

Indiana Local Government Officials' Grant and Contract Considerations

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In this briefing, we examine what factors local government officials (LGOs) consider when awarding grants and contracts to nonprofits. It is part of a series examining nonprofit-government relations in Indiana from the *Indiana Nonprofits Project: Scope and Community Dimensions*. Other briefings have examined preparedness for major disasters and reliance on nonprofits, the extent of government contracting with nonprofits, LGO trust in nonprofits, and payments and services in lieu of taxes (PILOTs and SILOTs).

The data for these briefings come from periodic surveys by the *Indiana Advisory Commission on Intergovernmental Relations* (IACIR) on issues affecting local governments and residents in Indiana. This briefing relies on data from the 2020 survey.¹

Quick Facts:

- Local government officials (LGOs) rate quality of services as the single most important consideration when awarding grants and contracts to nonprofits.
- LGOs rate nonprofit organizational capacity significantly more important than their own contract management capacity when awarding grants and contracts.
- LGOs that have strong working relationships with and trust nonprofits are significantly more likely to find quality of services, nonprofit organizational capacity, and contract management important when awarding grants and contracts.
- LGOs that represent more vulnerable communities, as indicated by a high score on the social vulnerability index and greater reliance on food stamps, are significantly less likely to find quality of services important when awarding grants and contracts.

¹ The IACIR surveyed 2,002 local government officials (LGOs) in 2020 (31 percent effective response rate). See <https://iacir-web.sitehost.iu.edu/publications.htm>.

Why would LGOs provide grants and contracts to nonprofits?

The diverse services needed by local communities² are often too extensive for local governments to independently provide. LGOs may choose to provide some services directly (e.g., law enforcement, roads, and parks and recreation) or collaborate/contract with other units of government (local, state, federal). They may also wish to leverage the expertise held by other institutions such as businesses (e.g., high-speed internet) or nonprofits.

LGOs often choose to contract with nonprofits to provide services to their local communities in program areas where nonprofits are likely to have expertise, such as health and mental health services, social services, arts and culture, education, after-school programs, and environmental protection. These services meet important community needs and enhance the quality of life of local residents, and thus help LGOs meet constituency demands or expectations. While local governments may provide some of these services directly, contracting with local charities and nonprofits allows local governments to leverage nonprofit service capacity to complement and

supplement such services beyond what they can do on their own.

In addition to such service capacity and ability to develop creative solutions to community problems, charitable nonprofits also benefit local governments by lending their credibility and legitimacy to any joint efforts.³ In part, charities do so because they must operate exclusively to advance public and community benefits as specified by the IRS under section 501(c)(3) of the U.S. tax code.⁴ In turn, this commitment makes them eligible to receive tax-deductible donations from individuals and businesses. And importantly, their commitments to public and community benefits align them with similar commitments by local government, creating a basis for strong partnerships.

The grant and contract relationships with local government also benefit nonprofits. Not only do they secure financial resources for their programs, but they have opportunities to engage with local government and help shape future policies for the benefit of their clients and constituents. Being trusted local government partners also enhances their visibility and legitimacy in the community and connects them to

² Local communities receive services from different levels of government, depending on the type of service involved. In Indiana, local governments and municipalities usually have primary responsibilities for police and fire services, local roads, public schools, and more. For general information about state and local government, see <https://www.census.gov/programs-surveys/cog.html>. For a brief overview of state and local government responsibilities, see <https://www.whitehouse.gov/about-the-white-house/>

³ Van Slyke, David M.(2009). Collaboration and relational contracting. In the Collaborative Public Manager: New Ideas for the Twenty-First Century. Edited by Rosemary O’Leary and Lisa B. Bingham.

⁴ This means nonprofits must devote all their economic resources to the recognized exempt purpose. Not only do they not have any owners entitled to a share of profits, but they cannot benefit any private interests in a substantial way. See <https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-501c3-organizations>. Nonprofits registered under other sections of 501(c), such as recreation groups, labor unions, fraternal associations, and business groups, may primarily benefit just their own members, rather than the broader community.

other important institutions in the community.⁵

Historically, government funding to non-profit service providers has driven much of the growth in the nonprofit sector. This growth mainly came in the form of grants and contracts primarily with state and local government units, but very often with the support of federal pass-through funding.⁶

Overall, Indiana charities receive nearly one-quarter (24 percent) of total aggregate nonprofit revenue from government. Indiana human service nonprofits and health nonprofits receive nearly one-third of their total aggregate revenue (33 percent and 32 percent, respectively) from government sources.⁷ Nonprofits' access to government grants and contracts, as well as philanthropic support, allows them to provide services at low (or no cost) to people who cannot afford to pay market rates for services.

To what extent do LGOs contract with nonprofits to provide services?

The 2020 survey of Indiana LGOs asked them to indicate whether various types of services⁸ are provided through particular types of service arrangements. Unless LGOs said they did not provide a particular type of service, they were asked whether the service was provided directly by the local government itself; through agreements or contracts with other units of government, with private for-profit firms, with nonprofit organizations; and/or through some other arrangement. LGOs could indicate whether each service was provided exclusively by one entity (e.g., local government) or a combination of entities (e.g., local government and contracts with nonprofits). Half (50 percent) of LGOs said they have contracted with nonprofits to provide at least one type of service. Among LGOs that report any contracts with nonprofits, the most widespread contracts involved mental

⁵ We are examining these and other dimensions of relationships between local government and local nonprofits in a forthcoming report. Preliminary findings from Desai, Shailey, Doering, Anna, and Grønbjerg, Kirsten A. "Indiana Nonprofits: Importance of the Relationship Between Nonprofits and Local Government." *Indiana University Center for Excellence for Women & Technology Symposium*. [Unpublished poster].

⁶ Prior to the devolution of some federal responsibilities to state and local levels of government during Reagan administration in the 1980s, the federal government also made substantial grants directly to nonprofit organizations. See Grønbjerg, Kirsten A., and Lester A. Salamon. "Devolution, Marketization, and the Changing Shape of Government-Nonprofit Relations." In *The State of Nonprofit America*, edited by Salamon Lester M., pp. 549-86. Brookings Institution Press, 2012.

⁷ For more details on Indiana nonprofit finances, see forthcoming report *Indiana Nonprofits: Financial Resources* by Kirsten A. Grønbjerg, Shijirtuya Munkhbat, and Kellie McGiverin-Bohan. Note, the survey from which these data are derived excluded private nonprofit universities and hospitals. Hospitals generally receive substantial government funding from Medicare and Medicaid payments.

⁸ The services included in the list were (1) child and family welfare services (2) substance abuse prevention and treatment (3) mental health (4) public health (5) free/low-cost health care (6) relief services (food/shelter) (7) information and referral (211 services) (8) police services (9) crime and violence prevention (10) fire services (11) emergency medical services (12) emergency dispatch (13) disaster response and recovery (14) jail (15) juvenile detention (16) corrections – mental health services (17) corrections – addiction services (18) drinking water utility (18) sewer utility (19) solid waste services (20) roads and streets (21) high speed internet/broadband (22) economic development (23) planning/plan commission (24) vocational education and training (25) special education (26) after-school programs and (27) parks and recreation.

health services (40 percent) and substance abuse prevention and treatment (39 percent). This is followed by free/low-cost health care and relief services (33 percent each) and corrections addiction treatment (27 percent).⁹

Grant and Contract Considerations

While local governments benefit in many ways when they award grants and contracts to nonprofits to deliver particular services, they, of course, also lose direct oversight over those areas of services – whether and how the services are provided and to whom.

