

**Issues in the Nonprofit Sector: Theory & Practice
PUBPOLM 880.06 (Class Number 20648) 5 credits**

John Glenn School of Public Affairs

COURSE SYLLABUS

Winter 2010

Monday 5:30-8:18 pm

Professor: Dr. Stephanie Moulton

E-mail: moulton.23@osu.edu

Phone: 614.247.8161

Office: 310 U Page Hall

Office Hours: Thursdays 2:00 to 4:00 pm,
or by appointment

Course Description:

This course provides students with a broad overview of the nonprofit sector, exploring historical and legal foundations, the environmental context (and related opportunities and threats), and critical issues for particular nonprofit subsectors. Throughout the course, attention will be placed on managing the **external environment** of nonprofit organizations to **achieve impact**. While all organizations are dependent on their external environments, such dependence is particularly salient for nonprofit organizations who depend on resources (financial and in-kind) from diverse entities (often times with competing interests) for growth and survival. Understanding and assessing this dependence is perhaps one of the most critical tasks for nonprofit leaders and key participants (including government actors) interacting with nonprofit organizations.

While the course draws from theoretical and analytical perspectives that shape the nonprofit sector, emphasis throughout the course is placed on practical application of concepts to equip students with skills that will improve their ability to lead and/or interact with nonprofit organizations in professional settings. The readings represent a mix of scholarly research and contemporary “best practices” for nonprofit organizations. A large portion of the course grade consists of a three-part nonprofit analysis project that culminates in a “business plan” to implement one of the strategic recommendations identified in the analysis. This plan will be prepared for the staff and/or board of a local nonprofit organization.

Course Objectives:

By the end of the course, students will:

- 1) Understand the core functions of nonprofit organizations in society;
- 2) Recognize and be able to assess the key external influences enabling and constraining nonprofit organizations;
- 3) Be able to identify and describe core issues specific to nonprofits in different subsectors;
and
- 4) Identify critical questions and concerns facing the contemporary nonprofit sector.

Required Texts:

1. Frumkin, Peter. (2002). *On Being Nonprofit: A Conceptual and Policy Primer*. Cambridge, MA: Harvard University Press.
2. Crutchfield, Leslie and Heather McLeod Grant. (2008). *Forces for Good: The Six Practices of High Impact Nonprofits*. San Francisco, CA: Jossey-Bass.

Recommended Text:

1. (Handbook) Powell, Walter & Richard Steinberg. (2006). *The Nonprofit Sector: A Research Handbook, 2nd edition*. New Haven: Yale University Press.

Online Materials:

Additional assigned readings for each class will be available online, through the course web portal.

Grading:

Course grades will be assigned based upon the following distribution:

| | Percent of Final Grade |
|--|------------------------|
| Critical Issue Briefs (2 at 10% each) | 20% |
| Project Part I. Impact Assessment | 20% |
| Project Part II. Environmental Scan | 20% |
| Project Part III. Business Plan | 20% |
| Participation in Class Discussions & Project | 20% |
| TOTAL | 100% |

Transformation of numerical grade to a letter grade will be according to the schedule below:

| | | | | | | | |
|----|---------|----|---------|----|---------|----|---------|
| A | 93-100 | B+ | 87-89.9 | C+ | 77-79.9 | D+ | 67-69.9 |
| A- | 90-92.9 | B | 83-86.9 | C | 73-76.9 | D | 60-66.9 |
| | | B- | 80-82.9 | C- | 70-72.9 | E | < 60 |

Assignments:*Critical Issue Briefs:*

During the first 6 weeks of the course (weeks 2-7), students are expected to prepare short (about 2 pages, single spaced) critical issue briefs in response to issues posed by the professor. In addition to enhancing class discussion, these issue briefs are designed to assist students in their written ability to respond to a critical issue or case succinctly and persuasively, incorporating supporting references as appropriate. While there are six opportunities for students to respond to issues or cases in preparation for weekly discussion, each student will be expected to write **at least two** issue briefs throughout the quarter. However, students may prepare more than two, and the top two grades will be recorded.

