peer-operated services. Lack of adequate training, technical assistance, and field-based mentorship is a key reason why some consumer-operated services struggle or fail, so addressing these needs up front is wise from the standpoint of sustainability.

What is needed?

Consumer-operated services have different needs and challenges at various stages of their development. Early on, infrastructure development and management skills are critical.

Consumer-operated services are small businesses. Some consumers have training or experience in business administration and organizational development, but many do not. Many consumer-operated services appreciate and benefit from technical assistance to understand and establish practical systems for fiscal, personnel, and other business management issues. Most of these needs are not unique to consumer/survivor groups and are commonly discussed in generic management and organizational development literature.

Consumer-operated programs are also service providers. Peer support can occur informally and from person to person, but it is also an emerging best practice discipline with distinct practices. Consumer-operated services are built around a peer support culture, which emphasizes people learning from each other, personal rather than professional boundaries, and mutual responsibility for relationships. Training and technical assistance must build on the specific values, standards, and practices of high-fidelity consumer-operated services as identified in the FACIT. (See Table 1 in this section and *The Evidence* booklet of this KIT for more information on the FACIT.)

Yet, we each tend to "do what we know." For consumer-operated services, this can mean recreating the roles and practices of traditional clinical practice models. Many consumer-operated services benefit from training in best practice peer support. This training could include how to avoid recreating a clinical service model and, instead, focus on providing distinctive peer support services.

Consumer-operated services may promote a clinical practice orientation unintentionally when their training focuses on traditional mental health service activities such as treatment planning, medications, and service documentation. This focus is counter to the principles and practices of consumer-operated services and a special challenge for programs using Medicaid funding sources.

Do not have preconceived notions that a consumer-operated service should look or operate like a mental health center. It won't. It shouldn't.

Technical assistance provider

Tool 2 in the Appendix of this section provides a checklist for appraising general training and technical assistance needs. Some common areas of need are as follows:

- Business operations and organizational development;
- Community building and collaborative organizational culture;
- Peer support services; and
- Leadership development.

The *Training in Consumer-Operated Services* booklet of this KIT provides information and resources for peer support training for consumer-operated service communities.

Who provides technical assistance?

Technical assistance may be provided by one or a combination of mechanisms. Any technical assistance provider, consumer or nonconsumer, should understand the distinct context of consumer-operated services, support their underlying values, and be versed in peer support principles and practices. Following are some common sources of technical assistance.

The funding body

It is challenging for a funding body to be both the technical assistance provider and the contract enforcer. This works best under the following conditions:

- The actual technical assistance provider is not the same person as the contract manager and
- The technical assistance focuses on meeting specific contract expectations.

This approach does not work when the technical assistance provider also has control over the contract or contract expectations and stipulations.

National technical assistance centers

SAMHSA funds several national consumer-operated technical assistance centers that have a broad base of knowledge and experience with consumer-operated services around the country and that may be able to offer training or consultation. These centers are excellent and definitely should be consulted, though their resources may be limited. However, they are not a substitute for accessible in-state or local technical assistance tailored to the specific developmental needs of each consumer-operated service. Also, they are often unable to provide ongoing mentorship, even though the mentorship can be extremely helpful to consumer-operated services.

Contract organizations

In every state or region, there are a number of resources for contracted technical assistance such as universities, independent training/consultation groups, nonprofit associations, independent living centers, and small business development programs.

Some technical assistance needs can be addressed through resources outside of the mental health system. For example, economic development entities may provide resources and help for board development, budgets and fiscal management, strategic planning, and conflict management. Groups like the Service Core of Retired Executives (SCORE) can be a helpful source of technical assistance and mentoring. They can help programs deepen ties to the community and raise funds, while offering support for newly-hired consumer-operated service directors and managers as they learn the ropes of running a small business. In addition, contacts in the business community may lead to potential work/job opportunities for program members.

Set-aside allocation in grant award

This contract mechanism provides consumer-operated services with resources to purchase training and technical assistance directly from any vendor or source that they believe will meet their needs. The MHA or contractor may reserve the right to review qualifications and approve these sources of technical assistance.

Avoid being overly prescriptive and saying, "You will do these tasks." Use a mentoring process where peers can see and learn from what each other is doing. Plus, we're role modeling what we want them to do back home.

MHA contract manager

Peer mentoring

Mentoring and side-by-side coaching are generally more helpful than classroom training. In communities and regions with a history of consumer-operated services, programs and individuals with more experience in these services can share their learning, support, and knowledge with others. Statewide consumer networks and established consumer-operated service providers are emerging as effective technical assistance providers in a number of states.

Formal peer mentoring brings together consumer-operated services leaders and managers for communication, networking, and shared training. Informal peer mentoring happens when consumer-operated service leaders or members simply pick up the telephone to talk about shared concerns or meet at conferences.

Keep an open door but don't be the problem solver. Go back and forth meaningfully with questions like, "I have an idea. Is it a good one?" "I have a problem. How can we work together to find a solution?"

MHA contract manager

Establish appropriate accountability mechanisms

Fiscal accountability, contract compliance, and sustainability are funders' most common concerns about new consumer-operated services. However, for a variety of reasons, some MHAs are reluctant to discuss or negotiate these issues up front and honestly with the programs. MHAs often err either by lack of reasonable oversight or by over-control and micro-management.

Accountability mechanisms for consumer-operated services are similar to those for other service providers, but should also encompass the distinct context and principles of high quality consumer-operated services as presented in the FACIT. Thoughtfully designed accountability mechanisms help MHAs promote and ensure high-fidelity consumer-operated services.

Performance, not personality, is the bedrock of accountability. Accountability requirements for consumer-operated services should meet these requirements:

- Be discussed and negotiated up front;
- Be in keeping with the extent of the grant award (i.e., what is expected of a mini-grant is less than what is expected from a multi-service center contract);
- Be spelled out clearly in the application forms, as well as in contracts, so that consumer-operated services know expectations up front and can budget resources to meet them;
- Reflect the scale and scope of accountability mechanisms required of other vendor contracts of similar size (i.e., neither more or less than what is required of others); and
- Be high on *both* expectations and support.

Training, technical assistance, and mentoring should address accountability expectations, explain why they are required, and establish the organizational capacity to enable consumer-operated services to fulfill these expectations consistently.

Common accountability mechanisms

- Service definitions
- Specifications and deliverables
- Documentation and reporting
- Assessment/quality assurance tools
- Fiscal management strategies
- External audits, reviews, and evaluations
- Performance evaluations and corrective actions

Tool 6 provides examples of language from contracts with consumer-operated services for each of these mechanisms. These are examples only. Language of all requests-for-application and contracts should be reviewed by legal counsel to ensure consistency with your own state and other regulations and policies.

Funders are responsible for clear and reasonable expectations about deliverables and timelines. They should require and monitor regular reports from consumer-operated service reports outlining activities, expenditures, and quality assessments to ensure they are in line with contracted expectations. They should also give regular feedback to the organization regarding any shortcomings or concerns, as well as recognize accomplishments and strengths.

Consumer-operated services are responsible for the following:

- Discussing and negotiating accountability up front;
- Being honest about their capacity to deliver;
- Fulfilling contracted obligations;
- Providing requested information in a timely way, accurately, and in the format desired by the funder;
- Requesting assistance early if barriers or unanticipated problems arise; and
- Informing the funder proactively of circumstances that may interfere with their ability to meet any contracted expectation and their proposed plan of action.

Collaboratively develop rules to govern the consumer-operated services—just the way there are rules to other service providers. We did not have them in the beginning, and creating them after the fact resulted in a fair amount of resistance among consumers' groups. There was some body of opinion that it was not our right to make rules – that we had an obligation to give money but did not have corresponding oversight. All the power issues bubbled up to the surface.

MHA policymaker

Service definitions

With consumer leaders, develop clear definitions for a range of consumer-operated services. Precisely and thoroughly define the activities and services the MHA is willing to fund. Consider how specific values or principles are reflected in service delivery—for example, demonstration of membership involvement in decisionmaking.

Expectations and deliverables

Expectations and deliverables should include expected services as well as requirements for documentation, personnel standards and training, ensuring that specific values or principles are reflected in operations, and other organizational practices. Expectations for the consumer-operated service board of directors or other governance body may be outlined in contracts.

Expectations and deliverables must be in line with the level of funding. Problems are guaranteed when there are expectations for which the consumer-operated service does not receive adequate funding or technical assistance. Unfunded mandates are onerous for any organization and impossible to deliver for consumer-operated organizations operating on a fiscal shoestring.

Documentation and reporting

The contract should specify the kinds of data the consumer-operated service is expected to collect and report to the oversight authority. It should also detail requirements for frequency, format, and forms. Documentation requirements often cover the number of members, hours of operation, paid staff and volunteer hours, services and programs delivered, and other quantifiable data. Satisfaction surveys are also a common requirement.

You may also wish to include specific contract stipulations to encourage consumer-operated services to institute mechanisms for internal community building, self-assessment and reflection, and quality improvement. Some consumer-operated services use the FACIT as a tool for internal evaluation and quality improvement.

People have to be able to make mistakes, but try to catch them quickly. If we catch a problem early, it is a success for everyone.

MHA contract manager

Fiscal management

Expectations for fiscal management should be in line with the size of the contract budget. At the same time, every contract should require sound and widely-accepted fiscal practices such as documentation, reports, and regular external review. Budgets should adequately cover the cost of bookkeeping, reporting, and annual fiscal audits.

New consumer-operated services and those without approved 501(c)(3) status may be legally required by state regulations or legislative statute to engage a fiscal agent in order to apply for or receive public funds. A fiscal agent is an established nonprofit organization with approved 501(c) (3) status that provides organizational sponsorship and a time-limited fiscal "home" or while a new consumer-operated service gets up and running. *Tips for Program Leaders* in this booklet of the KIT offers an indepth discussion of the models, and the benefits and risks of consumer-operated services using a fiscal agent.

If fiscal agents are to be used by a consumer-operated service contracting with a funder, a copy of the Letter of Agreement should be provided to the funder. An example boilerplate Letter of Agreement can be found in the appendix of this section as Tool 7.

Funders may require as a contingency of a funding award or contract stipulation that consumer-operated services apply for and receive 501(c) (3) status and register as nonprofit organizations within the state during a set time frame.

External review and audits

There are various ways that funders exercise oversight of consumer-operated services. All entail regular reporting and personal contact with program leaders and membership. The contract manager should talk monthly in person or by telephone with each consumer-operated service leader. Minimally, they should meet quarterly face to face.

The following tips are from MHA contract managers experienced in working with both new and established consumer-operated services.

- Require monthly or quarterly status reports. These can be narratives or data-based forms.
- Review all submitted reports in a timely manner. With each program leader, collaboratively plan how to improve weak performance areas and troubleshoot difficulties.
- Make regular site visits to the consumer-operated services, not just as an observer or compliance officer, but as an active and interested friend of the program. Build relationships. Listen and learn.
- Require an annual external fiscal audit of all contracts, including consumer-operated services. Make sure funding is included in all contract budgets to accommodate this requirement.
- Expect annual reports that include, minimally, the results of an annual independent fiscal audit. Also included may be findings from satisfaction surveys or quality improvement activities, special project reports, successes and challenges from the year, and goal statements for the following year.
- Use the developmental approach to adjust the amount and intensity of oversight based on the organization's track record. Brand new services typically need more infrastructure support than more established ones. As a consumer-operated service establishes credibility by meeting contracted requirements in a timely and accurate manner, its technical assistance needs shift from infrastructure to other program issues. Leadership changes or other transitions may stimulate a need to revisit accountability and the degree of oversight.
- Consider using online reporting systems with forms that allow consumer-operated services to submit status information and reports electronically. This gives the oversight authority continuous updates on performance activities related to each contracted deliverable.
- Use consistent formats for service and financial information reports. This helps both programs and contract managers to quickly catch and address any performance problems. It is also useful for contract managers who are required to make timely reports to their own auditors and oversight bodies about consumer-operated services cost, utilization, outcome, and quality.
- Keep reviews and audits focused upon agreed contract stipulations, not on ideals. If the contract stipulates the program will be evaluated using the FACIT, then use it. Otherwise, use tools like the FACIT for organizational development and quality improvement rather than contract compliance.

Many groups need to develop maturity and experience. Give them time, but require annual reviews and audits. Take them seriously. Audits tell a lot.

MHA contract manager

Performance review and corrective çaction

Specific performance expectations and the process of performance review of consumer-operated services may vary based on a number of factors. Whatever the specific requirements, the shared agenda for both the consumer-operated service and the oversight authority is a viable and fiscally responsible small business that provides desired and effective services to people in need.

Consumer-operated services are trying to do things differently and may be reluctant to be formal about how to operate, deal with grievances, employment practices, and employees who are not performing well. It can be hard to stay out of these issues, but the programs need to figure out how to deal with them. Outsiders can be helpful but should not jump in unless asked.

Under conditions when performance problems are significant and ongoing, and when no corrective actions are taken by the service to address the concerns, the contract should be terminated and all unencumbered funds returned to the funder.

MHA contract manager

Most consumer-operated services will work hard to fulfill their agreements. However, problems may arise, generally for the same reasons they do in traditional services. Common reasons for problems include the following:

- Inadequate funding to meet contract expectations;
- Demand or unanticipated operating expenses that exceed resources;
- Misunderstanding about expectations or how to meet them;
- Personnel difficulties;
- Leadership styles and transitions;
- Community relationship tensions; and
- Internal interpersonal, philosophical, or political conflict.

By their nature, the internal affairs of consumer-operated services may appear "untidy" to the eyes of contract managers and other "outsiders." It is tempting to address these issues as part of contract oversight, but remember to focus on performance based on contracted agreements, not on personality.

Most oversight authorities have established procedures for addressing agencies that are not performing or are in breach of contract. Conditions under which the contract will be defaulted or terminated are typically specified in all contracts. They should be included in contracts with consumer-operated services as well.

Offer resources, but stay out of internal affairs and conflicts. Avoid taking sides with different factions or groups. Redirect problems back to the community to solve. Offer outside resources for mediation if needed.

Consumer-operated services director

Standard mechanisms may be used with some adaptation for consumer-operated service contracts. Adaptations typically focus on corrective action planning and requirements that a weak program use mediation, technical assistance, or other resources to rectify identified performance problems.

The Tip box on page 46 outlines an approach to evaluating performance and planning corrective actions, if needed.

Quality assurance and evaluation

"You get what you measure." As with many other human services, there is a tension between evaluating program outcomes by measuring the availability and delivery of services and/or by assessing the impact of those services on the lives of people served. With consumer-operated services there is a further question about how programs reflect core values and principles in their services and activities.