As a result, LGOs have many factors to consider when deciding whether to award a grant or contract. They must not only identify the needs of their constituents but determine whether those needs are important enough to warrant the allocation of always scarce government revenue. If so, they must also assess whether they have the internal capacity to provide the services directly or whether it is better to leverage the capacity of other institutions, particularly for services requiring significant capital investments (e.g., utilities) or high levels of professional skills (e.g., substance abuse treatment).

If LGOs do not provide particular services directly, they must consider what alternative providers are available. They must also decide which of several criteria are most important when making contract decisions, and which of the available

providers are best to meet those requirements.

In the U.S., many services – particularly health, social assistance, education, and arts, entertainment and recreation – are provided by a mix of for-profit and nonprofit institutions. There are good reasons to think these providers differ in how they approach challenges. For-profits are expected to provide their owners with a return on investments by distributing profits to them; indeed, owners are entitled to and may demand such payments, giving these entities a strong incentive to minimize costs and increase efficiency. Nonprofit institutions do not have owners and – as noted earlier – U.S. tax laws require them to retain any surplus for furthering their missions, suggesting they are likely to give greater weight to quality of services and reaching clients most in need of services.

We focus on which criteria LGOs consider important when awarding grants and contracts to nonprofits. Prior research has shown that government-nonprofit contractual relationships tend to be characterized by collaboration and trust – both of which are created over time through repeated interactions between the agencies.¹⁰ Nonprofit capacity, as indicated by sufficient staffing, expertise, and resources, is also of great importance to government agencies and is usually viewed as indicating the

⁹ For a more detailed description of the types of grants and contracts involved, see forthcoming report *Indiana Local Government Officials' Contracting and Service Arrangements*, by Kirsten A. Grønbjerg and Eric Schmidt.

¹⁰ Van Slyke, David M. (2009). Collaboration and relational contracting. In the *Collaborative Public Manager: New Ideas for the Twenty-First Century*. Edited by Rosemary O'Leary and Lisa B. Bingham.

ability of nonprofits to carry out contract requirements.¹¹

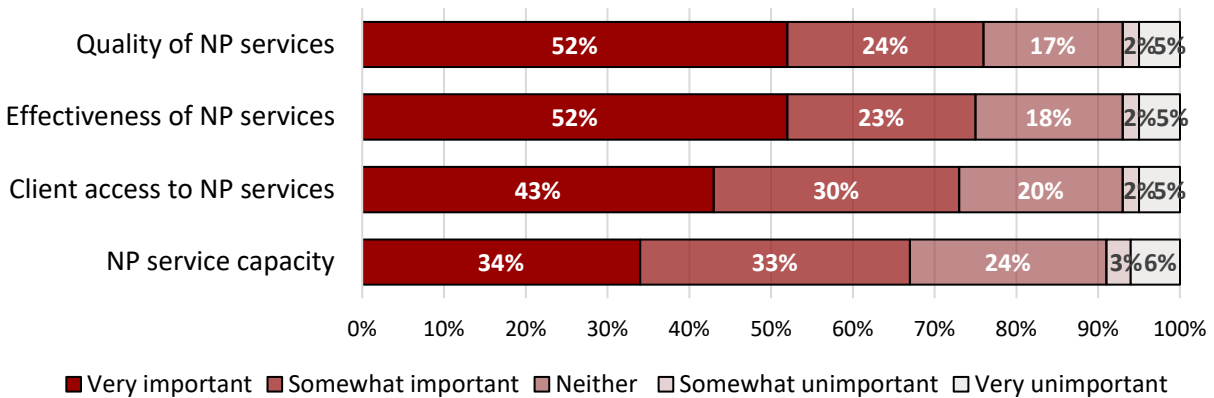
What considerations are most important when LGOs award grants and contracts to nonprofits?

The 2020 LGO survey explored a variety of considerations used by LGOs when awarding grants and contracts to nonprofits. The survey asked LGOs to assess the importance of eight different considerations on a scale from 1 (very unimportant) to 5 (very important). We used statistical techniques to determine that the eight items clustered into two groups, four items for each cluster. We created two scales, one for each group, computed as the average

importance score for the items included in each group.

The organizational capacity scale reflects the organizational capacity of the nonprofit providers and includes considerations of the quality of nonprofit services, the effectiveness of nonprofit services, client access to nonprofit services, and nonprofit service capacity. As shown in Figure 1, more than half (52 percent) of LGOs say the quality and effectiveness of nonprofit services are very important when awarding grants and contracts. More than two-fifths (43 percent) say client access to nonprofit services is very important and more than one-third (34 percent) say that nonprofit service capacity is very important.

Figure 1: LGO's Average Importance of Nonprofit Organizational Capacity Indicators



The contract management scale captures items related to challenges LGOs may face in managing the contract system itself. Two of these items relate to keeping costs down – focusing on the cost efficiency of nonprofit services and the cost of creating/managing effective contract systems. The

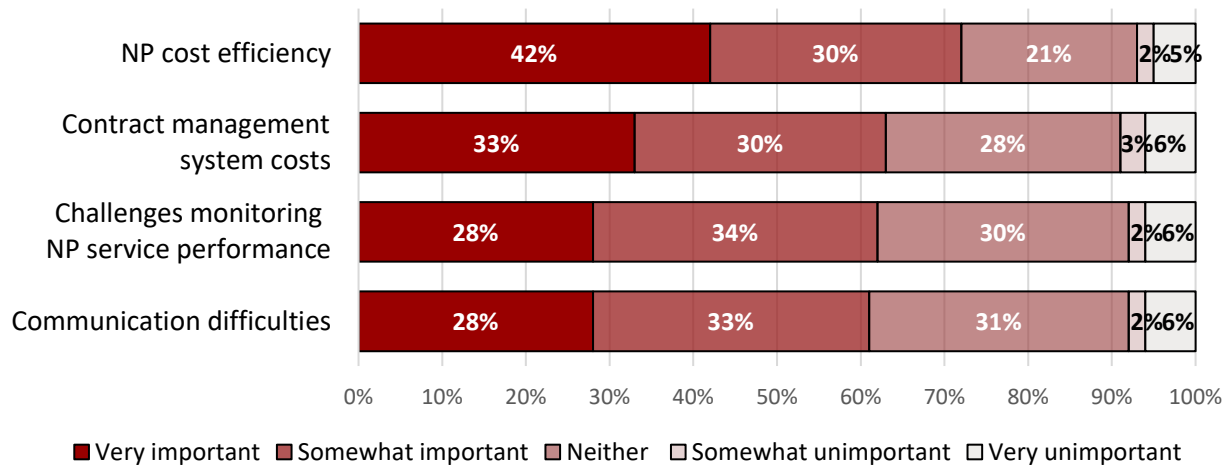
other two relate to managing the contract system itself: monitoring nonprofit service performance and communicating with nonprofit contractors. As shown in Figure 2, the cost efficiency of nonprofit services is considered very important to 42 percent of LGOs, and one-third say that the cost of

¹¹ Fyffe, Saunji D. (2015). "Nonprofit-Government Contracts and Grants: The State Agency Perspective." Urban Institute.

creating and managing effective contract systems is very important. More, one-quarter say challenges in monitoring

nonprofit service performance or difficulties in communicating with nonprofit providers are very important (28 percent each).

