

Indiana Government Officials' Opinions on Nonprofit-Government Relationships

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In this briefing, we explore the extent to which local government officials (LGOs) in Indiana support a collaborative relationship between local government and nonprofits as opposed to one where government controls nonprofits. We also examine possible explanations for why LGOs may support collaboration, including whether their personal involvement with nonprofits plays a role and how important the involvement is for their work as an LGO.

This is the third in our briefings from the *Indiana Nonprofits: Scope and Community Dimensions* project focusing on nonprofit-government relations in Indiana. The first two explored LGO's attitudes toward 2-1-1 services and payments in lieu of [real estate] taxes or PILOTs. Subsequent briefings will examine LGOs' trust in nonprofits and look at what explains LGO attitudes towards PILOTs. These briefings are available here: www.indiana.edu/~nonprof.

The data for this briefing comes from the Indiana Advisory Commission on Intergovernmental Relations (IACIR), which periodically collects information on current issues affecting local governments in Indiana and services for state residents. In 2010, the IACIR surveyed 1,148 local government officials (LGOs), including all city mayors; one randomly selected member of each board of commissioners, county council, town council, and school board; and

one or two (depending on population) randomly selected township trustees from each county. The

Quick Facts

- Local governments may choose to work collaboratively with nonprofits or may prefer to have some control over how nonprofits interact with government.
- Overall, a larger proportion of LGOs expressed support for a collaborative relationship between nonprofits and government than for a controlling relationship.
- Controlling for all other factors, support for a collaborative relationship is higher for LGOs who view their personal involvement with nonprofits to be important to their government work; those involved with education and philanthropic nonprofits; those who perceive community health conditions to be a problem in their community, and those in communities with relatively low overall nonprofit assets. We also find that support for collaboration is lower among LGOs who view quality of life in the community as a problem.

effective response rate was 35 percent. A summary of findings from the full 2010 survey can be found at the IACIR website: www.iacir.spea.iupui.edu.

Why is the nature of the relationship between local government and non-profits important?

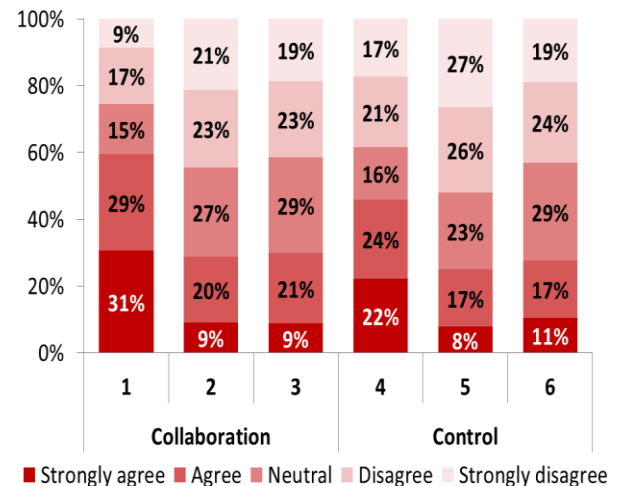
Local governments may choose to work collaboratively with nonprofits for the good of the community. However, collaboration can be challenging, puts demands on time and resources, and is not always successful. In addition, government officials may have different perspectives on community needs than those expressed by local nonprofits and may prefer some control over what nonprofits do or how they interact with government.

The survey of Indiana local government officials asked their opinions about six ways in which nonprofits might interact with local government.¹ Based on responses to those six questions, we find that attitudes toward nonprofit-government relations fall into two bundles:² collaboration and control. The measure of governmental collaboration with nonprofits is based on officials' agreement that 1) nonprofits should actively participate in solving local problems, 2) it is important that nonprofits participate in local government decision-making, and 3) nonprofits represent public interests on local issues. The governmental control of nonprofits measure derives from LGOs' agreement that 4) local governments should control nonprofit use of government funding, 5) local governments should have an influence on nonprofit activities, and 6) nonprofits should adjust their activities to the needs of local government in order to receive funding.