Basic quality assurance and evaluation expectations are established through negotiated contracts and performance reviews. Additional resources include standards and fidelity measures specific to consumer-operated services such as the FACIT. See the *Evaluating Consumer-Operated Services* booklet of this KIT for information on the FACIT.

Using tools specific to consumer-operated services can help organizations focus on implementing best practice services and resist common pressures to drift toward a model based on more traditional mental health services.

Rigid adherence to narrow or poorly conceived standards can stifle innovation and create a punitive compliance-focused atmosphere, rather than one of reflection and innovation. Oversight authorities and technical assistance providers can support and encourage consumer-operated services to develop organizational cultures that incorporate regular self-reflection, self-assessment, and continual learning.

Some ways to do this include the following:

- Include consumer/survivors in design and implementation of all evaluation activities.
- Encourage and finance organizational development and community-building activities;
- Embed continuous quality improvement principles and practices into contracted expectations and deliverables;
- Encourage services to gather information that will tell them how they are doing and to use the information internally for reflection, problem-solving, and improvement;
- Encourage qualitative approaches in evaluation activities; don't just go by numbers; and
- Encourage and support innovative thinking.

Tips for addressing performance problems in consumer-operated services

- Identify strengths and areas for development based on performance assessments through submitted reports, audits, site visits, and other oversight procedures. Emphasize strengths. Prioritize development areas.
- Provide verbal and written feedback to the program and any fiscal agents or support agencies from the oversight body in a timely way.
- Discuss any areas that are not meeting contracted performance expectations or standards.
  - Clarify the expectations. Explore the causes or barriers faced by the program in meeting expectations.
  - Brainstorm options for fixing the problem or barrier, including use of specific technical assistance or training resources.
  - Document these discussions. Both the oversight authority and the consumer-operated service should receive copies.
- Provide an opportunity for internal self-correction.
- Monitor status reports to determine whether positive change has occurred.
- For repeating or ongoing problems not corrected by the above steps:
  - Write a formal letter to the program detailing the identified problem, outlining required actions that should be taken to bring performance to the level of expectation, giving a timeline for corrective actions, and clearly stating consequences for default.
  - Alternatively, the oversight authority may request the program (with its board, technical assistance provider, fiscal agent or support agencies) to generate and submit a formal plan for corrective action steps with timelines, to be approved by the oversight authority.
- Use third-party mediators as needed to help resolve significant differences of understanding in expectations or contracted obligations.

Address training and certification

As consumer-operated services become more established and, as funding becomes more competitive, there are increasing efforts to identify specific attitudes, knowledge, and skills that are essential for peer support and for effective delivery of consumer-operated services.

The FACIT fidelity assessment tool developed as part of the COSP Multisite Study by Jean Campbell is one resource. There are others such as the Trauma-Informed Peer Support Standards developed by Mead and MacNeil (2005) and materials generated by the Georgia Peer Support Specialist Project (Sabin & Daniels, 2003). See the *Evidence* booklet of this KIT for citations.

Activities focus on two key areas: (1) training and certification of personnel and (2) certification of consumer-operated service programs.

Training and certification of personnel

Consumer-operated services often provide a variety of in-house training opportunities to members, volunteers, and paid staff about peer support skills, recovery, and other topics of interest. They may encourage participants to attend state or national conferences to get new information or knowledge. These activities are very valuable, but they are often ad hoc and based on funding availability rather than organized or structured to help people develop specific skills.

Formal training programs for consumer peer specialists were initiated in the early 1980s. Since this time, many states, organizations, and individuals have developed materials, workshops, and structured curricula focusing on peer support skills and services. Some groups or organizations provide people with certificates upon completion of a structured curriculum. These may qualify them for certain types of job opportunities or the right to use a title such as "recovery educator" or "peer specialist."

There is increasing interest in establishing formal and standardized training programs that are sanctioned to formally certify people as "peer support specialists." The Georgia Peer Support Specialist Project was the first to establish Medicaid reimbursement for peer support services. Its training curricula and certification process has been used or adapted in a variety of areas.

One approach for consumer-operated services desiring approval as providers of Medicaid-funded services is to ensure that their key personnel are trained and qualified to deliver and bill for these services. An increasing number of states and Medicaid offices accept completion of a sanctioned training program and certification as a "peer support specialist" as an acceptable qualification under the state Medicaid plan.

Certification or accreditation of consumer-operated services

Another approach focuses on certifying or accrediting whole programs, not individual people. Certification or accreditation of consumer-operated services is gaining interest in some areas. It entails establishing that the program meets or exceeds a set of specific practice standards or operational fidelity measures. Certified or accredited programs may receive benefits such as relaxed oversight by accountability authorities or ability to receive Medicaid reimbursement for services provided.

Certification or accreditation of consumer-operated services is controversial. Some argue that defining standards of practice and operational fidelity measures contributes to establishing consumer-operated services as a unique, legitimate, and replicable program model, and helps to create benchmarks for quality improvement. Others worry that this process "professionalizes" consumer-operated services to the degree that they lose their unique peer-to-peer perspective and their focus on self-help. Instead, they may operate as "mini mental health centers" offering case management rather than peer support.

This concern is particularly salient when the standards and benchmarks used for consumer-operated services are similar to or the same as those used for accreditation of more traditional mental health services. For example, CARF (the Commission on Accreditation of Rehabilitation Facilities) reports that it accredits a growing number of peer support programs, typically components of a larger mental health service. These peer services are not free-standing, autonomous entities and may not reflect values and principles of free-standing consumer-operated services.

At least one state is looking at creating a set of essential standards specific to consumer-operated services and a process for state-level accreditation based on those standards. Developed by consumer/survivors and consumer-operated service leaders, the standards are sorted into a number of categories, including Environmental Safety, Environmental Safety for Agencies Providing Transportation, Governance and Management, Fiscal Sponsors, Fiscal Management, and Personnel Policies. Accreditation is based on membership categories as follows:

- Provisional membership for organizations with significant room for growth and
- Full membership for organizations that meet or exceed all essential standards.

Consider sustainability

Mental health authorities have a vested interest in the organizational sustainability of consumer-operated services and their investment in establishing them.

It is common for a few natural leaders to initiate and shepherd the development of consumer-operated services. These people often have the vision, passion, and commitment to bring consumer-operated services to fruition. But what happens then?

Founder's syndrome

Like many other groups and organizations, consumer-operated services can be affected by what is known in the business literature as "founder's syndrome." It occurs when a single person or small group establishes and nurtures a new organization, and the organization becomes dependent exclusively on the skill and style of the leader. When this leader moves on, the organization falls into disarray.

While strong leadership is needed in consumer-operated services, especially in startup and other tough times, leadership must be shared among the membership. Sustainability is dependent upon embedding the overall vision, values, and principles of the organization into its culture through infrastructure, personnel, policies, and practices.

There are several ways to avoid founder's syndrome and promote organizational sustainability within consumer-operated services.

- Consider whether the MHA is supporting a service or a leader. Identify ways you may be unwittingly reinforcing or encouraging founder's syndrome rather than promoting strong consumer-operated service organizations and memberships.
- Actively cultivate an empowered community and shared responsibility for decisionmaking as part of the consumer-operated services' organizational culture.
- Systematically plan for leadership succession as part of organizational sustainability needs.
- Help individual leaders develop skills in participatory management approaches, "growing" new leaders, and nurturing a sense of investment and community among program members.

What MHAs can do to support sustainability

Within their roles, MHAs can do a number of things to encourage sustainability of consumer-operated services.

- Ensure funding that provides a solid foundation for program operations and development.
- Create a solid foundation of policy and infrastructure tailored to the unique context and needs of consumer-operated services.
- Ensure that training, technical assistance, and mentoring is available that helps consumer-operated services address anticipated and unanticipated needs at all stages of development from inception through maturity.
- Ask for examples or evidence of member community participation in policy, program, personnel, and other organizational decisions as part of regular reports.
- Seek evidence that a variety of people take on tasks and duties within the consumer-operated services.
- Provide resources in grant or contract awards for training or consultation in sustainability as needed or desired.
- Encourage consumer participation at all levels and in all activities of the system, not just in consumer-operated services. Commit in policy and in practice to meaningful consumer involvement.
- Facilitate opportunities and training for emerging leaders in all arenas. Encourage and nurture new voices.
- Require consumer-operated services management, with its board of directors and membership, to develop a plan for maintaining organizational stability and fiscal commitments during periods of transition or temporary absence by people in leadership.

In other human service arenas, there is a pool of individuals educated and experienced in nonprofit administration or small business management who can be recruited to apply for executive or top financial management positions. The number of people with direct experience in successful consumer-operated service leadership and management is considerably more limited. At the same time, there are many consumer/survivors who have training or experience in nonprofit administration or business management who could step into leadership positions in consumer-operated services if they knew about them.

One of the best investments in the sustainability of a consumer-operated service initiative is to nurture a large pool of consumer/survivors with diverse interests and skills in advocacy, policy, and program administration. A number of states and regions have consumer/survivor leadership training programs to help identify and prepare emerging leaders to take on advocacy roles or step into program management responsibilities. The payoff for this investment goes beyond consumer-operated services' sustainability. It helps foster diverse and vibrant consumer voices and participation throughout service systems.

EVIDENCE-BASED PRACTICES KIT

Knowledge Informing Transformation

Building Your Program

Tips for Consumer-Operated Services Leaders

Since consumer-operated services are controlled and delivered by consumers, they have the potential of contributing something that is very different...than what individuals with professional training can do within existing structures.

Consumer-operated services founder

The information in this section is primarily for consumer leaders who are creating and operating consumer-operated services. It builds on the information in the earlier section "What Are Consumer-Operated Services?" and explores in more depth some of the mechanics of running a program, including planning, fiscal management, partnership, and networking.

Key sections focus on these topics:

- Why do this?
- Services
- Relating with other organizations
- Legal and fiscal structure
- Building a board
- Personnel
- Finances
- Sustainability

The material in this section is based on the experiences of consumer-operated service providers and on the Fidelity Assessment Common Ingredients Tool, (FACIT), a tool created through the SAMHSA-funded study of consumer-operated services known as the COSP Multisite Study. See *Evaluation in Consumer-Operated Services* in this KIT for a closer look at the study and the FACIT. Carefully attending to these elements will help leaders design and run high fidelity consumer-operated services.

Why do we want to run a consumer-operated service?

Leaders of any stripe must ask themselves, "Why do I want to do this?" Is it just a job? For fame and glory? For personal gratification? A way to boss other people around? To prove it can be done? Part of a personal recovery journey? A driving passion? A commitment to do something better for people diagnosed with mental health problems?

This is a question leaders go back to over and over, "Just why am I doing this?" Being clear about personal motivations is essential for effective leadership and management of any endeavor, including running consumer-operated services. It helps leaders to stay focused on what is really important, to make tough decisions, and to consider how their personal motivations affect others.

Most leaders have worries about their endeavors: Will it work? Am I the right person to lead it? Am I strong enough to do this? What happens if it doesn't work? This is natural.

The textbox offers a list of common worries by leaders of new consumer-operated programs. There are no real answers to these questions. Each leader sorts them out only through time and experience.

The *Training in Consumer-Operated Services* booklet of this KIT offers a discussion of some of the unique qualities and issues about leadership for consumer-operated services.

Consumer leaders' common worries and concerns about new consumer-operated services initiatives

- Can we do this? Is it too big, too much, too fast?
- What if we don't get enough funding, support, and assistance?
- What if we ask for help and someone just takes over and won't let go?
- How can we make sure this is truly different from the mental health service down the street? How do we keep from falling back on what we know?
- Is this "consumer-run" only to the degree that we do what we're told to do and don't step on any toes?
- Are we getting set up to fail?

What services should we provide?

One of the first questions consumer-operated services leaders must address is, "What types of services will be offered?" To sell an idea to potential participants, be clear about the services that you will provide.

Consumer-operated services have often grown by meeting needs that are not met by the traditional mental health service system. Originally, they focused on meeting people's needs for connection and support from peers. Today, consumer-operated services offer services that address a wide variety of needs and help address critical gaps in the service system.

For example, there are consumer-operated services that provide housing, employment, and education support while adhering to peer support philosophies and practices. Consumer-operated services often appeal to individuals who are wary of traditional services, including those who are homeless or actively use drugs and alcohol. Some provide crisis respite or are actively reaching out to people in prisons and jails.

This section will help consumer-operated services planners and leaders to think about some common options. In making decisions about services, it is important to consider several things:

- Where is the passion? What energizes people?
- What are the needs or service gaps in the community? Filling identified needs or gaps is often the best argument for funding new services.
- What will funding opportunities support? Is there an opportunity for a drop-in center, but not for a housing program?
- What resources will it take? Big projects often demand big pools of resources.
- What gifts and strengths do people bring? Every group has people with different skills and abilities. Play to these strengths.
- Are there "quick win" opportunities? Sometimes it is best to start small and build on success.

Defining a service approach

Philosophy, approach, and consumer control, not specific service offerings, are the things that tie high-fidelity consumer-operated services together. This is different from some other evidence-based practices which are highly prescriptive and define very specific guidelines about what services are offered and how they are delivered.

The COSP Multisite Study looked at several different kinds of consumer-operated service types:

- Drop-in centers;
- Mutual support programs; and
- Education and advocacy programs.

Despite differences in services offered, their approach reflected common ingredients that characterize consumer-operated services, including structure, values, and process. These are summarized below.

Structure

Structure refers to how programs are organized and operated. A consumer-operated service includes the following structural attributes:

- It is controlled by consumers—the people who use the service.
- It is run by its membership.
- Leadership is participatory.
- Participation is voluntary.
- The structure is planned with both physical and emotional safety in mind.

Values

Consumer-operated services share some core belief systems and offer an alternative world view, incorporating the following:

- Empowerment and responsibility;
- Choice;
- Acceptance and respect for diversity;
- Reciprocity and mutuality in relationships;
- Social action; and
- Recovery from psychiatric difficulties.

Process

Process refers to the services offered and the methods of providing those services, which include:

- Peer support through relationships and informal and structured interactions;
- Meaningful roles and opportunities for everyone;
- Interactive decisionmaking; and
- Peer mentoring and teaching.

Examples of consumer-operated services

Consumer-operated services are grounded in recovery, empowerment, and peer support, but they can be organized in a variety of ways. While key elements of structure, values, and process reflect common ingredients, there is great flexibility in the types of services that can be offered. Some kinds of services that have been offered by consumer-operated organizations include, but certainly are not limited to, the following:

- **Community education.** Many consumer-operated services are involved in efforts to educate the community at large about mental health issues in an effort to reduce stigma and discrimination and to inform people about the availability of services. These efforts often include people sharing their personal experiences of discrimination that happened because of a diagnosis of mental illness.
- **Crisis prevention/respite.** A common goal of consumer-operated services is to reduce hospitalizations and the use of emergency services. Some services seek to prevent people from reaching the crisis stage. For example, "warm lines" offer a supportive voice to people who are not in crisis and for whom a hotline would be inappropriate. Other services are designed to help people who are approaching or experiencing crises. Examples include crisis response teams that have consumer staff who provide a voluntary, supportive environment as an alternative to hospitalization.