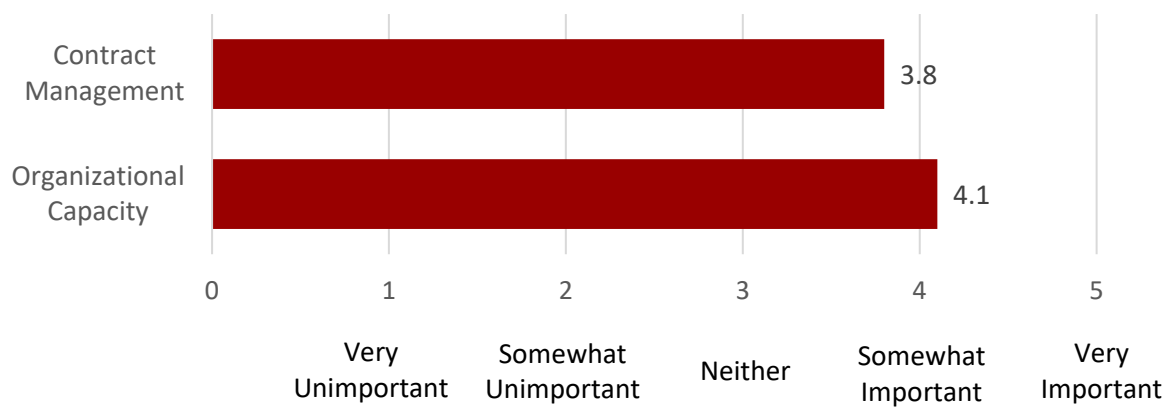
Figure 2: LGO's Average Importance of Nonprofit Internal Management Measures



Overall, the organizational capacity and contract management scales are highly correlated. LGOs rate nonprofit organizational capacity indicators as more important than those relating to contract management challenges. The average score for the organizational capacity scale is 4.1

and is significantly higher than the average contract management score (3.8). See Figure 3. This is consistent with prior research which suggests that nonprofit organizational capacity is particularly important in government grant and contract relations.¹²

Figure 3: LGOs' average score of grant and contract considerations



¹² Fyffe, Saunji D. (2015). "Nonprofit-Government Contracts and Grants: The State Agency Perspective." Urban Institute.

What explains LGOs' assessment of important grants and contracts considerations?

In the remainder of this report, we examine what may explain why some LGOs give greater importance to some types of grant and contract considerations than other LGOs. We look at the two scales described above: nonprofit organizational capacity and contract management challenges. However, we also explore factors associated with the importance of quality of nonprofit services – the single most important consideration identified by Indiana LGOs (average importance score of 4.2 on the 5-point scale). We focus on three groups of explanatory factors that we think may predict how important LGOs believe certain grant and contract considerations are.

The first set focuses on information about the LGOs themselves: the type of position they hold, how long they have held office, and their personal involvement with nonprofits. The second set focuses on the communities LGOs represent: various indicators of community conditions and the scope of nonprofits in the county. For this second group, we rely partly on LGO responses to the 2020 IACIR survey, but also include county-level information about each LGO's community.

The third set focuses on the extent and nature of LGO interactions with nonprofits. This includes measures of nonprofit grant and contract relationships and LGO assessments about the importance of nonprofits to local governments and vice

versa. We also include how LGOs assess nonprofit preparedness for major disasters because LGOs who think nonprofits are well-prepared may have greater confidence in nonprofits. We include a measure of the strength of working relationships between LGOs and nonprofits and how much LGOs trust nonprofits “to do the right thing.” These latter two predictors are of particular importance because previous research has shown trust and collaborative relationships are key components for successful government-nonprofit contract relationships.¹³

Below we examine how these three groups of explanatory factors are related to how important LGOs rank quality of services, nonprofit organizational capacity, and contract management when awarding grants and contracts. We follow that by looking at which of these remain, important predictors, when we allow all of them to operate at once in multivariate analyses. For the latter analysis, we also control for whether LGOs responded to the survey before or after April 3. This allows us to determine if the importance of various types of grant and contract considerations differ depending on whether the survey was completed before or after COVID-19 was declared a major disaster, once we control for the explanatory factors outlined above. Only significant factors from the bivariate analysis are included below. For a full list of explanatory factors considered in the bivariate analysis, please see Appendix B.

¹³ Van Slyke, David M.(2009). Collaboration and relational contracting. In the Collaborative Public Manager: New Ideas for the Twenty-First Century. Edited by Rosemary O’Leary and Lisa B. Bingham.

LGO Characteristics and Involvement with Nonprofits

We consider three categories of LGO characteristics and their personal involvement with nonprofits. First, we consider the type of position LGOs hold in local government because some LGO positions (e.g., mayors, county commissioners) are more likely to interact with nonprofits than others (e.g., school board members, tax assessors) and therefore have experience with how nonprofits live up to grant and contract requirements. We also include multiple measures of LGOs' length of service in local government, on the assumption that those with longer service will have greater opportunities to connect with nonprofits in their LGO role.

Second, we include measures of LGOs' personal involvement with nonprofits since those involved more intensively with nonprofits may be more knowledgeable about how nonprofits provide services. For this analysis, we consider whether the LGO has previously or currently holds a leadership position, volunteer role, or membership in a nonprofit as well as variations of such involvement.¹⁴ Third, we include measures that capture the number of

different types of nonprofits LGOs are involved in and their involvement with particular types of nonprofits. We assume that those involved with a broader cross-section of nonprofits will have greater overall familiarity with nonprofit service providers.¹⁵

Overall, we found the same pattern for all significant relationships across the three dependent variables. In general, LGOs that are more likely to interact with nonprofits (e.g., county commissioners, county council members), have a more nuanced understanding of nonprofits (e.g., LGOs currently involved in nonprofits), or are involved with more nonprofits are significantly more likely to find the various types of considerations important when awarding grants and contracts. Only one of these relationships was negative: length of tenure. We speculate that LGOs who have held their positions longer may rely more on their own familiarity and past experiences with particular nonprofits rather than on general principles. Nonprofit organizational capacity has the most significant predictors (18) followed by contract management (15), and finally, quality of services (10). Possibly, quality of services has the fewest significant

¹⁴ The five different variables of being involved in nonprofits as a leaders, member, or volunteer include: the mean of being currently active in a nonprofit as a leader, member, or volunteer, the total number of LGOs that are involved in nonprofits through the three roles, whether the LGO is involved in a nonprofit in any role, whether the LGO is involved in nonprofits in two out of the three roles, and whether the LGO is involved in nonprofits as a leader, member, and volunteer. For our multivariate analysis, we determined that a dummy variable, whether a LGO is currently involved in a nonprofit through all means (leader, member, and volunteer), was as effective in capturing this dimension as other options we explored.