Students submitting an issue brief for an upcoming class session are required to post an electronic copy of the brief to Carmen by **6 pm on the Sunday before class**. Students will also want to bring a hard copy of their brief to class (and/or notes on their brief) to facilitate class discussion. Each issue brief will be graded based on: (1) the clarity of the student's position on the issue (30%); (2) the appropriate use of supporting documentation (30%); (3) the ability of the student to write succinctly and persuasively (30%); and (4) attention to detail, including spelling and grammar (10%).

Nonprofit Analysis Project:

A significant portion of the course grade (60 percent) will consist of an applied nonprofit analysis project. Students will work in teams of 2-3 students to complete the project. Each student team will be assigned to one nonprofit organization requesting program planning assistance. Teams and nonprofit organizations will be assigned by the second week of class (January 11, 2009).

The project is divided into three parts (and deliverables), with each deliverable worth 20 percent of the final grade. Part 1 consists of an "Impact Analysis" of the focal nonprofit organization, providing core background information about the focal organization and its programs, including logic models for up to 4 of the organizations program areas (inputs, outputs, outcomes, and impact). In addition to providing impact information on 4 programs, students will provide an impact summary for the organization as a whole. These impact summaries can be used by the organization to provide information to stakeholders, such as through The Columbus Foundation's online *PowerPhilanthropy* portrait. Finally, with the input of the nonprofit organization, students will identify one program area to target for increased impact. This may be a new program (not yet developed), or an existing program.

Part 2 consists of an "Environmental Scan" for the nonprofit organization around one program area (new or existing). Students will evaluate the potential opportunities for this program in four areas: community engagement, market strategies/business partnerships, government funding/partnerships, and philanthropic opportunities. Opportunities will be identified through interviews with key organization staff members, board members and/or other relevant organization stakeholders, and through research of strategies for other similar programs provided by similar organizations. The environmental scan will result in the identification of a new *strategy* that can be undertaken by the organization to increase the impact of the program. (The strategy should involve one or more of the four areas listed above, and should be feasible).

Part 3 consists of a "Business Plan" to be delivered to the nonprofit organization. The business plan will flesh out in detail the strategy identified in Part 2, including steps to be taken by the organization to implement the strategy, key staff and resources needed (existing or new), a projected timeline and an estimated budget. After receiving final feedback from the instructor, students will provide a final business plan (hard copy and pdf) to the nonprofit organization, with the Impact Analysis and Environmental Scan as Appendices. Students should provide this to the organization through a formal or informal presentation to key staff or board members.

Participation in Discussions:

Because of the importance of active class discussion, 20 percent of the student's final grade is based on participation in class discussion and participation (level of effort) in the Nonprofit Analysis Project. Participation will be evaluated by the instructor (ongoing), by other classmates (at the end of the quarter), and by the focal nonprofit organization (at the end of the quarter). There is no grade for attendance in this class; however, in order to participate in discussion, students need to be present in class.

Course Policies:

Academic and personal misconduct are defined and dealt with according to the procedures in the Code of Student Conduct (http://studentaffairs.osu.edu/resource_csc.asp). Your work should be original. **Quotation and paraphrasing of other's work without citation will not be accepted.** This includes material downloaded online from websites. For example, material from the nonprofit organization's website and/or other promotional material should be noted as such through footnotes or endnotes. When in doubt, include a citation.

If you cannot turn in your assignment electronically through Carmen, you are responsible for submitting assigned material to the professor through some other means (Page Hall 110B, fax 292-2548 or email a Microsoft Word attachment to moulton.23@osu.edu). Informing the professor of your intention to be absent does not waive your obligation to submit assigned work. **Late work will be accepted with a one-third-letter grade penalty each day that it is late (for example, A- to B+).**

Key Dates/ Assignment Schedule

| | |
|---------|---|
| 1/11/09 | Nonprofit Organization Assigned |
| 2/8/09 | Nonprofit Analysis Part 1: Impact Analysis Due |
| 3/1/09 | Nonprofit Analysis Part 2: Environmental Scan Due |
| 3/15/09 | Nonprofit Analysis Part 3: Business Plan Due |

Detailed Course Schedule

Section I. Fundamental Issues

1/4/10 **Introduction to Issues in the Nonprofit Sector** Review Course Syllabus

Frumkin Chapter 1 (pgs 1-28)