- **Drop-in center.** A drop-in center provides a welcoming environment as well as a wide range of activities, including support groups, recreational and social events, and linkages with support services.
- **Employment.** In many programs, consumer staff members provide employment supports that help participants to choose, get, and keep jobs. Examples include resume preparation, benefits counseling, job readiness, skills development, computer training, and job coaching. Employment or volunteer activities within consumer-operated services sometimes launch participants into new competitive employment opportunities.
- **Homeless or jail outreach.** Outreach to consumers who are homeless or in jails can help link them with mental health services, health care, housing, and other supports. Mistrust of the system often poses a barrier to successful outreach. Some outreach programs employ people who were formerly homeless or incarcerated, whose personal experience can help to build trusting relationships.
- **Housing.** Some housing providers will contract for peer staff to provide peer support and other housing assistance to tenants. Some consumer-operated services assist with finding, securing, and maintaining housing and a few have become housing providers themselves.
- **Peer case management.** In some areas, consumer-operated services provide independent case management services. Published studies have demonstrated the effectiveness of consumer case management teams.
- **Peer companion.** Recognizing that friendships and social relationships are key to recovery, some programs match people with similar interests who spend significant amounts of time together in a supportive relationship.
- **Recovery education.** Consumer-operated services focus on helping people understand and take responsibility for their personal recovery. They may offer structured educational programs that range from intensive retreats to ongoing classes or groups. See *Training in Consumer-Operated Services* for more discussion and resources for training.
- **Recreation/arts.** In addition to traditional services and supports, recovery and a meaningful life in the community include opportunities for relaxation, socializing, and fun, and recreational programs help to fill this need. Art programs provide opportunities for self-expression, and some programs even help consumers sell their artwork.

Although some of these services may also be found in traditional mental health agencies, delivered by consumer and nonconsumer staff, there are consumer-operated services offering each of them.

Technical assistance is available to assist in considering and planning the mix of services a consumer-operated service wants to offer. SAMHSA funds several consumer-run technical assistance centers that can provide expertise in various aspects of designing consumer-operated services and links to people nationwide who have started similar services. See *The Evidence* booklet of this KIT for a selected bibliography that includes contact information for SAMHSA-funded consumer-run technical assistance centers.

Talking with people who have "been there" is useful. Some may be willing to provide tools, resources, or mentorship in addition to their experience and practical guidance.

Keeping values alive

Because consumer-operated services are grounded in consumer control and peer support philosophy and practice, it is important to keep these values alive. They can easily shift and it takes a strong leader to keep them alive by embedding them into every aspect of program policy and operation and decisionmaking. It is critical to keep participants actively involved in developing and nurturing the "community" of the service and in making significant decisions.

Lesson learned: Keep people involved

With limited budgets, even small decisions can have a major impact on the people who participate in a consumer-operated service.

The director of Ray of Hope, a consumer-operated drop-in center, decided to purchase new couches for its main room.

Because the main room is the first thing that people see when they come into the center, and because people spend most of their time at the center in that room, the director thought it was a wise investment.

Unfortunately, the furniture cost more than expected and a couple of events, including a trip to a major league baseball game, had to be canceled. Many of the program participants were very upset.

Lesson learned: *Involve program participants in making decisions, especially those that involve the culture of the program community or that might require sacrifice in other areas. Fully explain reasons why a particular decision is needed.*

Are the services useful?

Under the criterion "*Satisfaction/Grievance Response*," the FACIT assigns the highest score to organizations that conduct consumer satisfaction surveys, have a formal grievance process, and make changes based on information learned through these processes. Ongoing attention to quality improvement through self-assessment, reflection, and responsive change is a hallmark of excellence in all service organizations.

How satisfied are people?

Do participants find the services offered to be helpful to them in their recovery? Do participants feel a part of the community within the consumer-operated service? What is working well? How could things be better? Why do people use the service at all?

One study on the reasons people give for using a consumer-operated drop-in center found that more than 50 percent identified social support as the primary reason for attending. This included seeing and talking with friends, having things to do, and feeling part of a supportive community.

Whatever services a consumer-operated service offers, it is essential to check in regularly with participants to see if they find the services helpful. One way to do this is to use a satisfaction survey. Tool 9 in the Appendix of this section provides a very basic example.

Satisfaction surveys can be used regularly to identify and prioritize areas for organizational development and track whether changes are making a difference. Some areas use the same survey across multiple consumer-operated services so that the findings can be compared. Organizations can also develop their own surveys that include questions specific to the services offered or outcomes they hope to achieve.

Focus groups provide another method for determining satisfaction. A focus group brings together a small number of people who fairly represent the broader membership. The facilitator asks questions similar to those found in satisfaction surveys and records the answers given by participants. The findings are summarized in written rather than numerical form.

Is there a formal way to deal with grievances?

All services need a formal grievance process. Formal grievance processes provide a structured way for people who are unhappy with the services or believe they have been treated unfairly to bring their concerns to the attention of management. The process must be clear and the same for everyone.

People must have an opportunity to explain why they feel they have been treated unfairly. The leadership is responsible for giving a formal response to the grievance and, when necessary, discussing any corrective actions needed by management, staff, volunteers, or the membership as a whole.

How do services affect people's lives?

Although satisfaction surveys and focus groups can provide useful information, consumer-operated services may also be asked to demonstrate that their services result in positive outcomes for participants and/or for the service system. Do participants use traditional services more or less? Do their lives improve in some measureable way? Strong outcomes benefit the program and help protect funding, especially in tough financial times.

There are many tools and methods for measuring outcomes. A funder may request that specific data be collected or that a particular tool be used. Independent evaluators may have a tool they use regularly. Universities and researchers may also ask to collect information. The kinds of outcomes desired and expectations for the consumer-operated service to participate in evaluations or studies should be negotiated as part of the funding contract.

See *Tips for Mental Health Authorities* for a discussion of outcome evaluation. Materials in the *Evaluating Consumer-Operated Services* booklet of this KIT are useful in deciding what outcomes should be measured and how to do it.

Relating with other services and organizations

Although some people rely exclusively on consumer-operated services, most participants do not use consumer-operated services to fully replace traditional services and other supports. Since participants may use both traditional and consumer-operated services, the relationship and communication between these services is important.

The FACIT has several criteria evaluating how well consumer-operated services forge linkages with other services both within the mental health system and within the broader community. The criteria address the extent to which consumer-operated services help people access other services and supports, and the extent to which other service agencies refer people to the consumer-operated service. Consumer-operated services should have positive relationships with these community groups:

- Traditional mental health services;
- Other consumer-operated services; and
- Other service agencies, such as those providing housing or case management services.

Mental health providers' common worries and concerns about new consumer-operated services initiatives

- Are they getting my money? Will my services or budget be cut to fund consumer-operated services?
- Are consumer-operated services a way to save the system money through underpaid, undertrained workers?
- Why can't these funds simply augment our rehabilitation programs?
- Will these programs make people "anti-psychiatry" or encourage them to stop taking medication and using other treatment services?
- Will I be held accountable if something goes wrong for a client who uses a consumer-operated service?
- Will I have to work harder because of this service?
- Will my programs remain viable if consumers prefer to go to consumer-operated services and not to mine?
- How do we deal with confidentiality?
- What if consumer-operated services staff wants or needs my treatment or crisis services for its personal problems? Doesn't that cross a boundary somewhere?

Explaining consumer-operated services to other providers

The first step in building positive linkages is to make sure that other organizations know about the consumer-operated service and understand its services and peer-based philosophy.

Some traditional providers are great allies and great advocates for consumer-operated services. They see the benefits to the consumers who use the consumer-operated service, to the mental health agency itself, and to the community at large.

Other providers may be skeptical about consumer-operated services. This may be from any number of factors such as not understanding consumer-operated services, philosophical differences with the approach, uncertainty about effectiveness, or lack of positive experiences with organizations owned or controlled by mental health consumers. Some may simply not believe that consumers "can do it." They may have a number of concerns or worries they do not talk about openly.

The box on the previous page outlines some of the worries that mental health providers have expressed. Knowing that these worries are common and sometimes unspoken can help consumer-operated services leaders discuss or address them directly.

Because of these attitudes and worries, some agencies will hesitate to inform their clients about consumer-operated services or refer people to them. A few may even discourage people from participating. People have reported that some case managers from local community mental health centers have warned them, "Stay away from that place. Those people don't believe in medication."

Because misperceptions are common, it is important to reach out and educate others. Both new programs and established programs find they need to continually provide information and clarify common misunderstandings about their services. Some key points that often need to be explained repeatedly are the following:

- Consumer-operated services do not monitor medication or offer traditional therapy. They offer peer support in a recovery-oriented environment that feels comfortable to many people.
- Consumer-operated services do not "lure" people away from traditional services. They are fully voluntary and most participants use them to enhance, rather than substitute for, traditional service approaches.
- Many consumer-operated services serve as an entry point to traditional services, especially for people who have avoided them in the past.

The materials in the *Using Multimedia to Introduce Consumer-Operated Services* booklet of this KIT are designed for this purpose. The video, PowerPoint presentation, and handout may be used to educate a wide variety of people and other service providers about consumer-operated services.

The box on page 60 offers some strategies that consumer-operated services leaders have found helpful for simultaneously promoting their services, educating others, and building good relationships with traditional service providers.

Tips for reaching out to traditional mental health service providers

- Offer to give presentations to or lead groups for consumers at other agencies' facilities.
- Offer to give presentations to staff at other agencies' facilities.
- Participate in training for providers such as social workers or case managers.
- Serve on local boards and committees and develop working relationships with representatives of other agencies.
- Send a monthly calendar of events to other agencies.

Collaboration should be thoughtful

Collaborative relationships can benefit both traditional mental health service providers and consumer-operated services in many ways. However, these relationships also need to be thoughtful and carefully considered.

Some consumer leaders caution that the relationship between consumer-operated programs and traditional services is inherently unequal. This unequal power can result in unwanted pressures on the consumer-operated services. Other cautions about potential consequences of such unequal relationships include the following:

- Consumer-operated services being at risk of being dominated by the values or practices of the traditional system.
- Consumer-operated services becoming linked to practices such as involuntary hospitalization that could undermine the fully voluntary nature of the consumer-operated service.
- The "professionalization" of peer support which can undermine some of the fundamental premises of consumer-operated services.
- Perfectly "reasonable" requests or policies that demand that programs function in ways that look more like traditional services and less like high-fidelity consumer-operated services—for example, notifying the provider of a participant's attendance record at the consumer-operated service.

Remember that consumer-operated services use a completely voluntary model. It is not acceptable to require people to use traditional mental health services or to accept any other supports such as case management. Nor is it appropriate for participation in consumer-operated services to become a requirement imposed by another service or the legal system.

Collaborative relationships are best when both sides are clear about the purpose and benefits of the collaboration and when respect is mutual. Consumer-operated services need to be viewed as valued partners within the network of services. At the same time, they need to earn that respect and demonstrate that value over time.

Linking with the community

A task natural to many consumer-operated services and promoted as a best practice by the FACIT is to help participants link with a wide range of general community resources and services. These can include social services, educational entities, community and civic groups, activities and events, faith-based organizations, youth and senior centers, self-help groups, and so forth. Every community, large and small, has a unique set of resources that can be tapped into.

Some consumer-operated services draw on these resources for enriching their programs. For example, one service engaged a nutritionist to offer workshops with demonstrations and tips on economical healthy cooking for one person. Another drew on local police and fire personnel to offer classes on personal safety and fire safety. A local yoga instructor offered low/no cost weekly classes for participants who lacked the resources to pay for yoga classes at the city recreational center. One consumer-operated service has a nurse volunteer who provides personal foot care, a very popular service.

Another approach is to help participants learn about and access community services. Some approaches that are useful include the following:

- **Create community resource guides.** List community organizations and service resources with names, contact information, and a brief description. Include general community resources such as local landlords or housing management groups, employment agencies, education institutions and programs, legal aid/protection and advocacy organizations, health services, utility assistance programs, food banks, thrift and resale shops, as well as treatment and self-help resources such as mental health services, 12-step programs, and local or state mental health consumer groups.
- **Keep a "Postings" area.** Set aside an area for flyers and posters for community events and activities; upcoming conferences and opportunities; descriptions of resources; and notices about changes in eligibility criteria, availability, or application processes.
- **Establish an applications file.** Create a space for organizing and storing applications for commonly used resources such as utility assistance, lifeline telephone, and scholarship programs for education.
- **Draw on experience.** Many web-based services include customer opinions or tips. Consider ways in which participants can share experiences, both good and bad, with various providers and resources. Collect their practical tips for accessing or using them successfully.
- **Support self-advocacy efforts.** Provide information and support for participants to resolve problems that may arise in their access, use, or satisfaction with a service or resource. This can include brainstorming options and providing information about advocacy resources, legal avenues, and grievance and appeal procedures. Some organizations offer self-advocacy skills training and, when desired, peer support to individuals going through a difficult self-advocacy process.

Another way to link with the community is to "give back." Get involved with community activities and events as volunteers. Offer to help with charity drives or event setup or cleanup. If you have space to share, offer it for meetings or activities. Reach out to schools and civic organizations and make presentations about mental health and consumer-operated services. Be a member of the community in many ways. When the organization is actively part of the community, participants also strengthen their sense of being part of the community as citizens.

Developing legal and fiscal structure

Consumer-operated services are, by definition, independent, consumer-controlled organizations. This ultimately means establishing articles of incorporation and registering as a corporation under the laws of the state, and attaining official status as a nonprofit, tax-exempt organization under federal tax law, commonly known by its statute number, 501(c)(3). However, the pathways that consumer-operated services take to achieve this fully independent status vary. For many, it is a developmental process.

Some consumer-operated services start with a group of interested people who meet informally and make all decisions by consensus. Others get their start as consumer-led initiatives of a larger, non-consumer-run organization such as a mental health association or service provider. For the groups to legally evolve into an "organization," they must develop independent and formal governance structures including bylaws and their own boards of directors.

This process of developing into a fully independent, consumer-controlled organization can be both challenging and exciting. Some groups decide not to take on this challenge and to remain small and informal peer support groups. Others choose to remain under the umbrella of a sponsor organization and may even enjoy autonomous decisionmaking in some capacities.

There is nothing wrong with groups that make these choices. But to be a considered a consumer-operated service as outlined by the FACIT means going through the developmental process of creating a fully independent, consumer-controlled organization. Status as an independent nonprofit, tax-exempt corporation is necessary for eligibility and application for many funding opportunities.