¹⁵ The survey question captured twelve types of nonprofits: (1) arts and culture, (2) sports, recreational and sports, (3) education and research, (4) health, (5) social services, (6) environment and animal protection, (7) economic and community development, housing, employment and training, (8) law, advocacy and politics, (9) philanthropic institutions and promotion of voluntarism, (10) business and professional associations, including unions, (11) religious institutions, and (12) other. For brevity, we computed the sum and only include the sum in the multivariate analysis.

explanatory variables since it is a single indicator with less variance.

We begin by examining explanatory variables significantly related to LGOs' assessment of the importance of quality of services and nonprofit organizational capacity (see columns 1 & 2, Table 1). We expect these two to show very similar patterns since quality of services is one of the components included in the nonprofit organizational capacity scale.

County and town council members are significantly more likely to find quality of services and nonprofit organizational capacity important when awarding grants and contracts than LGOs holding other positions. Township trustees also find nonprofit organizational capacity (but not quality of service by itself) significantly more important when awarding grants and contracts than their counterparts.

Several indicators of LGO personal involvement with nonprofits are significant. LGOs who are currently active as nonprofit leaders are significantly more likely to find quality of services and organizational capacity important when awarding grants and contracts. In contrast, we find the inverse relationship for LGOs who were previously active as a nonprofit leader – they are significantly less likely to find quality of services and organizational capacity important, perhaps because they are no longer directly involved in the nonprofit space. LGOs involved in nonprofits in one or two capacities (member, volunteer, leader) are significantly more likely to consider organizational capacity indicators important, and LGOs involved in nonprofits

in all three capacities are significantly more likely to find both quality of services and organizational capacity important when awarding grants and contracts.

We also checked for involvement with specific types of nonprofits. LGOs are significantly more likely to consider quality of services and organizational capacity important when awarding grants and contracts if they have been or are currently involved with a greater total number of the twelve different nonprofit types we asked about.

When looking at each nonprofit field independently, nine of the twelve nonprofit fields included in the survey are each significant when examining the importance of organizational capacity. LGOs are significantly more likely to find nonprofit organizational capacity important if they have been or are currently involved with nonprofits in each of the nine significant nonprofit fields (only nonprofits that were not significant: sports, recreation, and social activities nonprofits; environment and animal nonprofits). Only three nonprofit fields remain significant when examining quality of services independently: arts and culture, philanthropic institutions, and religious institutions.

We also asked LGOs how important their nonprofit involvement is to their LGO position. Those who rate their nonprofit involvement as more important are significantly more likely to consider nonprofit quality of services or overall nonprofit organizational capacity as important when awarding grants and contracts.

Table 1			
Significant Bivariate Predictors of Importance of Grant/Contract Considerations			
LGO Characteristics and Nonprofit Involvement			
<i>Explanatory factors</i>	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
A. LGO Characteristics			
County Council Member	+	+	+
County Commissioner			+
Town Council Member	+	+	+
Township Trustee		+	+
Tenure in Current Elected Position	-	-	-
B. LGO Nonprofit Involvement			
Currently Holds a Leadership Position in a Nonprofit	+	+	+
Previously Active in a Leadership Position in a Nonprofit	-	-	
Involved in Nonprofit(s) as either a Member, Volunteer, or Leader		+	
Involved in Nonprofit(s) in 2 Positions: Member, Volunteer, or Leader		+	
Involved in Nonprofit(s) in All Three Capacities: Member, Volunteer, and Leader	+	+	+
C. Involved with Nonprofits			
Involved with Arts & Culture Nonprofits	+	+	
Involved with Education & Research Nonprofits		+	+
Involved with Health Nonprofits		+	+
Involved with Social Service Nonprofits		+	+
Involved with Environment and Animal Protection Nonprofits			+
Involved with Economic & Community Development, Housing, Employment & Training Nonprofits		+	
Involved with Law, Advocacy, & Politics Nonprofits		+	+
Involved with Philanthropic Institutions & Promotion of Voluntarism	+	+	
Involved with Business and Professional Associations, Unions		+	+
Involved with Religious Institutions	+	+	+
Summation of Involvement in Different Types of Nonprofits	+	+	+
Believes that Involvement in Nonprofits is Important to the Job of an LGO	+	+	+

We turn now to a look at what factors are significantly related to LGOs' assessment of the importance of contract management considerations when awarding grants and contracts (see column 3, Table 1). Many of the same explanatory factors remain significant as compared to the importance of nonprofits' organizational capacity, though there are a few notable differences. LGOs serving as county commissioners and LGOs involved with environment and animal protection nonprofits are significantly more likely to consider contract management measures important when awarding grants and contracts, but only for this particular set of considerations. Also, involvement with other types of nonprofits (arts and culture, economic development, philanthropy) is not related to contract considerations, only to nonprofit capacity considerations. Finally, only LGOs with the most intensive involvement with nonprofits – as members, volunteers, and leaders – are likely to consider contract management considerations important.

Community Conditions and Scope of Nonprofits

The second set of explanatory factors focuses on community conditions and scope of nonprofits. For community conditions, we rely both on how LGOs themselves view community conditions – their subjective assessment – as well as on standard, objective indicators of community conditions obtained from available

government data. For LGO perceptions, we use their responses to an array of questions about how problematic a broad set of community conditions are (major, moderate, or minor/no problem), and to a general question about how LGOs view the general direction their community is headed from very pessimistic to very optimistic. We expect LGOs that are optimistic about the direction their community is headed will find quality of services, organizational capacity, and contract management measures very important when awarding grants and contracts on the assumption that LGOs may want to invest in nonprofits that have the capacity and tools necessary to help continue to move the community in a positive direction.

In addition, we explored several standard objective measures of community conditions: percent unemployed, percent receiving food stamps, percent of adults aged 25 or more who did not finish high school or the equivalent, and the percent who are college graduates. In addition, we considered an overarching indicator of community conditions – the social vulnerability index.¹⁶ We also included whether there was a major disaster in the past three years, as reported by LGOs (excluding declarations of the COVID-19 pandemic¹⁷) and two measures of whether

¹⁶The social vulnerability index seeks to identify communities likely to face major challenges in responding to emergencies or natural disasters. The social vulnerability index was created using 16 U.S. census variables. See <https://www.atsdr.cdc.gov/placeandhealth/svi>.

¹⁷ Every county in Indiana was issued a FEMA emergency and major disaster declaration for COVID-19, so we excluded them to achieve non-collinearity in the data.

the survey was completed before the COVID-19 pandemic.¹⁸

Finally, we consider two other county-level measures: whether the LGOs county is rural, suburban, or central city, and the scope of nonprofits in the community. The sheer number of nonprofits in the community may be important and present challenges to LGOs in terms of identifying which nonprofits to work with and award grants and contracts. Similarly, larger nonprofits may be more likely to have the capacity to provide high-quality services because of their access to more financial resources. We explored several measures of nonprofit scope in our analysis.¹⁹

Table 2 summarizes indicators of community conditions and the scope of nonprofits that appear to be significantly related to the three types of grant and contract considerations. All significant relationships were positive except the average percentage of the population on food stamps. In contrast to the previous set of explanatory variables above, quality of services has the most significant predictors (7) compared to nonprofit organizational capacity (3) and contract management (3).

