We have reviewed this material in accordance with U.S. Copyright Law and have tried to maximize your ability to use, share, and adapt it. The citation key on the following slide provides information about how you may share and adapt this material.

Copyright holders of content included in this material should contact open.michigan@umich.edu with any questions, corrections, or clarification regarding the use of content.

For more information about how to cite these materials visit http://open.umich.edu/education/about/terms-of-use.

Any medical information in this material is intended to inform and educate and is not a tool for self-diagnosis or a replacement for medical evaluation, advice, diagnosis or treatment by a healthcare professional. Please speak to your physician if you have questions about your medical condition.

Viewer discretion is advised: Some medical content is graphic and may not be suitable for all viewers.
Citation Key
for more information see: http://open.umich.edu/wiki/CitationPolicy

Use + Share + Adapt
{ Content the copyright holder, author, or law permits you to use, share and adapt. }

- Public Domain – Government: Works that are produced by the U.S. Government. (USC 17 § 105)
- Public Domain – Expired: Works that are no longer protected due to an expired copyright term.
- Public Domain – Self Dedicated: Works that a copyright holder has dedicated to the public domain.
- Creative Commons – Zero Waiver
- Creative Commons – Attribution License
- Creative Commons – Attribution Share Alike License
- Creative Commons – Attribution Noncommercial License
- Creative Commons – Attribution Noncommercial Share Alike License
- GNU – Free Documentation License

Make Your Own Assessment
{ Content Open.Michigan believes can be used, shared, and adapted because it is ineligible for copyright. }

- Public Domain – Ineligible: Works that are ineligible for copyright protection in the U.S. (USC 17 § 102(b)) *laws in your jurisdiction may differ

{ Content Open.Michigan has used under a Fair Use determination. }

- Fair Use: Use of works that is determined to be Fair consistent with the U.S. Copyright Act. (USC 17 § 107) *laws in your jurisdiction may differ

Our determination DOES NOT mean that all uses of this 3rd-party content are Fair Uses and we DO NOT guarantee that your use of the content is Fair.

To use this content you should do your own independent analysis to determine whether or not your use will be Fair.
PubPol 671: Policy & Management in the Nonprofit Sector

Lecture 25: Nonprofits and Civil Society

Neel Hajra
Reminder

- Regular office hour this week, then conversations by appointment through finals period
- Online Evaluations: Consider yourself “exhorted”
Final Paper Hint

- Don’t forget about the optional readings!
Last Class

- Neel explains why the nonprofit sector
- No assigned readings
Modeling the Nonprofit-Government Relationship
Market Niche Model

- Market niche model
  - Alternating mechanisms in competition
  - Describes division of labor and ‘three failures’ theory

- **NP Role:** Provide diversity and innovation that government cannot

- **NP Challenges:** Funding, competitive position
Transaction Model

- Exchange relationship between nonprofits and government
- Explains third party government approach
- **NP Role**: Co-production with government
- **NP Challenges**: Autonomy, trust, diversity
Civil Society Model

• Nonprofit embodies values that are crucial to democracy and good government
• NP Role: Strengthen solidarity and community
• NP Challenges: Government conflict, institutional identity
Civil Society
Why this matters

- A different perspective on the core value proposition for the nonprofit sector
Definitions of Civil Society

- Sphere of social activity that exists beyond family but outside state
- Realm of private action through which individuals can take initiative, express their individuality, and exercise freedom of expression and action
- Collective action around shared interests, purposes and values
Roles of Civil Society

- Enable social capital (bonds of trust and reciprocity that are needed for a democratic society and market economy to function effectively)
- Mediate relationship among family, market, and government
Civil Society Institutions

- Neighborhoods/Communities
- Family
- Houses of Worship
- Voluntary Associations

(can’t be sporadic/occasional)
Mediating Public/Private Dichotomy

PRIVATE

Civil Society

STATE

PUBLIC

Individual/Family

Market
Re-Casting Nonprofits as Community Institutions

- **Tangible manifestation of community**
  - Self-identifying
  - Voluntary action
  - Expression to values

- **Nonprofit avenues for community participation**
  - Volunteer boards
  - Extensive use of volunteers
  - Grassroots (broad individual) support
Nonprofit’s Role in Civil Society

- A mediating institution:
  - Fend off state power
  - Overcome individualism
  - Keeps political and market orders connected to the values of private life
Nonprofit
For-Profit
Gov’t

Traditional Institutional (Market Niches)

For-Profit
Nonprofit
Gov’t

Blurred Institutional (Value Exchanges)

PRIVATE

Individual/Family
Market
Civil Society
State

PUBLIC

Civil Society Perspective (Mediating force)
So which paradigm is it?