Achieving 501(c)(3) status

Many consumer-operated services find that achieving status as a tax-exempt, nonprofit corporation is essential to thriving as an organization. This status allows them to seek grant funding, solicit donations more easily, and win contract awards. It is also required as a best practice under the FACIT.

The road to incorporation and tax-exempt status can be a long one and the information ine the text box on the next page outlines the basic steps required. Tool 10 in the Appendix of this section provides a more detailed fact sheet outlining the steps along with tips and common mistakes of applicants and new 501(c)(3) qualified organizations.

Some states have additional requirements and steps. Be sure to check with the Secretary of State (or whatever department handles corporations and incorporations) about appropriate procedures.

Many helpful resources are available free or at low cost for consumer groups thinking about or beginning the process. These include the following:

- Help and forms are available on the Internal Revenue Service (IRS) web site at **http://www.irs.gov**. To find the correct amount for application/filing fees and the length of time needed to process a request, call 1-877-829-5500 for assistance from the IRS;
- Local small-business associations often have technical assistance available;
- Some legal firms offer *pro bono* (free) services to assist new groups going through the incorporation and application processes;
- State consumer networks and SAMHSA's consumer-run technical assistance organizations may have resources available;

- There are many books in libraries and other resources that are useful. On the Internet, simply search "501(c)3" for a rich list of resources; and
- Members of consumer networks frequently have had personal experience with the process and may be willing to get involved or assist in other ways.

Attaining a "tax-exempt" status does not excuse any organization from maintaining proper records and filing any required annual tax returns. Starting in 2008, most nonprofit organizations must file a yearly "e-Postcard" for tax/financial reporting or risk losing their exemption.

Using fiscal agents

The process of forming legal organizations and filing for tax-exempt status can be complicated and time consuming. But there are some options for newly forming groups, those that are not ready to fully leap into the process of developing a 501(c)(3) nonprofit organization, or those that want to deliver services while their application is in process.

One of these options is to contract with a fiscal agent. A fiscal agent is an established nonprofit organization with approved 501(c)(3) status that provides a time-limited fiscal "home" or organizational sponsorship while a newly forming consumer-operated service:

- Develops the organizational strength, structure, and wherewithal to apply for nonprofit status itself, or
- Is in the process of applying or is waiting for approval of a 501(c)(3) application.

Two basic steps in applying for 501(c)(3) tax-exempt nonprofit organization status

Note: There will be application or filing fees for the Articles of Incorporation and the 501(c)(3) submissions

1. File Articles of Incorporation with the state

- Contact the Secretary of State's office for regulations and application forms to incorporate and register as an organization in the state.
- Create organization name.
- Create group of "incorporators" or "trustees" to oversee the process.
- File Articles of Incorporation with the Secretary of State. The group of incorporators will need to sign the document. It may also require a copy of the organization bylaws.

2. Apply for tax-exempt status with the federal government under the IRC 501(c)(3)

- You need IRS form 8718 (a cover page form) and Package 1023 (application forms). Get them free from the IRS: Call 800-TAX-FORM, or download them from the IRS Web site at **http://www.irs.gov**.
- Budget about $500 for the application fee.
- Complete and submit the forms with the required attachments to the IRS.
- Required attachments include the following:
  - ☐ Preliminary budget.
  - ☐ Organization bylaws.
  - ☐ State incorporation documents for the organization.
  - ☐ List of "incorporators" willing to provide signatures.
  - ☐ Certified check or money order for the filing/application fee.

The official federal tax term is "fiscal sponsor" rather than the more commonly used "fiscal agent." Fiscal sponsorships are commonly used to assist many kinds of unincorporated groups or organizations in applying for or managing funds.

The fiscal agent assumes responsibility for the fiscal management of funds, maintains documentation, and provides reports and documents for accountability audits as required by a funding body. There are a number of sources for information about the structure, responsibilities, ethical issues, and legal duties of fiscal sponsors.

Temporary fiscal sponsorship: A developmental step

- A group of consumers/survivors wishes to create and run a consumer-operated service but does not yet have approved nonprofit 501(c)(3) status.
- To apply for grants to develop the service, they need to be a registered nonprofit organization. To go through the registration and 501(c)(3) application process, they need some organizational structure.
- The group approaches a local mental health association, church, or other local organization that already has tax-exempt, nonprofit status and asks it to be their fiscal sponsor.
- They negotiate a time-limited agreement that is approved by the boards of directors of both organizations. The consumer/survivor group then applies for grant funding under the umbrella of the sponsor's nonprofit status.

The role of the fiscal sponsor must be prescribed and regulated by a time-limited contract or memorandum of understanding (MOU) approved by the board of directors of both organizations. Ideally, the fiscal sponsor also provides mentoring and skill building so that the group will soon be able to assume full fiscal responsibility.

Tool 7 in the Appendix provides some guidelines for fiscal sponsorships and a sample Letter of Agreement for a fiscal sponsor and a newly forming consumer-operated service. All legal documents should be reviewed by legal counsel before becoming final.

Fiscal sponsors can be useful pathways for development, but they must be time limited. Consumer-operated services must move from under the umbrella of a sponsor and establish themselves as fully independent organizations. Some MHAs require new consumer-operated services to establish 501(c)(3) status and register with the state as a nonprofit organization prior to receiving a grant or contract award, or within 1 year of receiving one.

There are also risks in choosing this developmental route. Consumer-operated services with fiscal sponsors give up considerable autonomy in their financial and sometimes other aspects of operational decisionmaking. The sponsoring organization is legally responsible for consumer-operated service operations, including complying with the terms of the grants or contracts awarded under its sponsorship. If a consumer-operated service and the sponsor disagree, the sponsor holds the legal risk and liability and may pressure the consumer-operated service to have things done its own way. Selecting the right sponsor and keeping agreements time limited is critical to quickly moving to become a financially stable, self-governing organization.

A fiscal sponsor must remember that it does not "own" the sponsored organization; the consumer-operated service is an independent entity, not a program of the sponsor. The sponsor should work at the behest and direction of the consumer-operated service and its board of directors, complying with its requests and decisions within the parameters of the law, contracts, and the fiscal responsibility of the sponsoring organization.

There are a number of sources for forms, information about the structure, responsibilities, and ethics and legal duties of fiscal sponsors. One online example is *The Nonprofit Genie*, supported by the California Management Assistance Partnership and CompassPoint Nonprofit Services. Access it at **http://www.compasspoint.org**.

Administrative cooperatives

Another option is administrative cooperatives. These are groups of small nonprofit organizations that collectively create or contract with an entity to fulfill administrative duties such as bookkeeping and other fiscal tasks for the collective.

In areas where there are a number of consumer-operated services, forming an administrative cooperative may help reduce overhead and administrative costs. In some cases, there may be some advantages to forming a coalition with its own 501(c)(3) status to serve as a knowledgeable and sympathetic fiscal sponsor for coalition members and to support newly forming consumer-operated services.

Building a board of directors

Purpose and structure of a board of directors

In order to incorporate as an independent organization or apply for tax-exempt status, a consumer-operated service must have its own board of directors. The board of directors is a group of elected or appointed persons who oversee the activities of the organization. It is often simply referred to as "the board."

Boards of directors are sometimes confused with advisory boards, but they are not the same. An advisory group has no real decisionmaking authority, no voting authority, and no legal responsibility. An advisory group does not replace a board of directors. A board of directors has legal authority and overall responsibility for the organization, even if there is also an advisory group.

The board's activities are determined by the powers, duties, and responsibilities delegated to it by the legal regulations of the state and the organization's bylaws. For example, the bylaws typically specify the number of members of the board, how they are to be chosen, their term or length of time to serve, when they are to meet, and the officers to be elected.

Any good book on nonprofit management will discuss the board's functions in greater detail but, in a nutshell, the top management official of the corporation (executive director, chief executive officer or CEO) reports to the board of directors, which has the power to hire and fire this person, oversees the organization's finances, and is responsible for major policy decisions affecting the organization.

Responsibilities of a board

- Governing the organization by establishing broad policies and objectives;
- Signing or authorizing contracts that obligate the organization to legal agreements;
- Ensuring that the organization fulfills its legal requirements and accountability obligations;
- Selecting, appointing, supporting, and reviewing the performance of the executive director;
- Ensuring the availability of adequate financial resources;
- Approving annual budgets;
- Accounting to the membership for the performance and success of the organization; and
- Guiding the organization to a healthy and sustainable future.

The board's responsibility is to oversee the organization's general operations, community standing, fiscal health, and future sustainability. The job of a board is not to micromanage by getting involved in day-to-day management decisions. This is the job of the executive director or other managers or staff. For example, the decision to move to new offices would be made in consultation with the board of directors, while the decision to buy office supplies would not. The board hires the executive director, but the executive director is responsible for hiring and supervising other staff or volunteers.

Boards typically elect officers from within the board membership to fulfill specific tasks such as a president or chair who facilitates meetings, a president-elect who takes over when the president's term is over, a secretary who takes minutes, and so forth.

Sometimes boards create committees to take on regular tasks such as reviewing finances; periodic tasks such as strategic planning; or special tasks such as a fundraising initiative. These committees may comprise only board members, but they may also include both board members and participants of the consumer-operated service. This is a great way to involve program membership in these important operational activities.

Board members must be careful to avoid a conflict of interest. The primary duty and responsibility of board members is to the organization—not to their own individual or personal interests or desires. This can be very tricky, especially when board members are also participants in the consumer-operated service. Creating a board and selecting its members must be done in a thoughtful way.

Creating a board

As consumer-operated services became more sophisticated, many felt a tension between their principles of consensus-based decisionmaking and the need for a formal board of directors. In some cases, consumer-operated services have resolved this tension by developing organizational bylaws that mandate that a majority (or all) of the directors are self-identified mental health consumers/survivors.

This standard is reflected in the FACIT: an organization scores higher on the fidelity scale when a majority of board members are mental health consumer/survivors. The highest score under the criterion "Board Participation" is achieved for organizations in which at least 90 percent of the board members are consumers. To achieve the highest score, all of the board's officers must be self-identified consumers. The purpose of these requirements in the FACIT is to help organizations stay close to the key principles of consumer control and peer support.

Ultimate control of consumer-operated services must be in the hands of consumer/survivors who are representative of the program participants. Many organizations encourage current or former members to become board members.

It is also helpful to have board members who bring additional expertise to the organization. There are many self-identified consumer/survivors with expertise in banking, accounting, law, community organizing, media relations, business management, marketing, and so forth. Others have strong existing community networks, ties to key organizations or resources, or experience in grant writing and fundraising. Make sure that board members understand that they are expected to bring their expertise and resources to their duties as a board member.

Although many consumer-operated services have a board of directors composed entirely of self-identified consumers, the FACIT does recognize that sometimes nonconsumers bring needed or desired expertise to the organization. If a consumer-operated service cannot recruit self-identified consumer/survivors with legal, financial, and business expertise, selecting nonconsumers with these skills can be extremely helpful to the organization's success and sustainability.

Lesson learned: People In Recovery, Inc.

- When People in Recovery, Inc., decided to incorporate, its founders created a board of directors that was a "who's who" of the state's consumer movement.
- Most of the directors also served on the State Mental Health Planning and Advisory Council, local and state NAMI consumer councils, the Protection and Advocacy Council, the Olmstead Task Force, and local mental health boards.
- Attendance at board meetings was low, and sometimes a quorum (the necessary number of directors needed to vote on important matters) was not met. Work did not get done for People In Recovery, Inc. because its board was too busy with other activities.

Lesson learned: *Recruit board members who have both the interest and the time to fully participate with board duties.*

Sometimes fiscal agents or sponsoring organizations request that one of their staff members become a member of the board of the consumer-operated service. This can be useful but can also be challenging, especially if this board member feels inclined or obligated to control the board discussions or decisions. Limiting the number of such members or requesting to select the person who is to be appointed can help keep the balance of control in the hands of identified consumer/survivor board members. Some consumer-operated services may request a reciprocal arrangement where one of their participants also sits on the board of the fiscal agent or sponsoring organization's board.

When recruiting nonconsumers for a board, look for people who understand and support the principles and philosophy of consumer-operated services—or who are willing to learn and accept them. It can be helpful to have a set of foundation reading materials about the history of the consumer movement, the principles and values of consumer-operated services, and the FACIT. *What Are Consumer-Operated Services?* in the first section of this booklet may be useful in this capacity.

When involving anyone who has had little or no experience being a board member with other organizations, it is helpful to provide information and training on the duties and limitations of a board and how a board operates to carry out these duties. Ask experienced board members to mentor new members.

For each board member, create a "Board Book." This is a three-ring binder that includes foundational reading materials, key organization documents such as the bylaws and other important business documents, contact information for other board members and key organization managers, current organization structure and descriptions of services, and plans for the future.

Some organizations struggle because their board does not take its responsibilities seriously. An active and interested board of directors is crucial to the success of a nonprofit organization. When building boards of directors, organizations are often tempted to find the people who have the most experience in consumer-operated services or mental health advocacy. However, these people are often the busiest with other commitments.

Ask potential directors about other commitments, and select board members who can make the commitment of time needed to attend meetings and participate in committee activities.

There are ways to involve people who are interested but who may not have the time to fully commit to the responsibilities of being a board member. Find other ways to get them involved and make the most of their interest and support. They may be willing to provide some mentoring; give presentations on special topics; or help out with activities such as grant writing, fundraising, setting up a computer network, or organizing a bookkeeping system. Build on the gifts people bring, but respect their limits about how much time they can invest.

Board operations

There is an art to successful board operations and many nonprofit management books offer guidance and tips in this area. Here are a few.

- The board should meet frequently (e.g., monthly) at a regular place and time. Typically committees meet between board meetings.
- Board meetings should be open to the organization membership unless there is a special reason to hold a closed meeting for board members only. This should be exceptionally rare.

- Participants in the consumer-operated service should be informed that they can attend the board meetings, when the meetings are scheduled, and where they will be held.
- State laws give board members certain responsibilities, such as overseeing the budget.
- Boards should follow a tried and true set of operating procedures, such as *Robert's Rules of Order*.
- To carry out its duties, a board needs full and accurate information. It is the duty of management to provide this information.

Retaining participant control under a board of directors

Having a board of directors seems to conflict with some of the longstanding ideals of the consumer movement, which emphasizes making decisions based upon the consensus of the people who use the service.

However, within this required legal structure, there are ways to ensure that the board of directors represents the needs of program participants. For example:

- Involve program participants in nominating and interviewing potential board members;
- Ensure that potential board members understand the needs of participants and support participant input into board decisions; and
- Provide the board with all of the information necessary to evaluate the services that the organization offers, including the needs and desires of the program participants.