We begin by examining explanatory variables significantly related to LGOs' assessment of the importance of quality of services and nonprofit organizational capacity (see columns 1 & 2, Table 2). Again, we expected these two to show very similar patterns since quality of services is one of the components included in the nonprofit organizational capacity scale. However, these two variables only have one significant variable in common.

Looking specifically at community conditions, we found LGOs that are more optimistic about the direction the community is headed are significantly more likely to find both quality of services and nonprofit organizational capacity more important when awarding grants and contracts.

However, we find the opposite pattern when we look at more objective measures of community conditions based on available government data, rather than how LGOs themselves assess conditions from their own perspectives and interests. LGOs located in communities with a high percentage of the population on food stamps are significantly less likely to find quality of services important when awarding grants and contracts.

¹⁸ As noted earlier, we explored two measures of whether the survey was complete before the COVID-19 pandemic: March 6, 2020, the date of the first COVID-19 case in the state and when Governor Holcomb declared a state of public health emergency for COVID-19, and April 3, 2020, when President Trump issued a major disaster declaration for the entire state.

¹⁹ We explored multiple measures of scope of nonprofits, all derived from the 2020 IRS Business Master File (BMF). We focused primarily on the total number, revenue, income, and assets of IRS-registered 501(c)(3) charities; these are tax-exempt nonprofits registered as charities under the IRS tax section 501(c)(3), eligible to receive tax-deductible contributions and with reporting addresses in the county. As charities they are also likely to be the type of nonprofit entities that LGOs are most likely to award grants and contracts. We also considered data on the total number, revenue, income, and assets of IRS-registered non-501(c)(3) nonprofits, but decided they were less relevant when considering grants and contracts. For both types of nonprofits, only those with gross receipts or assets of \$50,000 or more are required to file financial information with the IRS.

We also found a significantly positive relationship with communities that have experienced a major disaster in the last three years and the importance of nonprofit organizational capacity. We suspect this is because LGOs that live in communities where a major disaster has occurred in the last three years may be more aware of how important nonprofit organizational capacity is to adequately address major disasters.

In terms of the scope of nonprofits, as we expected, LGOs representing rural communities are significantly more likely to find organizational capacity important when awarding grants and contracts. LGOs located in communities with more charities large enough to report assets or revenue to the IRS were significantly more likely to find quality of services important when awarding grants and contracts.²⁰ We suspect this is because LGOs that live in areas where more nonprofits report assets and revenue, LGOs can be more selective about which nonprofits to award grants and

contracts to. Thus, quality of services becomes a more important consideration. We also found LGOs located in communities where the total sum of all non-charities' revenue is greater were significantly more likely to find quality of services important. However, in the multivariate analysis below, we focus primarily on the number of charities reporting revenue because charities are most likely to receive grants and contracts from the government.

We also assessed what factors are significantly related to LGOs' assessment of the importance of contract management. As found above, LGOs that are more optimistic about the direction the community is headed are significantly more likely to find contract management important when awarding grants and contracts. Similarly, LGOs that live in communities where a major disaster has occurred in the last three years are significantly more likely to find contract management important.

Table 2			
Significant Bivariate Predictors of Importance of Grant/Contract Considerations			
Community Conditions and Scope of Nonprofits			
<i>Explanatory factors</i>	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
A. Community Conditions			
Direction the Community is Heading	+	+	+
Average Percentage of Population on Food Stamps	-		
Major Disaster in the Last Three Years		+	+
B. Scope of Nonprofits			
Rural County		+	
Total Number of 501(c)(3) Nonprofits Reporting Assets in 2019 by County	+		

²⁰ The relationship for charities large enough to report revenue to the IRS is only borderline significant, but very close (p-value =0.052). We use this indicator in the multivariate analysis below because it is less biased in favor of large metropolitan areas where larger nonprofits with assets (such as foundations) tend to be located.

Table 2 Significant Bivariate Predictors of Importance of Grant/Contract Considerations Community Conditions and Scope of Nonprofits			
Total Sum of Non-501(c)(3) Nonprofits' Revenue in 2019 by County	+		

The Nature of Nonprofit Interactions with Local Government

Our final set of explanatory factors includes dimensions that capture various aspects of how nonprofits interact with local government (see Table 3). We begin with whether LGOs have actually contracted with a nonprofit to provide at least one service. We expect there to be a significant relationship between LGOs who contract with nonprofits to provide services and their assessment of the importance of quality of services, organizational capacity, and contract management when awarding grants and contracts. That is what we find.

In addition, we include several measures to capture a broader set of interactions between local government and nonprofits. For brevity, we include the average score of the importance of nonprofits to local government and local government to nonprofits.²¹ We found that LGOs who consider nonprofits very important to local government (and vice versa) find all three considerations significantly more important when awarding grants and contracts.

We also examine how strong LGOs say their working relationships are with nonprofits and to what extent they trust nonprofits “to do the right thing”. Previous research has shown that trust and working relationships between LGOs and nonprofits are important considerations when government agencies choose whom to award grants and contracts.²² Since LGOs lose direct oversight over services when they award grants and contracts, we expected to find a significant position relationship between LGOs’ trust and working relationships with nonprofits and the various considerations. This appears to be the case.

Finally, we consider LGOs’ reliance on nonprofits for disaster response and whether LGOs consider nonprofits and churches well-prepared for the impact of serious disasters. As expected, we find that LGOs who say they rely more on nonprofits for disaster response and consider nonprofits and churches better prepared for the impact of serious disasters are significantly more likely to find contract management important when awarding grants and contracts.

²¹ The survey asked LGOs to assess the importance of local nonprofits to local governments (on a 5-point scale) according to five dimensions: (1) financial support, (2) service capacity, (3) expertise, knowledge, and technical assistance, (4) reputation and legitimacy, and (5) policy support and influence. The question about how important local government is to nonprofits asked about the same dimensions, except for service capacity. For brevity, we included the averages in the body of the report. To see the specific significance of these variables, see Appendix B.

²² Fyffe, Saunji D. (2015). “Nonprofit-Government Contracts and Grants: The State Agency Perspective.” Urban Institute.

Table 3			
Significant Bivariate Predictors of Importance of Grant/Contract Considerations Interactions Between Local Government and Nonprofits			
<i>Explanatory factors</i>	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
A. Grants and Contracts			
LGO Contracts with a Nonprofit to Provide at Least One Service	+	+	+
B. Importance of Nonprofit to Local Governments and Local Governments to Nonprofits			
Average Importance of Nonprofits to Local Governments	+	+	+
Average Importance of Local Governments to Nonprofits	+	+	+
C. Broader Interactions			
Working Relationships with Nonprofits	+	+	+
Trust in Nonprofits to “Do the Right Thing”	+	+	+
Average Reliance on Nonprofits for Disaster Response			+
Nonprofits Disaster Preparedness			+
Religious Orgs. Nonprofit Preparedness			+

What explains LGOs’ assessment of the most important grants and contracts considerations in the overall analysis?

Thus far, we have examined individual explanatory factors’ impact on predicting the importance of three grant and contract considerations when awarding grants and contracts. We turn now to a more comprehensive analysis where we consider which factors remain (or become) significant when we allow all of them to operate at once.