Forces for Good, Introduction & Chapter 1 (pgs 1-29)

Supplemental Readings:

*Salamon Chapter 1 "The Resilient Sector" (pgs 3-61)

*Payton & Moody, "Voluntary Action for the Public Good", Ch. 2 (pgs 27-61)

Study Questions:

1. Discuss the relative importance of the different "defining" characteristics of nonprofit organizations. Which are most important, and why? What should be the essential defining characteristics of nonprofit organizations? To what extent can these be measured or evaluated, and by whom?
 2. Why is the external environment so important for nonprofit organizations? How does this importance compare with the for-profit and government sectors?
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1/11/10 **Scope & Development of the "Third" Sector** **Nonprofit Analysis Group Assigned**

*Handbook: Hall, "A Historical Overview of Philanthropy, Voluntary Associations and Nonprofit Organizations in the United States, 1600-2000", Ch 2 (pgs 32-65)

*Skocpol et al. 2000. "A Nation of Organizers", *American Political Science Review* 94(3): 527-46.

*Handbook: Boris & Steurele, "Scope and Dimension of the Nonprofit Sector", Ch 3 (pgs 66-89)

**Independent Sector, *Nonprofit Almanac*, exec sum <http://www.independentsector.org/PDFs/NAExecSum.pdf>

*NTEE 2007 Desk Reference (pgs 1-172). Browse Only.

Supplemental Readings:

*Campbell, Bruce. 1990. "Social Federalism: The Constitutional Position of Nonprofit Corporations in Nineteenth-Century America," *Law and History Review* 8(2): 149-88.

^Bremmer, Robert H. 1988. *American Philanthropy, 2nd Edition*. The University of Chicago Press.

^Hammock, David C. 1998. *Making the Nonprofit Sector in the United States*. IU Press.

*Ott: Hodgkinson and Weitzman, "Overview: The State of the Independent Sector", Ch 1 (pgs 9-22)

*Boris, Elizabeth. "Nonprofit Organizations in a Democracy: Varied Roles and Responsibilities." (pgs 3-29)

Study Questions:

1. Why is understanding the historical foundation of the sector important for nonprofit leaders today? What does the historical context offer to our understanding of nonprofits that cannot be offered by government or market failure theories (in particular, why do we have nonprofit organizations and philanthropy)?
 2. Drawing from Skocpol et al (2000), how can "historical foundations" of nonprofit organizations be used to shape political agendas? How can these political agendas in turn shape the future of the sector? Examples?
 3. Discuss the diversity of the nonprofit "sector." How do the different ways that nonprofits can be described (funding, activities, volunteerism, etc) impact issues facing the sector as a whole? How can the statistics be skewed to emphasize various facets of nonprofit organizations disproportionately?
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1/18/10

The Case for (and against) Tax Exemption

- *Ott: Scrivner, "A Brief History of Tax Policy Changes Affecting Charitable Organizations", Ch 10 (pgs 126-142)
- *Handbook: Simon et al, "The Federal Tax Treatment of Charitable Organizations," Ch 12 (pgs 267-306)
- *Grimm, Robert T. 1999. "Reforming Property Tax Exemption Policy in the Nonprofit Sector" *Nonprofit Management and Leadership* 9(3): 241-259.
- *Bloche, Gregg. 2006. "Tax Preferences for Nonprofits: From Per Se Exemption to Pay-For-Performance", *Health Affairs* June 20, 2006. 304-307.

Supplemental Readings:

- ^Handbook: Brody, "The Legal Framework for Nonprofit Organizations", Ch 11 (pgs 243-266).
- *Hansmann, Henry, "The Rationale for Exempting Nonprofit Organizations from Corporate Income Taxation," *The Yale Law Journal*, 91(1): 54-100.
- *Rushton, Michael. 2007. "Why are Nonprofits Exempt from the Corporate Income Tax?" *Nonprofit and Voluntary Sector Quarterly* 36(4): 662-675.