Not every board works together well from the start. In fact, it usually takes time for any group to come together as a cohesive and effective working body. Expect board members to have differences of opinion and even conflicts. What is important is that the board members allow space and respect for different perspectives and ideas and have effective ways of resolving serious differences.

Most boards, at one time or another, go through some kind of upheaval. However, serious personality conflicts or ongoing arguments and disorder can make a board ineffective and have a ripple effect on the whole organization. For the success and sustainability of a consumer-operated service, these problems should be addressed in an upfront and professional way. Engaging an objective, external mediator can be useful in serious situations and help problem boards to identify the root problems and generate new solutions to them.

When board members have significant conflicts of interest or cannot put their duties to the organization before their personal needs or self-interest, they should be asked to leave the board. The organization's bylaws should have fair and upfront mechanisms for such a process.

There are many resources available in libraries and on the Internet for guidance in board operations and addressing problems that arise within board operations. Many communities have mediation services or consultants that specialize in board operations.

Retaining participant control

Inviting, promoting, and preserving participant voice is a core principle of consumer-operated services. While a board of directors holds the ultimate legal responsibility for a consumer-operated organization, it is critical that participants be actively involved in shaping the program, its policies, and its operations. This active involvement is fundamental to the culture of a consumer-operated service and sets the tone for all aspects of the organization.

There are other ways that consumer-operated services involve participants in decisions about the organization, its services, operations, and future. The FACIT reserves the highest score under the criterion "Planning Input" for organizations that offer participants multiple avenues for input and show a real commitment to implementing change based on this input.

Here are a few examples of how consumer-operated services can retain participant control, even with a board of directors.

- Make sure the bylaws are explicit about the role of the board, including aspects of the program where it does not hold direct authority.
- Encourage members to attend board meetings and contribute to discussions and problem solving.
- Encourage members to get involved in board committees for specific activities or special initiatives.
- Develop and support interest in decision-making by making sure members have authority to make decisions about things important to them and to the organization.
- Hold membership meetings in which participants are urged to bring forward any concerns or suggestions. Many policy and operations concerns can be problem-solved within this body. When an issue is significant or affects the legal status or accountability of the organization, forward these concerns to the board.
- Involve participants in discussions before any major change, such as adding a new service, writing a new mission statement, or increasing/decreasing program capacity.

Personnel: Staff and volunteers

In addition to consumer control of the board of directors, what defines a consumer-operated service is a staff of self-identified consumer/survivors in all aspects of the organization.

Consumer-operated services often start on a small scale, with a handful of founders taking on paid positions as resources grow to support employees. However, as the organization grows, or as people move on to other opportunities, finding the right person for the job can pose a challenge.

When specific needs arise, such as expertise in accounting or computer skills, some consumer-operated services find it necessary to hire or contract with nonconsumers. However, many consumer-operated services successfully recruit self-identified consumers with these specialized skills.

Under the criterion "Consumer Staff," the FACIT reserves the highest score for organizations in which at least 80 percent of staff positions are held by self-identified consumers and all management positions are held by self-identified consumers.

Hiring policies

The guiding principle is to make every effort to hire self-identified consumer/survivors for every position. An important way to do this is to give program participants control of the hiring process by encouraging input and involvement in every aspect of it. This may include the following:

- Deciding what kind of jobs to create and the qualifications needed for them;
- Developing strategies for recruitment;
- Writing and distributing job announcements;
- Developing interview questions;
- Participating on hiring committees to review applications, interview applicants, and check references; and
- Creating a "short list" of preferred applicants for final selection by the executive director. Or being authorized to make a final selection as a hiring committee.

Under the criterion "Hiring Decisions," the FACIT reserves the highest score for organizations in which program participants make all hiring decisions. An intermediate score can be achieved by involving participants but not giving them full control over the hiring decisions.

Recruitment

A job announcement that includes a sentence or two about the organization's mission and services, with a statement such as "consumers of mental health services are encouraged to apply," can help organizations to legally recruit self-identified consumer/survivors with the desired skills or qualifications.

Many organizations also note in job announcements that women, minorities, people with physical or sensory disabilities, and older adults are encouraged to apply. Remember that not only is equal opportunity the law, having a diverse workforce helps organizations serve a diverse membership in a culturally competent manner.

Job announcements should be as specific as possible as to skills and experience necessary for the job. However, keep in mind that many people do an excellent job as employees of a consumer-operated service despite a lack of paid job experience or formal education. Therefore, job announcements for consumer-operated services often state that volunteer work or personal experience with dealing with symptoms, the mental health system, homelessness, and other life events, might be considered in lieu of, or in addition to, education and experience.

Advertising widely helps reach a diverse pool of potential applicants. Consider creative ways to reach the people with the specific skills or qualifications need for the job.

- Newspaper advertisements, although they are expensive, often provide the most exposure. Alternatives, such as the Internet site **http://www.craigslist.org** and community bulletin boards, provide exposure at no or low cost.
- Generate interest in the positions by self-identified consumer/survivors, posting ads at local mental health centers, clubhouses, self-help groups, and other agencies serving mental health consumers.
- Organizations that help people with disabilities find jobs are another good bet.
- Recruit applicants from among program participants and other self-help or consumer-run organizations.
- Many consumer-operated services use their own volunteer program as a ladder toward employment within the organization.

Selection

People who use consumer-operated services are familiar with operations and the kinds of services they provide. Peer support is a key component of any consumer-operated service, but not everyone who self-identifies as a consumer /survivor has experience or comfort with peer support approaches. Those who are familiar with the organization's peer support mission already have an important qualification for potential employment.

Many of the rules that apply to hiring decisions in traditional organizations may be inconsistent with the goal of assembling a staff that is responsive to program participants' needs. For example, factors such as gaps in employment or negative job references hinder many consumer/survivors from obtaining jobs in other settings. However, by automatically excluding people with such histories, consumer-operated services might miss some people who have made great steps in their recovery, have found the support structures that they need, and are eager to work hard to succeed.

Many consumer-operated services include participants in the interviewing process and hiring decisions. This helps participants retain program control in a very visible way and also reinforces to applicants that the staff-participant relationship is one among peers. Interactions between the applicant and program participants also provide insight into the applicant's level of interest and rapport.

Employment policies

As with any organization, consumer-operated services should have written employment policies. These policies must cover a wide range of topics, including the following:

- Attendance at work, including paid and unpaid time off;
- Timekeeping and pay;
- Performance appraisals, promotions, and raises; and
- Disciplinary policy and code of conduct, addressing drugs and alcohol, confidentiality, sexual harassment, and conflicts of interest.

There are many examples from other nonprofit organizations, including other consumer-operated services that can be used as starting points. It is important to remember that employment is a legal agreement and subject to federal and state laws.

A critical component of employment policies in consumer-operated services is provision of accommodations for employees' psychiatric disabilities. The Americans with Disabilities Act (ADA) is a federal law that requires most employers to provide "reasonable accommodations" that enable people with disabilities to perform their jobs. However, with the mission of hiring consumers/survivors to serve peers, consumer-operated services employment policies often go well beyond the threshold set by the ADA.

There have been a number of challenges and changes to the original ADA. As employers, consumer-operated services should seek the most up-to-date information. The Bazelon Center for Mental Health Law **(http://www.bazelon.org)** is a good source for contemporary information. There are other resources for employers about ADA, for example, Boston University's online resource for employers and educators on reasonable accommodations and persons with psychiatric disabilities **(http://www.bu.edu)**.

Most consumer-operated services strive to become a workplace in which a person's needs are accommodated to the extent that they can be, whether that is through flexible scheduling and work duties, generous time-off policies, additional time spent in mentoring employees, or other methods. These approaches often allow people who have difficulty holding employment in other environments to thrive in consumer-operated services.

Consumer-operated services often tolerate behavior that is harmless and does not interfere with the work expected, but would not go over well in other workplaces. For example, a person might cry or talk back to voices but still be able to do his or her job. However, consumer-operated services are generally less lenient in allowing people to use their psychiatric problems as an excuse for behavior that is detrimental to the organization or its participants.

Volunteering

Some consumer-operated services hire exclusively, or almost exclusively, people who have participated in their programs. One way to hire capable employees from among program participants is to encourage volunteering.

Volunteering helps organizations with immediate needs for getting things done and helps to build a culture of mutual support and empowerment by getting many people involved in operations. It also is a way for participants to use skills they have, explore new roles for themselves, and develop new skills that may be applicable as employees in many businesses or service organizations. Volunteering provides a way for participants to "test the waters" of work without jeopardizing any current disability or medical benefits.

Volunteers can have a significant impact on the way an organization operates and how its services are delivered. Therefore, the FACIT calls for consumer-operated services to rely primarily on self-identified consumer/survivors as volunteers. It reserves the highest score for organizations in which at least 75 percent of any volunteers are self-identified consumer/survivors.

The way that a consumer-operated service involves volunteers depends on its organizational functions and needs as well as the services it provides. Some of the many ways that consumer-operated services involve program participants as volunteers are as follows:

- Leading groups on art, poetry, nutrition, or other topics of interest;
- Assuming responsibility for specific tasks or projects such as newsletters, fundraising events, or an organized activity;
- Taking charge of organization functions such as answering telephones, greeting and welcoming participants, organizing file systems, managing the Web site, or reaching out to people who have not attended recently;
- Becoming a wellness recovery action planning (*WRAP*) trainer or learning to train in other areas;
- Assisting others as a peer advocate; and/or
- Joining in group advocacy initiatives—for example, by serving on local or state mental health boards or participating in public education activities.

Participants' interest in volunteering in consumer-operated services varies. Some organizations find that most or all program participants are willing to help out in whatever way they can; others struggle to involve program participants.

Lesson learned: Reduce stress by building in job flexibility

Imogene has taken a part-time job at the City of Angels Drop-in Center, her first job in many years. Her duties include welcoming new people to the center and connecting people to services and resources in the community.

She's good at her job, but sometimes she has bad days. On those days, she feels very uncomfortable working with people she does not know.

She started calling in sick on those days and is running out of sick leave. She sometimes wondered if she should be working at all and thought about quitting.

Imogene went to her manager and talked to her directly about what she was experiencing. The manager encouraged her to not leave the job since she was really good at it and enjoyed it most days.

Together they created an accommodation plan that allowed Imogene to minimize her contact with new people on difficult days. The plan included telling her manager she was having difficulty so that another person could step in and she could take on some less public work on those days.

Lesson learned: *Many people find that the process of recovery has ups and downs. When stress is high, some people find performing regular job duties challenging. If possible, structure job duties so that they can be flexible in times of stress.*

Lesson learned:
Hiring former volunteers

For several years, Randall has participated in Circle of Hope, a drop-in center that does a lot of community education and advocacy. He has been active in the group's outreach and education efforts, attending meetings at the state capital and other events, and working on mailings. However, each time the organization hires a staff person, he has been passed over in favor of people who have more education. He is feeling "used" and that he will not remain active in the program unless he gets paid.

He asked some of the members and the manager to talk to him honestly about why he is being passed over. At first he was upset by some of the feedback about his communication skills. But, because he was not really interested in public speaking he decided to concentrate on a real strength: writing.

It paid off. When the organization wanted to hire someone to create some public education and promotional brochures and to create a new Web site, he was hired for the position.

Lesson learned: *People want to feel valued. When participants see peers selected for paid work as staff, they might resent not getting paid for their volunteer work. Find ways to value all contributions. Make sure that hiring policies are open and transparent. Help people grow into their desired positions.*

One of the factors affecting involvement is the organization's culture and expectations. Spoken or unspoken attitudes such as "That's a staff job" or "You can't do that" can dampen enthusiasm for getting involved and may reflect the kinds of messages people have received elsewhere in their lives and come to believe about themselves.

Alternatively, other messages can promote expectations of involvement, a sense of shared community responsibility, and that everyone has something to offer. "This is our place. I don't run it; WE run it." "Everyone gets and everyone gives." "You have something special and we need you to share it."

Some ways to encourage and support people to get involved as volunteers include the following:

- Encourage people to take risks and try on new roles for themselves.
- Individually ask people who have not volunteered in the past to help out with an appealing activity such as a cookout or trip;
- Help people incorporate their volunteer experience into their resumes so that they understand the value of volunteering; and
- Recognize people's volunteer efforts in a public way, such as having a "volunteer of the month" award.

Be sure that volunteers know that their work is valued and that it supports the mission of an organization with a lot of good work to do and a limited budget for hiring employees. At the same time, show the organization's appreciation by making a real effort to hire program participants who have volunteered their time. Help people develop needed employment skills and attributes through education, or resources such as a GED or driver's license. Support people in developing special skills or credentials that are needed or marketable such as peer support, recovery education, leadership, and advocacy.

Finances

Consumer-operated services grew out of a tradition of mutual support groups that often met in borrowed space and required little or no money to run. While many groups still provide peer support, advocacy, and education under this model, increasing numbers of consumer-operated services have become much more sophisticated and comprehensive. Running an organization with offices, a paid staff, activities, transportation for members, and other services can require a significant amount of money.

What makes or breaks a consumer-operated service is often not the interests and abilities of staff and management to carry out the specific activities required by its mission. Rather, it is the ability to generate the funds needed to carry out the mission. This entails making and sticking to a realistic budget, establishing a mix of funding streams, nurturing good relationships with funders, and meeting basic expectations for fiscal responsibility and accountability.

Funding

Fundraising is never easy for any nonprofit organization. Many are perennially on the edge of financial disaster, especially those that rely on a single source for funding such as a time-limited grant or contract. Others have successfully established a variety of funding resources so that when one source dries up, there are others to help soften the blow and provide for basic sustainability of operations. This is called a funding mix. To the greatest degree possible, it is a wise practice to have multiple and diverse sources of income.

Sources of funding

The next text box lists primary sources for ways consumer-operated services generate income. In addition, some consumer-operated services that have received nonprofit status through a 501(c)(3) are eligible to accept donations that are tax deductible for the individual donors. This can be useful for cash donations as well as donations of items of value such as property, equipment, or vehicles. Some advocacy and community groups may offer limited financial or in-kind (non-cash) assistance such as rent-free space or use of office equipment such as photocopiers.

See the *Tips for Mental Health Authorities* section of this booklet for a discussion on funding and many of the funding sources listed in the box. There are many general resource materials available on the Internet and in libraries for most of these sources.

Small business and nonprofit development associations may also have detailed information about a variety of funding resources and approaches for tapping into them.

Grants, proposals, and contracts

Many foundations and community and charity groups have grant programs through which they provide money to organizations or groups whose purpose or activities meet the goals of the granting body. state consumer networks and advocacy organizations sometimes have grant programs. Federal and state governments are sometimes a good source of grants. **http://www.grants.gov** and **http://www.foundationcenter.org** are two of many Web sites that provide lists of possible grant opportunities.