However, some of these explanatory factors are variations of one another (e.g., the importance of nonprofits to local governments for their financial support). In our final analysis, therefore, we include combined scores when available, rather than each of the specific indicators.

We also included the social vulnerability index that seeks to identify communities likely to face major challenges in responding to emergencies or natural disasters. We examined the social vulnerability index in the bivariate analysis, but it was not significant. We include it here rather than the more specific community conditions variables (e.g., percent unemployed) since it allows for a more efficient statistical model.

Table 4 shows which combination of factors remain significant in the final analysis, controlling for all other factors included in the analysis. For full statistical details for all variables included in the multivariate analysis, see Appendix C.

Table 4			
Multivariate Analysis of Importance of Grants/Contracts Considerations			
<i>Explanatory Factors</i>	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
County Council Member	+	+	+
County Commissioner		+	+
Social Vulnerability Index	-		
Total Count of 501(c)(3) Nonprofits Reporting Revenue in 2019 by County	+		
Average Importance of Nonprofits to Local Governments	+	+	+
Average Importance of Local Governments to Nonprofits	+	+	+
Overall Significance Level	p<0.001	p<0.001	p<0.001
Number of Cases	297	292	294
Adjusted Proportion of Variation Predicted	0.260	0.299	0.283

Notes: Factors that are significant at the p.05 level in the overall prediction equation are **bolded in red**. Several factors in these analyses were not significant for either of the three models and have been omitted from this table. The full set of predictor variables can be found in Appendix C, which also provides details about the regression coefficients and data sources.

Each of these analyses is highly significant (p<0.001) and explains between 26 and 30 percent of the variance. A comparison of the three columns shows consistency across the three types of considerations and the direction of the significant relationships. We review these findings in more detail below.

LGO Characteristics and Nonprofit Involvement

We find that LGOs that serve as county council members are significantly more likely to find all three considerations important when awarding grants and contracts.²³ LGOs that serve as county commissioners are significantly more likely

to find organizational capacity and contract management important.

Community Conditions and Scope of Nonprofits

LGOs that represent more vulnerable communities, as indicated by the social vulnerability index, are significantly less likely to find quality of nonprofit services important when awarding grants and contracts. We speculate this may be because LGOs in more vulnerable communities give greater priority to making services available at all than to the quality of services.

LGOs that live in communities where there are more charities reporting revenue are

²³ In our multivariate analysis, we use township trustee as the reference category for type of position LGOs hold in local government.

significantly more likely to find quality of services important. These communities have access to more and larger nonprofits, which are likely to have the resources necessary to provide high-quality services.

The Nature of Nonprofit Interactions with Local Government

Only two of the several indicators of relationships between local government and nonprofits are significant. We find that LGOs who say local government is important to nonprofits are significantly more likely to find all three considerations as important when awarding grants and contracts. The same holds true for LGOs who say nonprofits are important to local governments.

Summary and Conclusions

Local governments are responsible for providing their communities with a range of important services. However, these needs are extensive and LGOs may choose to provide only some services directly while collaborating with other units of government, businesses, or nonprofits to provide other services. Half (50 percent) of LGOs said they have contracted with nonprofits to provide at least one type of service. LGOs that choose to contract with nonprofits must also decide which of several criteria are most important when making grant and contract decisions and which of the available providers are most likely to meet those expectations.

In this report, we focused on LGOs' assessment of the importance of eight different grant and contract considerations. These eight considerations naturally clustered into two groups: (1) nonprofit organizational capacity (e.g., nonprofits capacity and

ability to deliver quality and effective services) and (2) contract management items related to challenges LGOs may face in managing the contract system itself. We also explored quality of services independently since it was the single most important consideration identified by Indiana LGOs.

Previous research has shown that government-nonprofit contractual relationships are heavily reliant on collaboration and trust – both of which are likely to grow over time as contracting partners develop positive rapport with one another. Our findings align with this research. When focusing on what explanatory factors, in isolation, may explain how important LGOs find each of the grand contract considerations, we found local governments that have strong working relationships with nonprofits and trust nonprofits “to do the right thing” were more likely to find all three grant and contract considerations important. LGOs with strong working relationships and trust in nonprofits likely have a more nuanced understanding of the nonprofit's capacity and ability to fulfill grant and contract obligations. This is of particular importance since LGOs lose direct oversight over the services contracted out.

A similar theme connects several other findings. In general, LGOs that were more actively involved with nonprofits and had familiarity with a broader scope of nonprofits were significantly more likely to find quality of services, organizational capacity, and contract management important when awarding grants and contracts. Our findings show that LGOs who held government positions that were more likely to interact

with nonprofits (e.g., county commissioners, county council members, town council members) were also more likely to find the three considerations important. The same held true for LGOs who were actively involved in nonprofits as a leader, member, and/or volunteer.

We did identify two patterns that ran contrary to our expectations. LGOs that had held their current elected position longer were significantly less likely to find all three considerations important. As we noted earlier, these LGOs were likely more familiar with local nonprofits and rely on this familiarity when choosing to whom to award grants and contracts. We suspect this also explains why previous nonprofit leaders appear to find quality of services and organizational capacity significantly less important.

Our multivariate analysis allows us to identify which combination of factors best explains LGOs' assessment of the importance of quality of services, organizational capacity, and contract management when awarding grants and contracts. Our models assess the relevance of three sets of predictor factors. Notably, all three regressions were highly significant ($p < 0.001$) with modest variance explained: 26 percent for quality of services, 30 percent for organizational capacity, and 28 percent for contract management.

Based on the results of the multivariate analysis, the social vulnerability index, a more objective measure of community conditions, is negatively associated with viewing quality of services as important considerations. We also found LGOs who

view local governments as important to nonprofits are significantly more likely to find all three grant and contract considerations important. LGOs that view nonprofits as important to local governments are also more likely to all three considerations important. However, neither strong working relationships nor trust in nonprofits were important, once we control for all other factors.

[Acknowledgments](#)

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Appendix A: Bivariate Analysis Tables

Table A.1: Average Importance of Grant and Contract Considerations in 2020 by LGO position (n=391-401)

LGO Position	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
County Council Member			
County council member	4.5	4.3	4.1
Not a county council member	4.1	4.0	3.7
County Commissioner			
County commissioner	NS	NS	4.1
Not a county commissioner	NS	NS	3.8
Township Council Member			
Township council member	3.7	3.6	3.3
Not a township council member	4.2	4.1	3.9
Township Trustee			
Township trustee	NS	3.9	3.7
Not a township trustee	NS	4.1	3.9

Table A.2: Average Importance of Grant and Contract Considerations in 2020 by Time in Current Elected Official Position (n=390-399)

	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Time in Current Elected Position			
Less than three years	4.2	4.1	3.8
Three to eight years	4.2	4.1	3.9
More than eight years	4.0	3.9	3.7

Table A.3: Average Importance of Grant and Contract Considerations in 2020 by Past or Current Nonprofit Involvement (n=362-372)

	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Current Nonprofit Leader			
Yes	4.4	4.3	4.0
No	4.1	4.0	3.7
Previous Nonprofit Leader			
Yes	4.1	4.0	NS
No	4.3	4.2	NS