Figure 1 shows the distribution of LGOs' opinions on the six ways in which nonprofits may interact with local government. Agreement is particularly strong on question 1 (nonprofits should participate in solving local programs – 60 percent agree), but is also substantial on question 4 (local government should control how nonprofits use government funding – 46 percent agree). Agreement on the remaining

four questions ranges between 25 and 30 percent).

Figure 1: LGOs' opinions on six* types of interactions between local government and nonprofits, 2010



*defined in text above

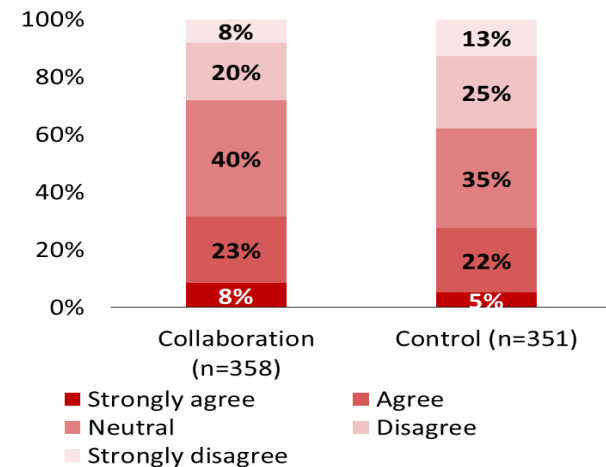
Figure 2 shows the distribution of LGOs' opinions bundled into the two groups, collaboration and control, with responses averaged across the three questions making up each group (described above). A slightly larger percentage of respondents agreed or strongly agreed that the relationship should be characterized by collaboration (31 percent) than by control (27 percent). Correspondingly, a larger percentage of respondents disagreed or strongly disagreed that the relationship should be characterized by control (38 percent) than by collaboration (28 percent). Overall, a larger proportion of LGOs expressed support for a collaborative relationship between nonprofits and government than for a controlling relationship.

There is a long history in the U.S. of collaborative relationships between government and nonprofit organizations that has evolved over time. Collaboration theory is a well-established area of scholarship, which has broadened our understanding of why and how government and nonprofits work together.

However, very little previous research explores why local government officials may prefer a collaborative relationship with nonprofits rather than a controlling relationship. This briefing focuses mainly on

LGOs' opinions regarding collaborative relationships with nonprofits. We hope in future work to explore controlling relationships more thoroughly.

Figure 2: LGOs' opinions* on collaborative or controlling relationships, 2010



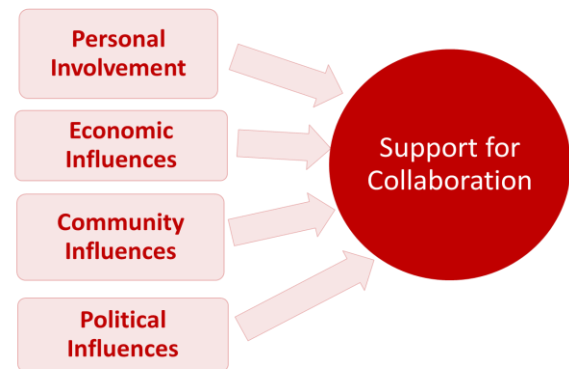
What explains LGOs' support for a collaborative relationship between local government and nonprofits?

To explore what accounts for LGOs' opinions on local government-nonprofit collaborative relationships, we first ask if the perceptions can be explained by LGOs' personal involvement with nonprofits. In particular, does personal involvement in any specific nonprofit fields matter, or is the intensity and range of that involvement more important? Does the LGOs' perceived importance of their nonprofit involvement for their work as an LGO matter?

Next, we look at what factors outside of personal involvement may help explain LGOs' opinions. Does it matter what LGOs think about problems in their community or the direction in which they feel their community is going? Does it have to do with the way their local government responded to decreasing revenues, is it mainly a reflection of existing collaborations with nonprofits? Is it a function of their particular political office or does the presence of large nonprofits in the area matter? Figure 3 shows how we expect these factors to operate.