Study Questions:

1. Be able to describe the different rationales for nonprofit tax exemption. Why is the "selection" of a rationale important for public policy and issues facing nonprofit organizations (and how does the selection of one rationale effect policy differently than the selection of another rationale)? Which rationale is the best?
2. What are the ramifications of nonprofit tax exemption? For the nonprofit organization? For local and state governments? For federal government? For private businesses?
3. Are proposals to reform tax exemption viable? Why or why not? Which proposals are more viable than others?

Section II. Environmental Context

1/25/10

Nonprofits, Social Capital & Collaboration

- Frumkin Chapter 2 (pages 29-63)
- Forces for Good Chapter 5 (pages 104-127)
- *Putnam, Robert D. and Lewis Feldstein. 2003. "Introduction," in *Better Together: Restoring the American Community*. (pages 1-10)
- *Putnam, Robert D. 1995. "Bowling Alone: America's Declining Social Capital", *Journal of Democracy* 6(1): 65-78.
- *Stolle, Dietlind and Marc Hooghe. 2004. "Inaccurate, Exceptional or Irrelevant? The Debate About the Decline of Social Capital and Civic Engagement in Western Societies" *British Journal of Political Science* 35: 149-167.
- *Reid, Elizabeth. 1998. "Nonprofit Advocacy and Political Participation," in Boris and Steuerle, eds., *Nonprofits and Government: Collaboration and Conflict*. Washington, DC: Urban Institute Press. (pgs 291-325) SKIM

Supplemental Readings:

- *Berry, Jeffrey. 2003. "Politically Effective Nonprofits", in *A Voice for Nonprofits*, pages 122-145.
- *Bernstein, David. 2004. "Expressive Association After Dale." *Social Philosophy and Policy*.
- ^Handbook: Clemens, "The Constitution of Citizens" Ch 9 (pgs 207-220).
- ^Handbook: Jenkins. 2007. "Nonprofit Organizations and Political Advocacy" Ch 13, pages 307-332.
- ^Putnam, Robert D. 2000. *Bowling Alone: The Collapse and Revival of American Community*. S&S
- ^Putnam, Robert D. & Lewis Feldstein. 2003. *Better Together: Restoring the American Community*. S&S

Study Questions:

1. What is social capital, and what is the potential connection between nonprofit organizations and social capital? Is there a decline in social capital? Be able to engage in the debate over Putnam's observations.
2. Describe the different ways that nonprofit organizations can promote or facilitate political participation. How does this relate to pluralism? Discuss opportunities and threats with nonprofit political participation.
3. How does the discussion in *Forces for Good* about building a nonprofit network relate to the more "traditional" notions of social capital and political participation in the nonprofit sector? What are some general opportunities and threats of collaboration with other nonprofits and the community at large?

2/1/10

Nonprofits and Government

Frumkin Chapter 3 (pages 64-95)

Forces for Good Chapter 2 (pages 30-54)

*Gronbjerg and Salamon. 2003. "Devolution, Marketization, and the Changing Shape of Government-Nonprofit Relations", in Salamon, ed., *The State of Nonprofit America*, Washington, DC: Brookings. (pgs 447-470).

*Gazley, Beth and Jeffrey Brudney. 2007. "The Purpose (and Perils) of Government-Nonprofit Partnership," *Nonprofit and Voluntary Sector Quarterly* 36(3): 389-415.

Supplemental Readings:

*Bachman, Robin. 2005. "Examining the Organizational Benefits and Burdens of New Funding for a New York Nonprofit", Master's Thesis, *Virginia Polytechnic Institute and State University* (CASE STUDY)

*Sanger, M. Byrna. 2003. "Nonprofits: Meeting New Challenges," in *The Welfare Marketplace*, Washington, DC: Brookings. (pgs 49-71).

^Handbook: Smith and Gronbjerg, "Scope and Theory of Government-Nonprofit Relations", Ch 10 (pgs 221-42)

*Young, Dennis. 1998. "Complimentary, Supplementary, or Adversarial? A Theoretical and Historical Examination of Nonprofit-Government Relations in the United States," in Boris and Steuerle, eds., *Nonprofits and Government: Collaboration and Conflict*. Washington, DC: Urban Institute Press. (pgs 31-67).