Table A.4: Average Importance of Grant and Contract Considerations in 2020 by Variations of Nonprofit Positions LGOs Currently Occupy (n=362-372)

Involved as a Volunteer, Members, or Leader In	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
<i>At Least One Capacity</i>			
Yes	NS	4.2	NS
No	NS	4.0	NS
<i>At Least Two Capacities</i>			
Yes	NS	4.2	NS
No	NS	4.0	NS
<i>All Three Capacities</i>			
Yes	4.4	4.3	4.1
No	4.1	4.0	3.8

Table A.5: Average Importance of Grant and Contract Considerations in 2020 by LGOs Involvement with Different Types of Nonprofits (n=365-375)

Nonprofit involvement by type of nonprofit	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
<i>Arts & culture</i>			
Involved now or in the past	4.5	4.4	NS
Never involved	4.1	4.0	NS
<i>Education & research</i>			
Involved now or in the past	NS	4.2	4.0
Never involved	NS	4.0	3.7
<i>Health</i>			
Involved now or in the past	NS	4.2	4.0
Never involved	NS	4.1	3.8
<i>Social service</i>			
Involved now or in the past	NS	4.2	4.0
Never involved	NS	4.0	3.8
<i>Environment & animal protection</i>			
Involved now or in the past	NS	NS	4.1
Never involved	NS	NS	3.8
<i>Economic & community development</i>			
Involved now or in the past	NS	4.2	NS
Never involved	NS	4.0	NS
<i>Law, advocacy, & politics</i>			
Involved now or in the past	NS	4.2	4.0
Never involved	NS	4.0	3.8
<i>Philanthropic institutions</i>			
Involved now or in the past	4.4	4.3	NS
Never involved	4.1	4.0	NS

Nonprofit involvement by type of nonprofit	<i>Quality of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Business and professional associations			
Involved now or in the past	NS	4.2	4.0
Never involved	NS	4.0	3.8
Religious institutions			
Involved now or in the past	4.3	4.2	4.0
Never involved	4.0	3.9	3.7

Table A.6: Average Importance of Grant and Contract Considerations in 2020 by Summation of Nonprofit Involvement (n=365-375)

Summation of Nonprofit Involvement by Nonprofit Type	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Arts & Culture	3.9	3.9	3.7
Sports & Recreation	3.9	3.8	3.6
Education & Research	4.2	4.0	3.7
Health	4.1	4.0	3.6
Social Services	4.3	4.1	3.9
Environment & Animal	4.4	4.3	4.1
Economic & Community Development	4.3	4.2	4.0
Business & Professional Associations			
Law, Advocacy & Politics	4.4	4.3	4.0
Philanthropic Institutions	4.5	4.4	4.2
Religious & Other	4.5	4.5	4.3

Table A.7: Average Importance of Grant and Contract Considerations in 2020 by Importance of Nonprofit Involvement to Job as LGO (n=375)

Importance of Nonprofit Involvement in LGOs' Work	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Importance of Involvement			
Very unimportant	2.4	2.3	2.3
Somewhat unimportant	3.8	3.4	3.4
Neither	4.0	3.9	3.7
Somewhat important	4.0	3.9	3.7
Very important	4.4	4.3	4.1

Table A.8: Average Importance of Grant and Contract Considerations in 2020 by the Direction that the Community is Headed (n=379-388)

	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
General Direction the Community is Heading			
Very pessimistic	2.9	2.9	2.6
Mildly pessimistic	3.8	3.7	3.4
Neither	4.1	3.9	3.7
Mildly optimistic	4.1	4.0	3.8
Very optimistic	4.4	4.3	4.0

Table A.9: Average Importance of Grant and Contract Considerations in 2020 by Percentage of the Population Receiving Food stamps between April to June of 2020 (n=394)

Population Receiving Food stamps (April-June 2020)	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Percentage of Population			
0 - 7 percent	4.3	NS	NS
7.1 - 10.5 percent	4.2	NS	NS
More than 10.5 percent	4.0	NS	NS

Table A.10: Average Importance of Grant and Contract Considerations in 2020 by Whether a Major Disaster was Declared in the Last Three Years (n=388-390)

Major Disaster in the Last Three Years	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Disaster Declaration			
Yes	NS	4.2	4.0
No	NS	4.0	3.7

Table A.11: Average Importance of Grant and Contract Considerations in 2020 by LGOs Location (n=391)

Location	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Rural			
Yes	NS	4.0	NS
No	NS	4.2	NS

Table A.12: Average Importance of Grant and Contract Considerations in 2020 by Financial Scope of Nonprofits (n=401)

Financial Scope of Nonprofits	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Total Number of 501(c)(3) Nonprofits Reporting Assets			
Up to 76 Nonprofits	4.0	NS	NS
76 to 120 Nonprofits	4.2	NS	NS
121 to 238 Nonprofits	4.2	NS	NS
More than 238 Nonprofits	4.3	NS	NS
*Total Number of 501(c)(3) Nonprofits Reporting Revenue			
Up to 74 Nonprofits	4.0	NS	NS
75 to 109 Nonprofits	4.2	NS	NS
110 to 228 Nonprofits	4.2	NS	NS
More than 228 Nonprofits	4.2	NS	NS
Total Sum of Non-501(c)(3) Nonprofits' Revenue			
Up to \$7.4 Million	4.0	NS	NS
\$7.5 to \$27.7 Million	4.2	NS	NS
\$27.8 Million to \$65.8 Million	4.3	NS	NS
More than \$65.9 Million	4.2	NS	NS

*The total number of 501(c)(3) nonprofits reporting revenue was borderline significant in the bivariate analysis (0.052)

Table A.13: Average Importance of Grant and Contract Considerations in 2020 by Whether LGOs Contract with Nonprofits to Provide at Least One Service (n=381-391)

LGO Contracts with Nonprofit for At Least One Service	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
LGO Contracts with Nonprofit			
Yes	4.3	4.2	3.9
No	4.0	3.9	3.7

Table A.14: Average Importance of Grant and Contract Considerations in 2020 by Average Importance of Nonprofits to Local Government and Average Importance of Local Government to Nonprofits (n=382-398)

Importance of...	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Nonprofits to Local Government			
Least Important Third	3.7	3.6	3.4
Middle Important Third	4.3	4.2	3.9
Most Important Third	4.6	4.5	4.3

Importance of...	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Local Government to Nonprofits			
Least Important Third	3.6	3.5	3.3
Middle Important Third	4.4	4.3	4.0
Most Important Third	4.7	4.6	4.4

Table A.15: Average Importance of Grant and Contract Considerations in 2020 by Local Governments Average Working Relationships with Local Charities and Nonprofits (n=373-380)

LGOs Working Relationships with Local Charities and Nonprofits	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Working Relationship			
Very negative	3.0	3.0	3.0
Somewhat negative	4.3	4.3	4.1
Neither	3.8	3.7	3.5
Somewhat positive	4.2	4.1	3.9
Very positive	4.3	4.2	3.9

Table A.16: Average Importance of Grant and Contract Considerations in 2020 by Trust in Nonprofits to “Do the Right Thing” (n=375-382)