Grants are usually time limited and, of course, if an organization receives a grant to develop a particular program or provide a specific service, it is obligated to fulfill this agreement. Most grants require that applicants have independent 501(c)(3) status or that they apply under a fiscal agent or sponsoring organization that does.

To apply for a grant, the funder typically wants a written proposal. Each funder has specific rules, policies, and forms for how to submit a proposal and these rules are usually included in their Request for Proposals, or RFP. To increase the likelihood of being awarded a grant, applicants should follow the funders' rules exactly and make sure the proposal fits with the kinds of activities the funder wants to fund. Many people specialize in grant writing, and the Internet and libraries are rich with resources on how to do it.

Increasingly, consumer-operated services are contracting to provide specific services for local, state, and federal government agencies, mental health organizations, and even managed care organizations. Unlike a grant, which generally allows the recipient some flexibility in how it accomplishes its tasks, a contract usually spells out exactly what services must be performed, and how they must be performed, in order to qualify for payment. Contract agreements are also time limited but are often renewable with good performance.

Applying for contract awards usually requires the applicant to complete a Request for Application or RFA. These are often similar to grant proposals and the contracting agency will have specific rules and regulations about what organizations are qualified to apply and how to submit applications for the funds. They may have a "bidders conference," a meeting or teleconference where people interested in applying for the money meet and learn about the rules and procedures. Applicants usually can submit written questions to clarify parts of the RFA or the application process and receive written responses to these questions that all applicants can read. Most contracts also require that an organization have a 501(c)(3) status or apply under a fiscal agent or sponsor.

Primary sources of funding for consumer-operated services

- Federal Mental Health Block Grant;
- Other community federal sources, services including SAMHSA, National Institute of Disability and Rehabilitation Research (NIDRR), and Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD);
- State or county general funds and county tax levies;
- Other state funds such as Vocational Rehabilitation, social and substance abuse services, and reallocations from state hospital downsizing;
- Community reinvestment and community redevelopment initiatives;
- Medicaid;
- Grants from national, regional, and community foundations for specific projects or initiatives;
- Managed care organizations and behavioral health care networks;
- Charity groups, faith-based organizations, and nonprofit organizations;
- Fundraising activities such as auctions, car washes, fun runs, and other community activities; and
- Entrepreneurial ventures and businesses run by consumer-operated services.

Both grants and contract applications go through a review process and the funder selects the one(s) that will receive the funding. Unsuccessful applicants can request and often receive feedback about how their proposal or application scored on the review or why it was not funded. Getting this feedback is very helpful for learning how to make the next application stronger and more likely to be funded.

After the proposal and selection process is complete, the funder and consumer-operated service negotiate the exact performance and accountability expectations of the award and how the funder will monitor performance. The *Tips for Mental Health Authorities* section of this booklet has an in-depth discussion of these issues.

Accountability

Funds always come with strings attached. That is, funders have expectations for how the money will be used and specific demands for demonstrating that it is being spent appropriately. These expectations need to be made clear from the outset and some terms may be negotiable. Leaders and board members are legally accountable to meet the terms of agreements and must fully understand all expectations, including specific requirements for service delivery, documentation, and financial accountability through bookkeeping, reporting, and audits.

It is critical that consumer-operated services leaders are at the table with funders to discuss and, where possible, to negotiate expectations so that they fit the capacities of the organization and can be done with the level of funding awarded. It is not uncommon for funders to offer small amounts of money and attach huge expectations to them. The real costs of delivering expected services and the related costs of required documentation, reporting, bookkeeping, and audits should all be reflected in the budget.

Once expectations are negotiated and agreements are accepted, the consumer-operated service is obligated to meet them fully.

Tips for applying for grants and contract awards

- Fully understand all the rules and expectations in the application process, and follow them exactly.
- Provide all the information requested. All forms should be complete, the desired number of copies submitted, and the application received by the funder by the deadline. Not meeting expectations of the application process suggests to the funder that the applicant also may not meet the larger expectations of the funding award.
- Make sure that the proposal or application has all the needed signatures; and
- Attach letters of support from different groups and individuals to strengthen the application by showing need for the service in the community, vouching for the ability of the applicant to provide the service, and demonstrating broad support for the applicant.

Technical assistance

Some funders make technical assistance or mentoring available to help new consumer-operated organizations learn how to meet the expectations of the contract. Take advantage of what is offered. If technical assistance is not available through the funder, it may be available through state and national consumer organizations, SAMHSA's consumer-run technical assistance centers, local universities and colleges, small business development associations, or other community groups. Another free source for mentoring is SCORE, a resource partner with the U.S. Small Business Administration (SBA). SCORE is a nonprofit association of retired business and organization managers who volunteer time to help establish and grow small businesses. See **http://www.score.org**. Remember, consumer-operated services are small businesses.

Sponsors and supporters

Another type of support that can come with strings attached is support from other organizations. Groups of mental health consumer/survivors who want to provide peer support or other services often look to an existing organization as a sponsor. Affiliates of groups such as the National Alliance on Mental Illness (NAMI) and the Mental Health America, formerly National Mental Health Association have sponsored consumer initiatives, as have traditional mental health agencies. This was discussed earlier in this section.

Relying on such organizations for sponsorship means that complete control does not ultimately rest in the hands of consumers. While some groups have reported wonderful working relationships with sponsoring organizations, others have felt that the relationship limited their autonomy in decision-making and the type of work that they could do.

Consumer-operated programs that do not have independent boards of directors, top management, and their own organizational autonomy do not score highly on various criteria of the FACIT.

Medicaid

In recent years, some states have applied for permission from the federal government to use Medicaid funds to pay for peer-to-peer services. Most frequently, these "Medicaid waiver" programs have paid for services provided by "peer specialists" hired by traditional mental health agencies. Peer specialists must meet certain training and education requirements and follow specific guidelines covering services provided, supervisory structure, documentation, and so forth. Under Medicaid waivers, peer specialists can deliver services through a qualified consumer-operated service.

Consumer-operated services interested in learning more about this model can consult the publication, *Building a Foundation for Recovery: How States Can Establish Medicaid-Funded Peer Support Services and a Trained Peer Workforce* (Sunstance Abuse and Mental Health Services Administration, 2005).

While Medicaid has the benefit of a relatively steady funding source, there are special challenges for consumer-operated services using this approach. Many consumer-operated services worry about keeping peer support values alive under Medicaid accountability and documentation requirements. Consumer-operated services are unique entities and should not mirror or morph into traditional mental health treatment services.

Budgeting

Developing a realistic, workable budget is a key task. Budgeting for a consumer-operated service is not much different from that of any other nonprofit organization of a similar size. In a nutshell, developing a startup budget and an operating budget involves balancing the sources of funding (revenues) with all expenses (expenditures).

The consumer-operated service needs to set up ways to track both revenues and expenditures and ways for its board or fiscal agent to regularly monitor them. The organization needs to demonstrate that all income is being spent according to the contract or grant agreements. Some organizations find that engaging the services of a qualified bookkeeper is a wise and helpful investment.

Consumer control over the budget is a key factor differentiating consumer-operated services from other models of peer-to-peer services. The FACIT, under the criterion "Budget Control," assigns higher scores to organizations in which consumers have complete control over the organization's budget.

To ensure consumer control over the budget, the following steps are recommended:

- Staff salaries should be set by people who are self-identified consumers.
- Those authorized to sign the organization's checks should all be self-identified consumers.
- Those authorized to enter into contracts on the consumer-operated service's behalf should all be self-identified consumers.

Program participants should also be involved in setting budget priorities. While program participants may not need information on items such as salaries, rent, and other basic expenses, they should have at least a general understanding of the organization's resources and expenses. One way this can be done is through quarterly or annual reports to the membership by the management or board.

Sustainability

One of the most important tasks of a consumer-operated services leader and board is to ensure the long-term health and stability of the organization. This involves both financial security and planning for leadership succession. Who will take over? Will the organization run smoothly when the next generation of leaders takes charge?

Consumer-operated services have little control over the ups and downs of the economy and how different governments prioritize services for people. They do have control, however, over planning for sustainability of the organization through nurturing and supporting a large pool of people to take on leadership responsibilities. Building new leadership is not only a core principle of consumer-operated services and an ethical responsibility, it is also solid and necessary business practice.

The *Training in Consumer-Operated Services* booklet of this KIT provides leaders with additional tools and training resources for developing an informed and active community within the program and ways to help potential leaders gain confidence through opportunity.

Conclusion

This booklet has provided an overview of some of the critical components of building consumer-operated services, showing how they differ from other organizations in structure and principles, why this is the case, and how this affects such issues as staffing, funding, and ensuring sustainability.

The first section, *What are Consumer-Operated Services?*, provided an overview of what differentiates consumer-operated services from other peer-to-peer approaches.

The second section, *Tips for Mental Health Authorities,* offered a broad discussion of some of the issues of structure, contracting, accountability, and oversight.

The third section, *Tips for Consumer-Operated Services Leaders*, spoke to some of the basic elements of running the business side of a program.

Discussion of core principles, funding, and the FACIT fidelity assessment tool was integrated into each section.

Useful tools are included in the Appendix and useful resources for further exploration were sprinkled throughout the material.

This booklet provides a starting place for further research and learning. It has only scratched the surface of some important issues. A number of additional resources are available that provide in-depth information and guidance. *The Evidence* booklet of this KIT contains a list of many of these resources and references.

EVIDENCE-BASED PRACTICES

KIT

Knowledge Informing Transformation

Building Your Program

Appendix

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Tool 1: Example of a developmental approach to a consumer-operated services initiative

Type and description	Eligibility criteria	Training and technical assistance focus
1. Establishment "Mini" Grants For building or strengthening peer support groups.	1. Organization has a bank account with dual signature authorization. 2. Organization is peer owned and/or peer operated, and endorses the eight core values of peer support. 3. Organization has offered at least one of the core peer support services for a minimum of 6 months on at least a weekly basis.	Setup, basic bookkeeping and data collection, membership development, program development, running peer support groups, developing participatory and collaborative decisionmaking approaches, conflict management and problem solving for groups, establishing corporate status in the state and applying for nonprofit status, becoming "independent." Acquiring 501(c)(3) certificate, establishing and developing board of directors, mission/values statements.
2. Business development grants For establishing or sustaining consumer-operated service centers which offer, at a minimum, the five core services: peer support, advocacy, education, outreach, and resources/linkage.	1. Organization has a formal structure that includes a board of directors. 2. Organization has tax-exempt status, or has completed the application process. 3. Organization has access to space to conduct meetings at least 20 hours per week. 4. Organization has a bank account with dual signature authorization.	Business development and participatory management skills, strategic planning, membership development, program development, recovery education tools, community resources, peer advocacy, personnel management and coaching, community building within membership, peer support skill training, ethics and boundaries, and building relationships with the local community.
3. Enhancement gGrants For enhancing and expanding existing consumer-operated services center services, membership, and resources. Enhancements encouraged in the areas of work/enterprises, education support, crisis support, inpatient and jail outreach, benefits assistance, and community education.	1. Organization fulfills all of the requirements for Business Development Grants. 2. Organization has previously received a developmental grant under this program. 3. Program has used data to document both ability to successfully deliver services and the need for the enhanced service.	Any of the above as needed, as well as leadership development/leadership succession, mentorship skills, specialized assistance for enhancement areas, crisis support and respite training, community collaboration, and system advocacy skills building.

Tool 2: Training and technical assistance checklist

Below are listed some common need areas for training and technical assistance for consumer-operated services.

Rate your group's overall strength in each area. Then, list your top four preferences for training and technical assistance.

Training/technical assistance area	Rating of current knowledge/skill in this area			
	None 1	Low 2	Some 3	High 4
Business operations and organizational development				
1. Grant writing and resource development	❑	❑	❑	❑
2. Management and business administration skills	❑	❑	❑	❑
3. Incorporation, state registration as a business	❑	❑	❑	❑
4. 501(c)(3) application	❑	❑	❑	❑
5. Board development	❑	❑	❑	❑
6. Personnel laws and management	❑	❑	❑	❑
7. Grievance systems	❑	❑	❑	❑
8. Confidentiality laws, duty to warn	❑	❑	❑	❑
9. Strategic planning	❑	❑	❑	❑
10. Bookkeeping and budget accountability	❑	❑	❑	❑
11. Evaluation, quality assurance, and documentation	❑	❑	❑	❑
12. Insurances and taxes	❑	❑	❑	❑
Peer support services				
13. Ethics and boundaries	❑	❑	❑	❑
14. Peer support programming and practices	❑	❑	❑	❑
15. Recovery education and Wellness Recovery Action Planning (WRAP)	❑	❑	❑	❑
16. Peer-run crisis services	❑	❑	❑	❑
17. Setting up a warm line	❑	❑	❑	❑
18. Supportive conversations	❑	❑	❑	❑
Community building and organizational culture				
19. Conflict mediation	❑	❑	❑	❑
20. Membership development	❑	❑	❑	❑
21. Facilitating groups	❑	❑	❑	❑
22. Difficult conversations	❑	❑	❑	❑
Leadership development and mentoring				
23. Staff supervision and evaluation	❑	❑	❑	❑
24. Sustainability	❑	❑	❑	❑
25. Advocacy skills	❑	❑	❑	❑
26. Other (please specify) _____	❑	❑	❑	❑

Priority training/technical assistance areas
1.
2.
3.
4.

Tool 3: Example of an "Application-EZ" for grant announcements

This organization is pleased to announce the availability of small enterprise grants for the development of self-help, peer support, and mental health consumer-operated services and programs.

The purpose of these grants is to encourage and support the establishment of self-help and peer support groups throughout the state. It is expected that this grant will achieve the following:

- Provide resources to interested consumer/survivor groups to strengthen their membership and expand the peer support services they are able to provide and
- Nurture leadership and organizational development in the consumer/survivor community.

Amount: _____ (Number) ____ grant awards up to the amount of $_____each will be available for the grant year _____ (date) _____ to _____ (date) _____.

These funds may be used to help with the following:

- Membership development (promotion, transportation, outreach)
- Services development (increasing number or type of meetings, services, activities, or education)
- Organization development (creating operational structure and policies for self-governance and money management)

These funds may NOT be used for any of the following:

- Big-screen televisions, stereos, pool tables, or other entertainment equipment;
- Travel or trips for social activities or events;
- Fees for gyms, golf courses, or other organizations; or
- Conference attendance.

Eligibility

To be eligible to apply for these funds, a mental health consumer/survivor group must demonstrate that

- A group of at least seven consumer/survivors have been meeting at least once a week for no less than 3 months.
- The group has formed an advisory or management committee, at least 75 percent of whom are mental health consumer/survivors.
- The group has generated a name, a statement of purpose, and a set of values by which it will operate.
- The group expresses willingness and has a plan to expand its membership base.
- The group demonstrates an understanding of peer support and recovery or expresses a desire to learn about facilitating peer support and recovery focused groups.
- The group is willing to comply with basic data keeping, bookkeeping, and reporting requirements for accepting grant funds.