Study Questions:

1. Explain and evaluate the "failure theories" for nonprofit service provision. Are they sufficient? Why or why not? Are nonprofit organizations and government supplementary, complimentary or adversarial?
2. Discuss how an organization may combine direct service provision and advocacy. What are the key components that need to be in place for this combination to be effective? Should most nonprofits engaged in direct service also strive to engage in advocacy? Why or why not?
3. Why do nonprofit organizations (really- in their own words) collaborate with government? In general, what opportunities and threats arise from nonprofit-government collaboration?

2/08/10

Nonprofits, Private Donors & Philanthropy

ANALYSYS PROJECT PART 1 DUE

Discuss Analysis Project Part 2

Frumkin Chapter 4 (pages 96-128)

Forces for Good Chapter 4 (pages 81-103)

*Handbook: Havens, O'Herlihy and Schervish. "Charitable Giving: How Much, by Whom, to What, and How?" Ch 23 (pages 542-567)

*Weisbrod, Burton. 1988. "Charitable Donations", in *The Nonprofit Economy*, Cambridge, MA: Harvard University Press. (pages 88-106).

*Lenkowsky, Leslie. 2004. "Big Bequests: Burdens or Blessings?" *Chronicle of Philanthropy*, February 19, 2004.

Supplemental Readings

- *Elliott, Stuart. 2008. "When a Corporate Donation Raises Protests," in *The New York Times*, March 12, 2008.
- *Strom, Stephanie. 2006. "New Wealth Leaves the Salvation Army with Worries Concerning its Mission", in *The New York Times*, August 4, 2006.
- *Salter, Stephanie 2004. "Big Money Means Needing Even More", in *The San Francisco Chronicle*, March 7, 2004.
- ^Handbook: Vesterlund. "Why do People Give?" Ch 24 (pages 568-587)
- *Frumkin, Peter and Mark Kim. 2001 " Strategic Positioning and the Financing of Nonprofit Organizations: Is Efficiency Rewarded in the Contributions Marketplace? *Public Administration Review* 61(3): 266-275.
- *Horne, Christopher, Janet Johnson and David VanSlyke. 2005. "Do Charitable Donors Know Enough- and Care Enough- About Government Subsidies to Affect Private Giving to Nonprofit Organizations?" *Nonprofit and Voluntary Sector Quarterly*, 34(1): 136-149.
- *Light, Paul. 2004. "Fact Sheet on the Continued Crisis in Charitable Giving," Brookings Institution, online at: <http://www.brookings.edu/views/papers/light/20040913.pdf>

Study Questions:

1. Why do individuals make philanthropic donations (of time or money)? Which rationales do you find most compelling? How can nonprofit organizations utilize this information to increase their resources?
2. What are some of the conflicts that arise from donations? How does this relate to the idea of "factions" and an elitist mentality? Is this a substantiated threat?
3. Should the values and vision of donors preside over organizational "common sense?" When should an organization (if ever) turn away a donation?

2/15/10

Nonprofits and the Market

Frumkin Chapter 5 (pages 129-162)

Forces for Good Chapter 3 (pages 55-80)

- *Young, Dennis and Lester Salamon. 2002. "Commercialization, Social Ventures, and For-Profit Competition," in Salamon, eds, *The State of Nonprofit America*, (pages 423-446).
- *Weisbrod, Burton. 1998. "The Nonprofit Mission and its Financing: Growing Links Between Nonprofits and the Rest of the Economy" in Weisbrod, eds *To Profit or Not to Profit* (pages 1-24).
- *Handbook: Galaskiewicz and Sinclair-Colman, "Collaboration Between Corporations and Nonprofit Organizations", Ch 8 (pages 180-204).

Supplemental Readings

- *IRS Report (2006): "Credit Counseling Compliance Project", http://www.irs.gov/pub/irs-tege/cc_report.pdf
- ^Handbook: Brown and Slivinski. "Nonprofit Organizations and the Market" Ch 6 (pages 140-158).
- *Light, Paul. 2006. "Reshaping Social Entrepreneurship," *Stanford Social Innovation Review*.
- *Eikenberry, Angela and Jodie Drapal Kluver. 2004. "The Marketization of the Nonprofit Sector: Civil Society at Risk?" *Public Administration Review* 64(2): 132-140.