To answer these questions we merged the 2010 LGO survey with data on the counties that the LGOs represent (whether part of a metropolitan region, size of the largest town, and total county-level nonprofit assets). We first discuss what we know about each of these explanatory factors before undertaking a more comprehensive assessment of the factors that appear to be most important.

Figure 3: Model explaining LGOs' opinions on government-nonprofit (NP) relationships



Personal Involvement

The similarities between the work undertaken by nonprofits and public organizations and in turn the type of people who choose to work for both institutions suggests that LGOs may feel connected to nonprofits to some extent both through their work and outside of it. Government employees are typically characterized by a desire to work for the public good and are also more likely than their for-profit counterparts to volunteer.³ We speculate that those who have direct personal involvement with nonprofits as volunteers or leaders will be more likely to believe government should collaborate with nonprofits.

LGOs were asked about their personal involvement with nonprofit organizations as a member or in a leadership position (e.g., board member or executive director). As Figure 4 shows, nearly three in four (74 percent) local government officials currently are members of nonprofit organizations and 40 percent have been so in the past. LGOs also serve as leaders in nonprofits, with nearly half (49 percent) doing so currently and over a quarter (28 percent)

having done so in the past. LGOs indicated that they completed an average of 23 volunteer hours a month.⁴

Figure 4: Percent of LGOs holding membership/leadership positions with nonprofits, 2010 (n=393)

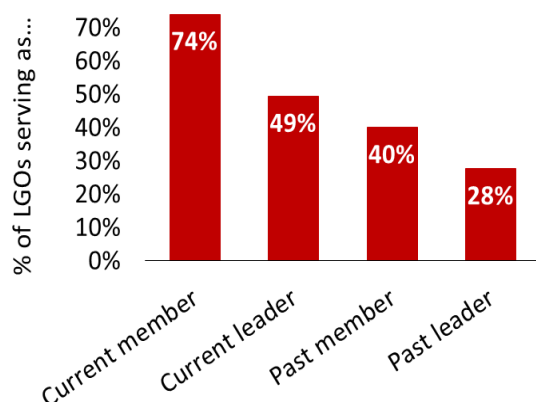


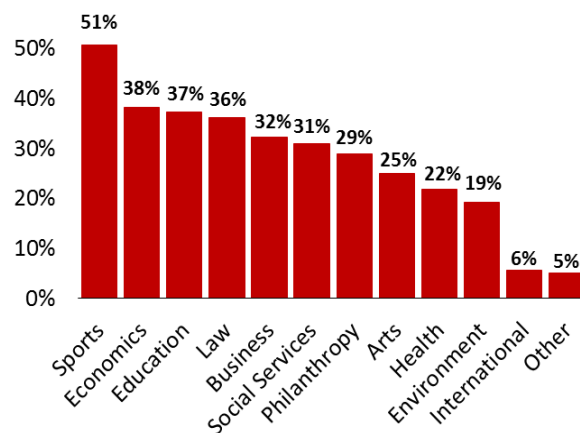
Figure 5 shows the breadth of LGOs' involvement across nonprofits serving different purposes. Over half (51 percent) of LGOs were involved in organizations focused on sports, recreation, and social activities. More than a third were involved in economic and community development, housing, employment and training (38 percent); education and research (37 percent); and law, advocacy, and politics (36 percent) nonprofits. Eight out of the twelve nonprofit categories show involvement of over 25 percent of LGOs.

We also examine another indicator of intensity of involvement with nonprofits – whether LGOs say their involvement with nonprofits is important for their work as government officials. Overall, 54 percent say their nonprofit involvement is very important, and 32 percent report that it is somewhat important for their work.

As discussed above, a large majority of LGOs are personally involved with nonprofits and many view such involvement as important for their public sector work. This personal involvement may in turn influence their attitudes toward government relationships with nonprofit organizations. The relationships and trust built during this type of extracurricular involvement with nonprofits may allow LGOs to

trust nonprofits more in a professional capacity as well and so strengthen their support for local government-nonprofit collaboration. Please see our forthcoming Briefing #4 in this series for more on LGOs' trust in nonprofits.