Proposal content

Describe your organization or group history, membership, structure, and current activities.

Explain clearly how you propose to use the grant funds.

Explain how this grant will benefit your organization or group. Describe what "success" will look like.

Present a detailed budget for your proposal.

Signatures. At least five people from your organization must sign the proposal.

Proposal format

Proposals should be no longer than three pages. All proposals must be typed, double spaced, on white paper.

Submission deadline

The proposal must be received by close of business on (date). No proposals will be accepted after that time.

Three copies of the proposal should be submitted in person or by mail to:

_____

Granting Organization Name

_____

_____

Address

Review

This application is competitive. Your proposal will be reviewed with other proposals from consumer/survivor groups and organizations around the state. No more than 10 proposals will be accepted for funding. You will be notified by (**date**) whether your proposal is one of those accepted.

Information and help

An "Information and Help" call-in teleconference will be offered on (**date/time**). There is no cost to you; just call (**number**) and enter this (**pass code**) at that time. You will be hooked into the teleconference. Everyone on the teleconference will have an opportunity to ask questions and hear the answers.

If you need additional help to prepare your proposal, contact (**Name/contact information**).

Tool 4: Example of funding application essay questions

Answer each bolded question. This is the outline for your proposal. Use the nonbolded questions to help you get an idea of the kind of information to include in your answer. You do not need to answer every question, but make sure to include the important information about your program and your proposed program.

Section one: Organizational history and capacity (15 points)

1. ***Organizational history and past performance:*** **Describe your group or organization's history, purpose, and values.**

   What is the purpose of your organization, your guiding values? What involvement did consumers have in founding it? Why was it founded? How was the community involved in identifying the need for this program or organization? How did you document existing problems and needs? Did you use surveys and focus groups? What are highlights of your past accomplishments? What kinds of barriers or challenges have you faced? How have you overcome them?

2. ***Organizational characteristics and current capacity:*** **Describe your current program, services, and facilities.**

   What activities or services does your group offer? How many hours per week are your services available? What is your membership? How do you get new members? Do you work on a volunteer basis or use some paid staff? How do you recruit/select volunteers and/or staff? What kinds of roles or functions do these people perform? What kinds of facilities and resources do you have to work with (for example, space for meetings, telephones, equipment, vehicles, computer access, and so forth)? How are your activities consistent with the stated goals and purposes of this procurement?

Section two: Core values (20 points)

Describe how you have implemented services and/or plan to expand services reflecting the seven core values.

1. ***Empowerment principles:*** **Describe how this program helps consumers to achieve choices, power, and self-determination in their lives.**

   How does/will your program support consumers in acting on their own behalf? How does/will your program increase the choices available for consumers? Do consumers have access to information tools and other resources to achieve their choices? Give one or more examples of how consumers participating in your program would feel more empowered and in control of their lives than they were before they were part of your program.

2. ***Promoting recovery:*** **How do/will your programs' activities and outcomes promote recovery?**

   How does/will your program help people deal with mental illness? How does/will your program help people build coping strategies to deal with stress and symptoms? How does/will your program help people think of themselves as "people" rather than "patients" or "clients?" How does/will your program help people "get better" and lead more rewarding personal lives despite the presence or absence of psychiatric symptoms?

3. ***Consumer-controlled:*** **Demonstrate that your organization involves mental health consumers in every aspect of your programs and decisionmaking processes.**

   Describe how decisions are made. What roles are played by the board/advisory committee, staff, and membership? Do consumers have real access to leadership roles? Provide a detailed description, or an organizational chart, showing the decisionmaking process, with an emphasis on how consumers are involved. What efforts are made to have strong affirmative hiring, recruiting, and retention processes that positively affect the meaningful presence of mental health consumers on staff?

4. ***Education emphasis:*** **Show how your program emphasizes education as a means of empowerment and recovery.**

   How do you provide access to needed information and other education tools for mental health consumers? How often are you providing educational programs? What kinds of educational programs have you offered and/or are you planning to offer? What kind of education and training approaches do you use (such as presentations, videos, workshops, discussion groups, formal training series)? If you are using a formal curriculum or training materials (such as Mary Ellen Copeland's WRAP, Kathleen Crowley's Procovery, NAMI Peer-To-Peer, Shery Mead's Trauma Informed Peer Support), describe them and provide a brief example.

5. ***Peer support:*** **Discuss how your organization provides an atmosphere where peer-to-peer support can thrive.**

   How many peer support groups do you offer? How often do they meet? What ways do you provide peer support other than through group meetings?

   Answer any of the following questions that apply to your program. What do you do to...

   - Foster positive and mutual relationships?
   - Develop support groups?
   - Promote mutual respect?
   - Establish mentoring relationships?
   - Establish trust?
   - Find and support individual interests?
   - Provide peer-to-peer training and information sharing?
   - Accomplish outreach?
   - Help each other grow, face and overcome challenges?
   - Encourage the principle of mutual responsibility?
   - Encourage a safe environment where there is empathy and healing?

6. ***Advocacy—individual:*** **Show how your program builds self-advocacy skills and self-sufficiency, teaches people about their rights, ensures that people's rights are protected, and helps people access services or address problems with services when they happen.**

   What efforts are underway to encourage individuals in their advocacy efforts? How do you hope to increase consumer choices? Is self-advocacy part of your education efforts?

7. ***Inclusiveness:*** **Describe your current membership and membership criteria. How do you plan to expand your membership? How do you include people from diverse racial/ cultural backgrounds in your programs?**

   How many members do you have now? What would make you reject an interested person as a member? What is your plan for increasing your membership? Do you offer programs that meet the needs of different kinds of people (such as evening programs, Spanish speaking groups, and so forth)? What specific outreach does your organization do in racial and cultural minority communities in your area? What plans do you have in place to provide bilingual materials or staff, if requested? Are members of diverse communities represented on your board of directors/advisory board, on staff, or in leadership positions in your organization?

Section three: Proposed services and outcomes (30 points)

Explain how the grant funds will expand the services you are already providing, and what types of outcomes you expect to achieve.

1. ***Program description and scope of service—(20 points)***

   a. ***Core services:*** **Explain in detail how you will provide the core services required.**

      How are these services different from what you are currently offering? What problems, needs or issues will your new services address? How do you know that the new services are needed or desired in your area? How will you provide the core services in a way that will help to address those problems, needs, or issues you want to address? Who will be involved in carrying out the program? What is their role in the program and how will they be actively involved? How are your activities congruent with mental health consumers' stated goals and objectives in developing peer support?

   b. ***Enhanced services (optional):*** **Describe in detail any enhanced services your group or organization will provide beyond the core services described above.**

      How have you determined the need or interest for these enhanced services? How will you meet these needs or interests? How are these services different than those you currently provide? From the core services for the kind of grant you are applying for? How will your membership change because of these new services? How will your service hours change?

      You may propose to provide only core services. If you have already ensured that all core services are available, you may propose to enhance core services with other allowable services consistent with core values.

2. Outcomes – (10 points): Describe the specific outcomes you expect from your activities and strategies and how you will evaluate them.

What do you expect your program to accomplish? For example, will your services do any of the following?

- Increase the number of people involved in peer support?
- Improve people's knowledge about mental illness and recovery?
- Reduce stigma and misunderstanding about mental illness?
- Help people avoid hospitalization or be better able to self-manage symptoms?
- Obtain or stay involved in employment?
- Build stronger support networks?
- Improve the quality of people's lives?
- Help people have a better sense of well-being?
- Help people speak out about issues important to them or other consumers?
- Help people feel more able to do things and solve problems for themselves?

Will people be satisfied with your services? How will you know if these things have happened or are happening?

Section four: Collaboration and support (10 points available)

Provide examples of how you work with other allied groups and individuals in achieving your goals. (Score for this section will be based on the essay response and letters of support provided.)

How does your group or organization collaborate with other organizations and in your local community and statewide? Who are the organizations that you need to work with in order to achieve your goals? Are you aware of other consumer mental health sites in your area? How are you the same and how are you different? Do you work collaboratively with them? How do you work with the local mental health system? What special skills and abilities do you have that you might be able to share with other consumer groups? How do you plan to contribute to the statewide efforts to develop consumer-operated services?

Tool 5: Sample budget form

Budget summary:

Total revenue (Income) from budget sheet below	$_____	These two lines should be the same amount.
Total expenses (Costs) from budget sheet below	$_____	
Difference between total revenue and total expenses	$_____	Difference should be zero.

Revenue (Income)	
Amount applied for from this grant	$
Other foundation/grants	$
Individual contributions	$
Fundraising events	$
United Way or other community campaign	$
Donations from faith-based organizations or other civic groups	$
Other (please specify)	$
	$
	$
Balance forward from previous year	$
Total program revenues (Income)	$

Expenses (Costs)		
Item	**Funded amount**	**Overall budget**
Salaries and wages	$	$
Payroll taxes and fringe benefits	$	$
Professional fees (accounting, audit bookkeeping, audit, legal fees, other consultants/ professionals)	$	$
Travel/transportation	$	$
Equipment	$	$
Office supplies (consumables such as paper, pens, etc.)	$	$
Printing and copying	$	$
Training materials and resources	$	$
Telephone and fax	$	$
Computer/Internet costs	$	$
Postage and mailing	$	$
Rent	$	$
Utilities	$	$
Meeting accessibility requirements (please specify)	$	$
Insurance	$	$
ADA accommodations or language interpretation	$	$
Other (please specify)	$	$
	$	$
	$	$
	$	$
Total program expenses (Costs)	$	$

Tool 6: Sample fundraising strategy form

This organization requires each grantee to seek at least three additional sources of funding, in addition to applying for funding from us. For example, money can be raised by writing grants to foundations or local governments, soliciting from charitable or civic groups in your community, doing general fundraising, or organizing special events.

Please identify at least three potential sources of additional funding below.

Source	Approximate amount of money you plan to apply for or hope to raise
	$
	$
	$
Additional sources (optional)	
	$
	$
	$
	$

Please write below a short narrative explaining who will implement this fundraising strategy and how it will be done.

Consumer-operated services glossary

- **Peer support** means supportive interactions based on shared experience among members, participants, staff, and volunteers that are face to face or by telephone, intended to assist people to understand their potential and ability to achieve their personal goals and recovery. Peer support is based on acceptance, trust, respect, and mutual support.
- **Telephone support** means peer support by telephone provided to members and participants or to others who contact the agency during business hours.
- **Warm line** means a separate program within a peer support agency that offers on-call telephone peer support services to members, participants, and others who want or need assistance with crises. Warm line services are provided by trained staff in the hours during which the peer support agency is closed.
- **Wellness Training** is training provided by, or sponsored by, a peer support agency and is intended to enhance a participant's ability to attain and maintain his or her emotional health and recovery from mental illness.
- **Outreach** is any community-based activity, face to face or by telephone, designed to contact people meeting membership criteria. At a minimum, outreach provides support to members and participants who are unable to attend peer support agency activities, by visiting people who are psychiatrically hospitalized, and reaching out to people who meet membership criteria and are homeless.
- **Vocational support** consists of the provision of peer support intended to promote a member's or a participant's competitive employment.
- **Crisis respite** means a 24-hour short-term, nonmedical program designed as an alternative to hospitalization that is operated by peer support agency staff trained in methods designed to address the needs of consumers experiencing crises.
- **Residential services** means support and assistance provided by a peer support agency to a member or participant in his or her home or apartment.
- **Individual peer assistance** means assisting adults to locate, obtain, and maintain services and supports through referral, consumer education, and self-empowerment, providing support for individuals who are identifying problems to be addressed and/or resolving grievances, and promoting self-advocacy.
- **Monthly educational event** means monthly presentation of information, which, at a minimum, includes the following over the course of a year: rights protection, peer advocacy, recovery, wellness management, and community resources.

Expectations and deliverables

Contractors will be required to

- Provide peer support services as defined in the Definitions of Service. These activities shall assist people in their mental health recovery by providing an opportunity to learn wellness strategies, develop mutually beneficial relationships, and increase individual independence.
- Initiate services identified by [date].
- Develop a written communication plan to assure the coordination and regular flow of information between the contractor, Office of Consumer Affairs, and consumer-run organizations across the state.
- Maintain records of membership for purposes of validation of annual board elections and to support efficient and regular communications with membership regarding Contractor activities.
  - Convene at least monthly membership meetings to support the empowerment and inclusion of the membership in Contractor policy and program development.
- Provide staff training, staff development, and orientation.
  - Obtain and provide the following training for staff on an annual basis: peer support, warm line, facilitating peer support groups, conflict resolution, sexual harassment, and member rights.
  - Administrative staff, including the Director, shall participate in trainings on staff development, supervision, performance appraisals, employment practices, harassment, program development, complaints and the complaint process, and financial management.
- Support the recruitment and training of individuals for serving on local, regional, and state mental health policy, planning, and advisory initiatives. This shall be accomplished by the participation of individuals not identified as the Contractor's employees in leadership development meetings, workshops, and training events.
- Meet as necessary and appropriate with other regional community support organizations that serve the same populations, e.g., mental health center, area homeless shelter, community action programs, housing agencies, etc.
- Obtain written approval from the Department of Mental Health before attempting to operate programs within the confines of a local mental health center.
- Establish and maintain a grievance process whereby a member or consumer may report an issue, problem, or concern. The grievance process shall include mechanisms for grievances, formal investigation of grievances, and notification to a complainant that issues unresolved after investigation by the Contractor's designee may be appealed to the Department of Mental Health.

The contractor's board of directors shall

- Apprise the Department of Mental Health of any changes to the bylaws.
- Maintain written records of Board meetings to include topics discussed, actions, and vote results. Minutes shall also reflect a monthly review of the agency financial status.
- Assure that the Contractor has a written grievance policy and procedure for both staff and members, and maintains written records of complaints and actions taken. The Board minutes shall document that the Board is apprised of any complaints and their resolution monthly.

- Assure that the Contractor maintains appropriate and adequate insurance including comprehensive general liability insurance against all claims of bodily injury, death, or property damage; a fidelity bond, covering the activities of all the Contractor's employees or agents with authority to control or have access to any funds provided under this Agreement; statutory workers' compensation and employees' liability insurance for all employees engaged in the performance of the services; and tenant's or homeowner's insurance coverage for all office space and materials.
- Have a documented orientation process and manual for Directors.
- Have annual training related to roles and responsibilities of Directors, including fiduciary responsibilities.
- Assure that the Contractor has a written plan to ensure smooth operation of the organization during periods of absence, staff turnover, or other unexpected events.
- Assure that the Contractor has an accounting manual specific to the agency. The accounting manual shall include, but not be limited to, the following: Cash Management including cash receipts, cash disbursements, and petty cash; Accounts Payable/Receivable Procedures, payroll, and fixed assets; Internal Control Procedures; and Expense Reimbursement and Advance Policy.