- Nonprofit as gap-filler
- Nonprofit as partner
- Nonprofit as mediating force

This is where the DIVERSITY of the sector allows for more than one answer

Sector’s growth (and impending contraction?) might force some ‘sorting’ of this issue
Nonprofits and Democracy
ARE NONPROFITS CRITICAL TO DEMOCRACY?
Viewpoint: Critical to Civil Society

• (just discussed)
Viewpoint: Critical for Pluralism

- Diverse groups competing with one another for control/influence of State
Viewpoint: Barrier to Democracy (mediating institutions)

- Mediating institutions bind individuals to sectarian hostilities
- E.g., French Revolution Outcomes – outlawing intermediate institutions
- E.g., U.S. individual tax deductions – putting personal preference above common good
- E.g., Nonprofits (interest articulators) vs. political parties (interest aggregators)
Viewpoint: Barrier to Democracy (populist)

- Professionalization replacing voluntary involvement
- Elite control, instruments of privilege
- Part of privatization trend
Viewpoint: Irrelevant to Democracy

- Small voice
- Not clear that nonprofits are important to countering the bias toward the advantaged (the wealthy, businesses)
- Growing ties to government
- Limited advocacy; more of an administrative role
Hajra quoting Salamon paraphrasing Churchill

- “The nonprofit sector is the worst support for democracy imaginable, except for all the others”
Policy Principles to Ponder

(Aspen Institute and Gronbjerg/Salamon)
Goals

- Strengthen nonprofit sector
- Improve nonprofit-government relationship
- Fortify independence
Regulation and Accountability

Principles

- Examples:
  - Board self-governance, control against elites
  - Self-promulgated nonprofit standards
  - Minimize transactional inefficiency
  - Avoiding Coercion
Charitable Giving and Volunteerism Principles

- **Examples:**
  - Deduction for non-itemizers
  - Reform foundation taxes/requirements
  - Reform estate tax
  - Community service programs
  - Deductions up to April 15
  - Deduct value of donated services
Funding / Support Principles

- Examples:
  - Move from vendorship (contracts) to partnership & collaboration
  - Contracts: Value outcomes (public good) over financial benchmarks
  - Penalties for untimely payment
  - Allow nonprofit margin like for-profits
  - Reduce reporting requirements
  - Ease procedural barriers
  - Capacity Building
Core Distinction Principles

• Examples:
  ◦ Protect private advocacy
  ◦ No surrender of mission
  ◦ Embrace innovation and research
Coming Challenges for the Nonprofit Sector
Four Trends Since 60’s

- Exponential Growth
- Institutionalization
- Privatization of health/social services
- Sector blur
New Economic Realities

1. Rescue Fantasy
2. Withering Winterland
3. Arbitrary Winnowing
4. Transformation
Funding & Resources

- Contributed, Earned Incomes
- Growth & Resource Competition
Changing Demographics

- “Majority minority” by 2050
- Nonprofit sector could be:
  - Evolving voice of emerging groups
  - Platform for dialogue
Leadership Gap

- “60 percent of nonprofit leaders who participated in the study also predicted that they would have a hard time finding qualified candidates to take those jobs, even though the pool of job seekers is deep, as a result of unemployment in the business world.”

(Bridgespan Study)
Professionalization

- Balance (e.g., professional staff, volunteer board?)
- Role (Mediating institution or service provider?)
Sector Blur

- Continuation of current blurring?
- Or re-trenching?
- Or both?
Course Take-Aways
Sector Perspective

- A toolkit to formulate your own view on the value and appropriate role of the nonprofit sector
As a World Citizen

- Help you see what’s behind the curtain
For Nonprofit Managers

- Anticipate, understand, and solve issues
- Not just what, but why
For Cross-Sector Partners

- Appreciate the impact of inter-sector dynamics on your work with nonprofits
For Policy Makers

- Understand the implications and impact of policies on the nonprofit sector
- Understand the role of the nonprofit sector as an institutional factor in policy making