Figure 5: Percent of LGOs involved* with different types of nonprofits, 2010 (n=393)



*past or current membership/leadership or any volunteer hours

We speculate that LGOs with more intense exposure to nonprofits through leadership/membership positions (degree of involvement), number of volunteer hours, and a diversity of fields will be more likely to support a collaborative relationship than their counterparts. LGOs who perceive their experiences with nonprofits to be important for their work may also support a collaborative relationship between local government and nonprofits. There is preliminary evidence that some of these relationships between measures of personal involvement and support for a collaborative relationship are significant, particularly the importance of personal involvement for work as an LGO. Involvement in some specific fields, such as social services, arts, and philanthropy, also show preliminary evidence of being associated with greater support for collaborative relationships.

Economic Influences

Budget cuts affect all levels of government, but local government has been hit in recent years by drastic cuts in funds available to meet the cost of local public services because of the Great Recession

in 2008-10 and changes in tax policies (such as the property tax cap that Indiana adopted in 2010). When confronted with reduced funds for local services, local government officials often must make difficult choices about whether to cut services completely, scale back the amount or quality of services provided, or rely on local nonprofits and other providers to step in and help fulfill community needs by leveraging the resources available to them.

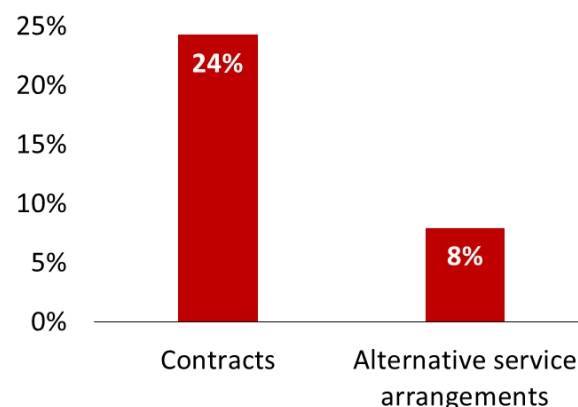
Local governments have long collaborated with nonprofit organizations, both formally and informally, to provide needed public services rather than risking damaging government reputation and the health of the community as a whole by stopping service provision completely. In communities where local government has established alternate service arrangements with local nonprofit organizations in response to declining revenues, or where government already provides public services through a contract with nonprofits, LGOs may have increased exposure to nonprofit organizations and their role in collaborative relationships.

Figure 6 shows LGOs' reports on their governments' use of collaboration with nonprofits. Nearly a quarter (24 percent) of LGOs say that their local government provides some service through a contract with a nonprofit organization (although very few do so in direct response to declining government revenues).

Community Conditions

LGOs who report more extensive problems in their community, or who express more concern about the direction their community is heading, may be more interested in partnering with local nonprofits in order to better address these issues. In a community where social problems are already an issue, the challenges may be too great for local government to address on its own. Previous research suggests that in such situations, government tends to rely on nonprofits to supply public goods and services that it has been unable to successfully provide.⁵

Figure 6: Local governments' formal collaboration with nonprofits, 2010 (n=307-393)



To understand LGOs' opinions on the direction of their community, we use a five-point scale variable measuring whether respondents feel optimistic or pessimistic about the direction their community is heading. We also include measures that indicate whether the LGO perceives certain community conditions as a major, moderate, or minor, or no problem. These include responses in 23 specific issue areas where nonprofits have historically played a major role in problem solving or service provision.

We combined these issue areas into six broad groupings: health, economics, crime, development, community quality of life, and poverty. Local government officials reporting more pessimistic views on the direction of their community and greater problems in these six issue areas may be more likely to support a collaborative relationship. Preliminary evidence suggests that LGOs' perceptions of problems in health and development may be associated with greater support for collaborative relationships.

Political Influences

While we have limited data on local political conditions, we believe that two additional factors may help account for how LGOs view nonprofit-government relationships. First, the role that officials play in government is important. For example, a school board member and a mayor have very different professional responsibilities and may view collaboration differently. We propose that LGOs holding prominent elected positions such as mayors and

council members (town and county) will be more exposed to the role that nonprofits play in the community and, perhaps for that reason, more likely to support a collaborative relationship than other types of elected LGOs.