Documentation and reporting

The contractor shall

- Report monthly [quarterly] on number of services and educational events provided by objective, detailing number of hours of service, usage information, and other data elements required by the Department of Mental Health.
- Participate in monthly [quarterly] teleconference meetings with contract manager to review the monthly [quarterly] services report and financial status report.
- Provide quality improvement reports as required by the Department of Mental Health.
- Conduct an annual member satisfaction evaluation, by survey or focus group, with a written report of the findings submitted to the Department of Mental Health.

Policy fiscal management

The contractor shall

- Maintain detailed fiscal records meeting all the requirements set out in the budget instructions and accounting guidelines. Such fiscal records shall be supported by program reports.
- Employ or contract with a bookkeeper to maintain fiscal records and generate required fiscal reports.
- Submit financial status reports in the format required to the Department of Mental Health within thirty (30) days after the end of the quarter.
- Contract annually for a full fiscal audit, including the funds received under this agreement, by an independent and certified public accounting firm. The results of this audit will be reviewed by the organization Board and delivered to the Department of Mental Health by [date].
- Submit all financial records upon request for review by the Department of Mental health or its designee.
- Obtain prior approval from the contract manager before making purchases with these funds that total $____ or more.
- Provide The Department of Mental Health with proof of insurance upon request.

Tool 8: Example of boilerplate letter of agreement for a fiscal agent and a consumer-operated service

NOTE: This is a very basic agreement. Consumer-operated services and fiscal sponsors should tailor this document to reflect the nature of your agreement, including specific responsibilities for both the fiscal sponsor and the consumer-operated service. All such agreements should be reviewed by legal counsel.

(Date)

This is to verify the temporary agreement between (fiscal sponsor name) *and* (consumer-operated service name) *for* (fiscal sponsor name) *to act as a fiscal sponsor to* (consumer-operated service name).

DESCRIBE the Fiscal Sponsor: (fiscal sponsor name) *is a nonprofit corporation, exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"). It is formed for purposes, which include …*

DESCRIBE the Group: (consumer-operated service name) *is formed for the purposes of …… At the present time it* (choose from below or insert correct description of legal status)

- *Is an unincorporated organization and has provided* (fiscal sponsor name) *with documentation as needed or requested, showing* (consumer-operated service name) *separate existence as an unincorporated association.*
- *Is a _____ nonprofit corporation which is, and shall be throughout the duration of this Agreement, organized and operated for tax-exempt purposes described in the federal Internal Revenue Code Section 501(c)(3).*
- *Has applied to the Internal Revenue Service for recognition of its tax-exempt status and shall keep Grantor informed on the progress of its application.*

As a fiscal sponsor, (fiscal sponsor name) *will lend its tax exempt status to* (consumer-operated service name) *for the purpose of* (consumer-operated service name) *application for grants requiring nonprofit qualification and to provide temporary fiscal management for funds awarded to* (consumer-operated service name) *by the _____ Grant program.*

(FISCAL SPONSOR NAME) *Responsibilities*

(Fiscal sponsor name) *understands that they are the legal applicant for this grant, agrees to redistribute funds to* (consumer-operated service name) *and is responsible for all published requirements of the _____ Grant program. This includes contracts, fiscal records and audits, and other documentation or compliance requirements.*

(Fiscal sponsor name) *agrees to receive and disburse to* (consumer-operated service name) *funds awarded to* (consumer-operated service name) *by the _____ Grant program.*

(Fiscal sponsor name) *agrees to identify the schedule and mechanisms by which fiscal agent will disburse funds to* (consumer-operated service name), *including procedures for requisition, documentation, and receipts.*

(Fiscal sponsor name) *acknowledges that it does not hold governance authority over* (consumer-operated service name) *for its activities under this grant, but will apprise and advise* (consumer-operated service name) *when program operations are in conflict with good fiscal management.*

(Fiscal sponsor name) *further acknowledges that it will provide assistance and practical support to* (consumer-operated service name) *to establish adequate internal capacity such as, but not limited to, fiscal policies, bookkeeping, accountability and decisionmaking mechanisms so that* (consumer-operated service name) *can assume responsibility for full fiscal management by* _____(Date).

(CONSUMER-OPERATED SERVICE NAME) ***Responsibilities***

(Consumer-operated service name) *acknowledges that* (fiscal sponsor name) *is the legal applicant for this grant and is responsible for all published requirements of the* _____ *Grant program. This includes contracts, fiscal records and audits, and other documentation or compliance requirements.*

(Consumer-operated service name) *agrees to receive and use funds disbursed by* (fiscal sponsor name) *solely for the purposes and requirements outlined in the* _____*Grant program.*

(Consumer-operated service name) *will supply* (fiscal sponsor name) *with all necessary information for reporting and fiscal records in a timely manner.*

(Consumer-operated service name) *will inform* (fiscal sponsor name) *of any changes in the proposed project.*

(Consumer-operated service name) *will collaborate with the fiscal agent to establish adequate internal capacity such as, but not limited to, fiscal policies, bookkeeping, accountability and decisionmaking mechanisms so that* (consumer-operated service name) *can assume responsibility for full fiscal management by* _____(Date).

In the following section, outline specific Stipulations and Conditions that are part of this agreement.

- State rights of (fiscal sponsor name) under breach of agreement by (consumer-operated service name)
- State rights of (consumer-operated service name) under breach of agreement by (fiscal sponsor name)
- State conditions where the agreement would be terminated
- State procedure for conflict negotiation or dispute mediation
- State any administrative fees collected by fiscal sponsor
- State any additional responsibilities such as program management or budget control

_____

Signature of Authorizing Representative of (consumer-operated service name)

_____

Name and title typed

_____

Signature of Authorizing Representative of (fiscal sponsor name)

_____

Name and title typed

Tool 9: Example of consumer satisfaction survey

We want your opinion! Please answer the following questions about your experience with this program. Your answers are confidential.

DIRECTIONS: Circle the number that best describes your agreement or disagreement (5 = strongly agree; 1 = strongly disagree) with each statement. There is a place for comments at the end. You can use the back of this page for more comments.

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	5	4	3	2	1
1. People care about me here	❑	❑	❑	❑	❑
2. I can be myself here	❑	❑	❑	❑	❑
3. I feel involved in making decisions about rules and policies here	❑	❑	❑	❑	❑
4. People stick up for each other	❑	❑	❑	❑	❑
5. When I need help there is always someone available	❑	❑	❑	❑	❑
6. The services and activities here are helpful to me	❑	❑	❑	❑	❑
7. I can say what I think here	❑	❑	❑	❑	❑
8. I feel safe here	❑	❑	❑	❑	❑
9. I feel comfortable here	❑	❑	❑	❑	❑
10. People get away with things that are rude or upsetting to others here	❑	❑	❑	❑	❑
11. I am needed here	❑	❑	❑	❑	❑
12. I believe I have something to offer others here	❑	❑	❑	❑	❑
13. Since I started coming here, I feel better about myself	❑	❑	❑	❑	❑
14. Since I started coming here, I am able to deal with my problems better	❑	❑	❑	❑	❑
Things I really like about this place:					
Things I'd like to see this place do differently:					

This fact sheet was adapted from material developed by the U.S. Department of Agriculture National Rural Development Partnership. Available online: **http://www.rurdev.usda.gov/rbs/ezec/toolbox/501c3factsheet.html**

Forming a new nonprofit is a process that involves two distinct steps. Generally, interested parties that are not yet a 501(c)(3) will need to file articles of incorporation with the appropriate agency in their state (usually the Secretary of State). Next, they will also need to secure federal income tax exemption by filing the appropriate forms with the Internal Revenue Service (IRS). Local bar associations may be able to direct you to pro bono or reduced-cost legal services from lawyers experienced in the nonprofit sector. Please be aware that it usually takes 4 to 6 months to go through the process.

When in the process of procuring and filing the appropriate forms required to apply for nonprofit incorporation, you may want to contact the state charity registration office. Be aware that procedures vary from state to state, so each party should consult with an attorney.

Steps and considerations in attaining 501(c)(3) status

Understand the purpose and process of attaining a 501(c)(3).

Get technical assistance or consult with a lawyer with experience working in the nonprofit sector. These services may be available pro bono.

Preparation

Budget $500 for the application fees.

Form a committee of Trustees or Incorporators responsible for the process. This group has primary responsibility for developing bylaws and dealing with preparation of Articles of Incorporation and other documents for the IRS application.

Choose an organization name that meets the regulations of the state.

Obtain Tax ID Number using IRS Form SS4: Application for Employee Identification Number.

Develop a budget for the next 2 years.

1. File articles of incorporation with the state

Prepare bylaws and articles of incorporation. These may be modified versions of the bylaws and articles of incorporation that other similar organizations have submitted to the IRS in their 501(c)(3) applications. Many states have "fill in the blank" forms available for creating articles of incorporation. Bylaws are the organization's basic rules and procedures. Ask other nonprofit groups or look on the Internet for examples of bylaws to adapt.

Parties and their incorporators will develop and approve the bylaws and the rules governing how candidates run for and serve on the Executive Board.

Incorporators will not automatically become Executive Board members of the nonprofit, but must be appointed or run for their positions.

File articles of incorporation with a secretary of state and pay any registration/filing fee.

When incorporation paperwork is received and bylaws are written, file for 501(c)(3) status with the IRS.

2. Apply for 501(c)(3) with the Internal Revenue Service (IRS)

- Get application documents:
  - Form 8718: User Fee for Exempt Organization Determination Letter Request (basically a cover page for your application).
  - IRS Package 1023: Application for Recognition of Exemption. Complete relevant parts 1-4 of Form 1023. Depending upon the kind of exempt organization the organization chooses to be (such as education or charity), you will use different schedules on Form 1023.
- Have ready:
  - Preliminary budget.
  - Organization bylaws.
  - State incorporation documents for the organization.
  - List of "Incorporators" willing to provide signatures.
  - Certified check or money order for filing/application fee (currently $500).

Complete IRS Package 1023 requirements:

- **Part 1:** Administrative information, address (cannot be a PO Box), attach incorporation document, bylaws and articles, signature by officer.
- **Part 2:** Describe activities in detail. Must specify that your organization is not financially accountable to another organization or involved in politics or influencing legislation.
- **Part 3:** Administrative information. Examine the application and fill out relevant "schedules" according to any special activities of your Organization.
- **Part 4:** Financial statements. May want to base this on a template developed by an accountant or one used by other similar organizations in their nonprofit status applications.

Help and forms are available on the IRS Web site at http://www.irs.gov. To find the correct amount for user fees and the length of time to process a request, call 1.877.829.5500 for assistance from the IRS.

Common mistakes made by new 501(c)(3) organizations

We recognize that each state is different and that certain requirements may be different when responding to IRS.

Form 990: IRS Form 990 is the annual "Return of Organization Exempt From Income Tax." It is not required when gross receipts are less than $25,000. It might be a better idea to file a "blank" Form 990 than to not file at all. To file a blank return, complete all the identifying information at the top of the return, check the box indicating that gross receipts are normally less than $25,000, sign and date the return, and send it to IRS, Ogden, Utah 84201.

Employment taxes: It is never a good idea to ignore a Form 941, "Employer's Quarterly Federal Tax Return," sent to you by the IRS. If you do not need to file the return because you had no payroll for the quarter, or because you have no employees, complete the return anyway, and send it in (keeping a copy for your own records). Many organizations overlook the need to report payments or income of $600 or more to the IRS. Awards, fees, and similar payments must be reported on Form 1099-MISC, which must be sent to the recipient no later than January 31, and to the IRS, with a Form 1096 transmittal, no later than February 28.

There are eight types of tax-exempt 501(c)(3) organizations: charitable; religious; educational; scientific; literary organizations; those that test for public safety; those that support national and international sports competitions; and those that work to prevent cruelty to children or animals. Many community and economic development organizations have chosen to classify themselves as educational organizations. However, be aware that 501(c)(3) public charities are supposed to receive at least one-third of their support from the general public. Some organizations rely heavily on donations from founders or board members, or go back year after year to the same foundations or corporations for income, which may not count as "public" support.

Many organizations keep their members informed with a regular newsletter or via a Web site and help defray the costs by accepting paid advertising. Unfortunately, the IRS considers this advertising income to be unrelated to exempt purposes and, therefore, taxable. Up to $1,000 in unrelated income can be earned without having to pay a tax, but an organization that receives at least $1,000 in advertising or other unrelated receipts must file Form 990-T and pay any tax due.

Frequently asked questions on tax-exempt status

1. How do we get a tax ID number?

Use IRS Form SS-4 to obtain an EIN (Employer Identification Number), an identifying number for all federal tax purposes, whether you plan to have employees or not. You can apply for an EIN separately if you need one immediately (for banking, for instance), or attach a completed Form SS-4 to your application for tax-exempt status. NOTE: This number does not, in any way, indicate whether or not your organization is exempt from tax!

2. How much will it cost to get our tax-exempt status?

The IRS has charged a nonrefundable processing fee for exemption applications since 1987. There is currently a two-tier fee schedule. Organizations whose gross receipts have averaged, or will average, not more than $10,000 per year pay $150. Larger organizations pay $500. A new IRS Revenue Procedure announcing the fees comes out each January; if you are submitting your application late in the year, there may be some benefit to getting it in before January 1.

Other costs you might incur when setting up a new nonprofit organization include incorporation, charitable solicitation, and other state or local registration fees (for your articles of incorporation, bylaws, and exemption application professionally prepared).

3. How long will it take to get our tax-exempt status?

The IRS is currently saying that it takes an average of 120 days to process an application. Roughly a quarter to a third of the applications it receives do not require further work and are processed in 6 to 10 weeks.

4. Can we ask for donations before we get our tax-exempt status?

The "effective date" of your group's tax-exempt status will be the day it was originally created. This means that contributions that your organization received after incorporation, but before the IRS issued your exemption letter, will not be tax exempt.

5. Can we pay salaries to our board members? Can we rent a building owned by a board member or purchase equipment from a board member?

Tax law always permits the payment of reasonable compensation for goods or services actually rendered. If the IRS finds that amounts received by insiders are unreasonably high, however, they can fine both the insider who received the payment, and the board members who approved the payment. It is a good idea, therefore, to fully document the board's decisionmaking process when any kind of payment will be made to an insider.

Hints to Remember

When listing your board members on your incorporation papers, make sure that you do not list everybody or they will all have to sign!

When the IRS returns your application for clarification, ensure that all documents are promptly returned to the IRS so as not to delay your application.

Photocopy everything you send to IRS, as documents can be lost.

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