LGOs Trust in Nonprofits to "Do the Right Thing"	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Trust			
Almost never	3.0	3.0	3.0
Some of the time	3.4	3.3	3.2
Most of the time	4.2	4.1	3.8
Almost Always	4.3	4.2	4.0

Table A.17: Average Importance of Grant and Contract Considerations in 2020 by LGOs Average Reliance on Nonprofits for Disaster Response (n=144)

Average Reliance on Nonprofits for Disaster Response	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
LGOs Reliance on Nonprofits			
Least Reliant Third	NS	NS	3.8
Middle Reliant Third	NS	NS	4.1
Most Reliant Third	NS	NS	4.1

Table A.18: Average Importance of Grant and Contract Considerations in 2020 by Nonprofits' Preparedness to Deal with the Impact of Serious Disasters (n=365-369)

Nonprofits' Preparedness to Deal with the Impact of Serious Disasters	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Charities Preparedness			
Not at all prepared	NS	NS	3.5
Little prepared	NS	NS	3.5
Somewhat prepared	NS	NS	3.9
Well prepared	NS	NS	4.0
Very well prepared	NS	NS	4.2
Religious Organizations Preparedness			
Not at all prepared	NS	NS	3.5
Little prepared	NS	NS	3.7
Somewhat prepared	NS	NS	3.8
Well prepared	NS	NS	3.9
Very well prepared	NS	NS	4.2

Appendix B: Expanded Bivariate Table

Table B.1			
Significant Bivariate Predictors of Grant and Contract Considerations			
<i>Explanatory factors</i>	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
A. LGO Characteristics			
County Council Member	+	+	+
County Commissioner			+
Town Council Member	+	+	+
Township Trustee		+	+
Tenure in Current Elected Position	-	-	-
B. LGO Nonprofit Involvement			
Currently Holds a Leadership Position in a Nonprofit	+	+	+
Previously Active in a Leadership Position in a Nonprofit	-	-	
Involved in Nonprofit(s) as either a Member, Volunteer, or Leader		+	
Involved in Nonprofit(s) in 2 positions (Member, Volunteer, Leader)		+	
Involved in Nonprofits in All Three Capacities: Member, Volunteer, and Leader	+	+	+
C. Involved with Nonprofits			
Involved with Arts & Culture Nonprofits	+	+	
Involved with Education & Research Nonprofits		+	+
Involved with Health Nonprofits		+	+
Involved with Social Service Nonprofits		+	+
Involved with Environment and Animal Protection Nonprofits			+
Involved with Economic & Community Development, Housing, Employment & Training		+	
Involved with Law, Advocacy, & Politics		+	+
Involved with Philanthropic Institutions & Promotion of Voluntarism	+	+	
Involved with Business and Professional Associations, Unions		+	+
Involved with Religious Institutions	+	+	+

Table B.1 Significant Bivariate Predictors of Grant and Contract Considerations			
<i>Explanatory factors</i>	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
Summation of Involvement in Different Types of Nonprofits	+	+	+
Believes the Involvement in Nonprofits is Important to the Job of an LGO	+	+	+
D. Community Conditions			
Direction the Community is Heading	+	+	+
Average Percentage of Population on Food Stamps	-		
Major Disaster in the Last Three Years		+	+
E. Scope of Nonprofits			
Rural County		+	
Total Number of 501(c)(3) Nonprofits Reporting Assets in 2019 by County	+		
**Total Number of 501(c)(3) Nonprofits Reporting Revenue in 2019 by County	+		
Total Sum of Non-501(c)(3) Nonprofits' Revenue in 2019 by County	+		
F. Grants and Contracts			
LGO Contracts with a Nonprofit to Provide at Least One Service	+	+	+
G. Importance of Nonprofits to Local Governments and Local Governments to Nonprofits			
*Importance of Nonprofit's Financial Support to Local Government	+	+	+
*Importance of Nonprofit's Service Capacity to Local Government	+	+	+
*Importance of Nonprofit's Knowledge to Local Government	+	+	+
*Importance of Nonprofit's Reputation and Legitimacy to Local Government	+	+	+
*Importance of Nonprofit's Policy Support and Influence to Local Government	+	+	+
Average Importance of Nonprofits to Local Governments	+	+	+
*Importance of Local Government's Financial Support to Nonprofits	+	+	+
*Importance of Local Government's Knowledge to Nonprofits	+	+	+

Table B.1 Significant Bivariate Predictors of Grant and Contract Considerations			
<i>Explanatory factors</i>	<i>Quality Of Services</i>	<i>Organizational Capacity</i>	<i>Contract Management</i>
*Importance of Local Government's Reputation and Legitimacy to Nonprofits	+	+	+
*Importance of Local Government's Policy Support and Influence to Nonprofits	+	+	+
Average Importance of Local Governments to Nonprofits	+	+	+
H. Broader Interactions			
Working Relationship with Nonprofits	+	+	+
Trust in Nonprofits	+	+	+
Average Reliance on Nonprofits for Disaster Response			+
Nonprofits Disaster Preparedness			+
Religious Organizations Nonprofit Preparedness			+

*Explanatory factors that were not included in the body of the report.

**Variable was borderline significant (p-value=0.052)

Appendix C: Multivariate Analysis Table

Explanatory Factors	Quality Of Services	Organizational Capacity	Contract Management
Constant	1.455	1.617	0.856
County Council Member	0.647	0.595	0.594
County Commissioner	0.404	0.442	0.638
City Council Member	0.438	0.372	0.391
Town Council Member	-0.093	-0.084	-0.127
Mayor	0.336	0.345	0.090
School Board Member	0.248	0.172	0.281
Tenure in Current Elected Position	-0.005	-0.010	-0.009
Summation of Involvement with Different Types of Nonprofits	-0.002	0.011	0.011
Believes Involvement in Nonprofits is Important to the Job of an LGO	0.036	0.076	0.054
Involved in Nonprofit(s) as a Member, Volunteer, and Leader	0.070	0.050	0.067
Total Number of 501(c)(3) Nonprofits Reporting Revenue in 2019 by County	0.140	0.098	0.050
Community Condition	-0.016	-0.104	0.088
Direction the Community is Heading	0.090	0.077	0.113
Social Vulnerability Index	-0.618	-0.422	-0.203
Major Disaster in the Last Three Years	0.082	0.080	0.055
Survey Completed Before April 3rd, 2020	0.064	0.025	-0.011
LGO Contracts with a Nonprofit to Provide at Least One Service	0.097	0.070	0.022
Importance of Nonprofits to Local Government	0.155	0.185	0.194
Importance of Local Government to Nonprofits	0.360	0.337	0.316
Trust in Nonprofits to “Do the Right Thing”	-0.014	0.021	0.024
Working Relationships with Nonprofits	0.015	-0.055	-0.045
Nonprofits Disaster Preparedness	-0.072	-0.051	0.034
Significance	<0.001	<0.001	<0.001
Adjusted R-Squared	0.260	0.299	0.283

Notes: Factors significant at the p.05 level in the overall prediction equation are **bolded in red**. Most data are based on responses to the 2020 survey of Indiana local government officials conducted by the Indiana Advisory Commission for Intergovernmental Relations (www.iacir.spea.iupui.edu/, then “Intergovernmental Issues in Indiana: 2020 IACIR Survey.”)