Second, we use total county-level nonprofit asset holdings as a proxy for the presence of well-endowed, high-capacity nonprofits in the community. Local nonprofit organizations with greater capacity and expertise may have access to increased partnership opportunities with local government agencies. In turn, LGOs exposed to nonprofits with greater capacity to address community issues may be more willing to collaborate.

LGOs' opinions on the local government-nonprofit relationship: what matters in the final analysis?

Taking all available factors into account, we find that while some of the relationships we identified earlier in the briefing do in fact appear to operate, others do not. LGOs who view their personal involvement with nonprofits to be important for their work as government officials are more likely to support a collaborative relationship, as do those with any involvement in education and research nonprofits or philanthropic and promotion of voluntarism nonprofits. However, it does not seem to matter whether involvement is as a member, a leader, or both, nor does the number of volunteer hours or the diversity of fields with which LGOs are involved. Interestingly, any current involvement with nonprofits is negatively related to supporting a collaborative relationship, once we control for all other factors. We have no obvious explanations for this particular result.

Two of the six broad areas of community issues in which nonprofits have historically played a role in service provision (health, economics, crime, development, community quality of life, and poverty) appear to be relevant, though not necessarily as expected. Perception of problems in current health conditions is positively related to support for a collaborative relationship as we expected. However,

those who perceive problems surrounding community quality of life are marginally less likely to support collaboration, perhaps because they believe nonprofits are not doing enough in this area.

Neither measure of economic influences – contracting or developing alternative service arrangements with nonprofits – appear to be relevant. This may be due to limitations in the variables as a result of the survey questions, which did not allow respondents to choose multiple avenues through which they contract services. For this reason, the survey may underestimate how often these practices actually occur. Future research will benefit from more focused questions and more diverse measures of economic influences, such as change in local government revenues.

The type of political position that LGOs hold does not appear to influence LGOs' support for collaboration between nonprofits and government. County-level nonprofit asset holdings seem to have a strong impact, although in the opposite direction than we predicted – the greater the nonprofit assets in the community, the less LGOs support collaboration with nonprofits. Perhaps large nonprofits with high asset holdings may be seen as more similar to for-profit businesses in their style of operations, leading to support for government taxation and regulation of nonprofits similar to that of for-profits. Alternatively, LGOs may feel that large, powerful nonprofits should be more attentive to local community needs and should seek to more directly support local government in addressing those priorities. We hope to explore these possibilities further in future work on LGOs' preference for controlling relationships.

Figure 7 summarizes our analysis, but shows only the subset of factors that in the full analysis play a significant role in predicting LGOs' support for collaboration between local government and nonprofits. We thought all items would be positively related to support for collaboration, but the presence of minus signs show that some relationships are in fact negative. The relationship for quality of life community conditions is only borderline significant.

Figure 7: Analysis predicting LGOs' support for collaborative local-government nonprofit (NP) relationship

Collaborative relationship between local gov't and NP		
Nonprofit Involvement	Importance of Involvement	+
	Any Current Involvement	-
	Any Involvement in Education NPs	+
	Any Involvement in Philanthropic NPs	+
Community Influences	Perception of Community Conditions: Health Problems	+
	Perception of Community Conditions: Quality of Life*	-
Political Influences	Total Nonprofit Assets (County)	-
Overall Model		+

*Quality of community life is only marginally significant, controlling for all other factors.

Conclusions and Policy Implications

This briefing explores how local government officials think about the relationship between local government and nonprofits. We find that LGOs are more likely to agree or strongly agree that this relationship should be one of collaboration rather than control. We focus our attention on attitudes toward collaboration with, as opposed to control of, nonprofit organizations.

We then explore what may account for these opinions, particularly whether LGOs' personal involvement with nonprofits explains their support for a collaborative relationship. LGOs can be involved with nonprofits as members or leaders, through volunteer hours, and with a variety of types of nonprofit organizations. We find that LGOs who are personally involved with nonprofits in the fields of education and research or philanthropic and the promotion of voluntarism⁶ are more likely to support a collaborative relationship. LGOs who view their personal involvement as important to their

work as local government officials are also more likely to support collaboration.