Study Questions:

1. What is a social entrepreneur, and what formal and informal position/role do they play in an organization? What is meant by a "supply-side" rationale, rather than demand-side?
2. Discuss the different methods to "leverage business." Which methods are most common? Most effective?
3. Are concerns about the commercialization of the nonprofit sector substantiated? Why or why not? What are the opportunities and threats of integrating market forces into nonprofit organizations?

Section III. Applying the Concepts- Moving Forward

2/22/10 **Business Planning for Nonprofits** Discuss Analysis Project Part 3

*Review business planning materials posted to Carmen

Nonprofit Analysis Group Presentation & Discussion of Parts 1-3 (Highlight Selected Strategy)

- Community Development Collaborative of Greater Columbus
- Finance Fund
- Furniture Bank of Central Ohio

Come to class prepared to discuss the selected strategy for your nonprofit organization, including how it was selected (Part 2 assignment) and how you intend to flesh out the business plan. We will spend about 30 minutes in class discussing each nonprofit organization and identified strategy.

3/1/10 **Group Presentations (Cont.)** **ANALYSYS PROJECT PART 2 DUE**

Nonprofit Analysis Group Presentation & Discussion of Parts 1-3 (Highlight Selected Strategy)

- Simply Living
- PLAN of Central Ohio
- Heart of Ohio Family Health Centers
- Camp Fire USA Central Ohio Council

Come to class prepared to discuss the selected strategy for your nonprofit organization, including how it was selected (Part 2 assignment) and how you intend to flesh out the business plan. We will spend about 30 minutes in class discussing each nonprofit organization and identified strategy.

3/8/10 **The Future of Nonprofit Organizations** Course Summary

Frumkin Chapter 6 (pages 163-182)

Forces for Good Chapter 9 (pages 207-224)

*Weisbrod, Burton. 1997. "The Future of the Nonprofit Sector: Its Entwining with Private Enterprise and Government," *Journal of Policy Analysis and Management* 16(4): 541-555.

*Ben-Ner, Avner. 2002. "The Shifting Boundaries of the Mixed Economy and the Future of the Nonprofit Sector", *Annals of Public and Cooperative Economics* 73(1): 5-40.

Study Questions:

1. What are the most substantial opportunities and threats for the nonprofit sector as a whole?
 2. What unique challenges face different nonprofit subsectors (arts, education, social services, health, etc.) or different roles (political advocacy, innovation, service provision, community building, etc.)?
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3/15/10 **Final Exam Week (No Final Exam)** **ANALYSYS PROJECT PART 3 DUE**

Online Resources

Guidestar: www.guidestar.org, web database of all IRS registered charitable nonprofits, includes access to form 990's with free required registration.

IRS: www.irs.gov and follow links for charities and nonprofits; resources for organizations seeking tax exempt status and codebook and list of registered nonprofits.

Urban Institute: www.urban.org, follow link under All Policy Centers to Center of Nonprofits and Philanthropy. Also see the links to the National Center for Charitable Statistics, which serves as a clearinghouse for data on the nonprofit sector, including information on the National Taxonomy of Exempt Entities (NTEE) classification system for nonprofits used by the IRS.

Better Business Bureau: www.bbb.org/charity, for charities and donors provides charity reports and standards for charities, resulting in "BBB Accredited Charities".

Independent Sector: www.independentsector.org, coalition with resources to improve the nonprofit sector, including detailed information about the new IRS form 990 and 990-EZ (and 990-N postcard).

Idealist: www.idealists.org, interactive site for nonprofits to share resources and ideas (includes blogs and news updates).

Charity Navigator: www.charitynavigator.org, evaluates the financial health of charities receiving at least \$500,000 per year in public support (donations)

National Association of State Charity Officials: www.nasco.org, provides information about charitable associations and fundraising from an association of state oversight offices for charities.

Venture Philanthropy Partners: www.vppartners.org, a philanthropic investment organization that provides resources to create high performing nonprofits (and partnerships) specifically for low income children.

Local Resources:

Columbus Foundation's Power Philanthropy: www.columbusfoundation.org, provides detailed information (including 990's) for local nonprofit organizations; free registration required.