In addition to personal involvement, we explore a series of economic, community, and political influences that may explain LGOs' opinions. Of these, only the perception of health problems in the community appears to be significantly related to LGOs' opinions on collaboration. County-level nonprofit asset holdings is also significant but is negatively related to supporting a collaborative relationship between nonprofits and local government, controlling for all other factors. Perhaps LGOs in communities with wealthy nonprofit institutions (such as hospitals, universities, foundations) see these as operating more independently and/or less closely aligned with local government than what LGOs might wish.

The limitations of this briefing point to the need for further research into LGOs' opinions on the relationship between local government and nonprofits. First, we lack data on several important indicators, most notably information on demographic characteristics of LGO respondents. We also have no information on local government officials' work history other than their current title. Both sets of factors are likely influential in understanding LGOs' attitudes on the nature of local government-nonprofit relationships. Finally, the survey provides no data on respondents' involvement with religious organizations, including attending church services or participation in religious institutions or religious nonprofit organizations, which may be an important influence on local government officials' attitudes toward public-nonprofit relationships.

However, despite these limitations, this briefing provides a jumping-off point for furthering our understanding of LGOs' attitudes regarding government relationships with nonprofits. Our initial expectation was that collaboration and control would be polar opposite to the factors and influences that shape preference for one over the other. Although we have only begun to explore these patterns, our preliminary findings suggest that attitudes toward both may be more similar than we initially thought.

Acknowledgements

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The Indiana Nonprofit Sector project aims to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions by providing baseline information about Indiana nonprofits.

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¹ The collaboration/control variables originally came from a Danish survey and reflect the strong state model in social democratic regimes in which "control" is considered appropriate, or at least more appropriate than in the U.S. context where there is a general preference for the limited state. However, given the growing pressure for less "preferential treatment" of nonprofits – i.e., for nonprofits to "pay their fair share" – we feel that the collaboration/control variables are also relevant in regard to the American nonprofit sector.

² We develop two measures of local government officials' attitudes toward nonprofit-government relations based on factor analysis of these six questions with a 5-point agree/disagree Likert scale.

³ Buurman, M., Delfgaauw, J., Dur, R., van den Bossche, S. (2012). Public Sector Employees: Risk Averse and Altruistic? CESifo Working Paper: Behavioral Economics, 3851; Coursey, D., Brudney, J., Littlepage, L., Perry, J. (2011). Does Public Service Motivation Matter in Volunteering Domain Choices? A Test of Functional Theory. *Review of Public Personnel Administration*, 31(1): 48-66; Houston, D. (2005). "Walking the Walk" of Public Service Motivation: Public Employees and Char-

table Gifts of Time, Blood, and Money. *Journal of Public Administration Research and Theory*, 16: 67-86; Rotolo, T., Wilson, J. (2006). Employment Sector and Volunteering: The Contribution of Nonprofit and Public Sector Workers to the Volunteer Labor Force. *The Sociological Quarterly*, 47: 21-40.

⁴ These numbers regarding LGOs' personal involvement from the 2010 survey are similar to those found in the 2012 survey. See the forthcoming Briefing #4 in this series on trust between LGOs and nonprofits for more on LGOs' personal involvement reported in the 2012 survey.

⁵ Anheier, H. K. and Salamon, L. M. (2006). The Nonprofit Sector in Comparative Perspective. In *The Nonprofit Sector: A Research Handbook*, 2nd Edition, edited by W.W. Powell and R. Steinberg. New Haven: Yale University Press. Pp. 89-114; Grønberg, K., and Salamon, L. (2012). Devolution, Marketization, and the Changing Shape of Government-Nonprofit Relations. In *The State of Nonprofit America*, 2nd Edition, edited by L. M. Salamon, Washington, D.C.: Brookings Institution Press. Pp. 549-586.

⁶ We find in Briefing #4 that personal involvement in philanthropic and voluntarism nonprofits is also an important factor in LGOs' trust in nonprofits.