

Indiana Local Government Officials' Opinions on Nonprofit-Government Relationships

Kirsten Grønbjerg, Hannah Martin, and Tyler Abbott

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In this briefing, we update our previous analysis¹ of the relationship between local government officials and Indiana nonprofits. We examine the extent to which local government officials (LGOs) in Indiana support collaborative relationships between local government and nonprofits, whether they believe local government should exert some control over nonprofits, and possible explanations for these preferences. This is the seventh in our series of briefings from the *Indiana Nonprofits: Scope and Community Dimensions* project focusing on nonprofit-government relations in Indiana.²

The data for these briefings come from the Indiana Advisory Commission on Intergovernmental Relations (IACIR), which periodically collects information on issues affecting local governments and services for residents in Indiana. In this briefing we use data from the 2010 and 2014 surveys.³

Selected highlights:

- Local government officials' (LGO) support for local government collaboration with nonprofits increased between 2010 and 2014; however, so did their support for government control over nonprofits.
- LGOs who are active members of nonprofits are more supportive of collaboration with nonprofits than their counterparts.
- LGOs who report major or moderate problems with economic conditions in their communities are more supportive of collaboration with nonprofits than their counterparts.
- LGOs who report major or moderate problems with public safety conditions in their communities are more supportive of control over nonprofits than their counterparts.

¹

<https://nonprofit.indiana.edu/doc/publications/LocalGov/nonprof-govt-collaboration.pdf>.

² For a listing of reports, see

<https://nonprofit.indiana.edu/researchTAB/Local-Government-Officials-Survey.html>.

³ In 2010, the IACIR surveyed nearly 1,150 local government officials (LGOs), including all mayors and county auditors, and 1-2 randomly selected members of each county board of commissioners, county council, town council, school board, and county township trustees. The response rate was

How our analysis is organized

This first part of this briefing examines the extent to which LGOs support collaborative relationships with nonprofits. However, because collaboration does not necessarily involve completely equal partners, LGOs may wish to exercise some control over nonprofits as well. The second part of our analysis takes a closer look at the extent to which LGOs believe local government should be able to exert control or influence over local nonprofits.

We begin by examining the extent to which LGOs support collaborative relationships and how this support changed between 2010 and 2014. To explore what may account for LGOs' support for collaborative relationships, we revisit some of the factors that appeared to be important in our previous analysis and whether they again appear to be related to support for collaborative relationships with nonprofits in 2014. Then we replicate this analysis for LGOs' support for controlling relationships with nonprofits.

The IACIR's surveys of Indiana LGOs asked their opinions about ways in which nonprofits might interact with local government. Based on responses to those questions, attitudes toward nonprofit-government relations group into two bundles: collaboration and control.

To what extent do LGOs support collaborative relationships?

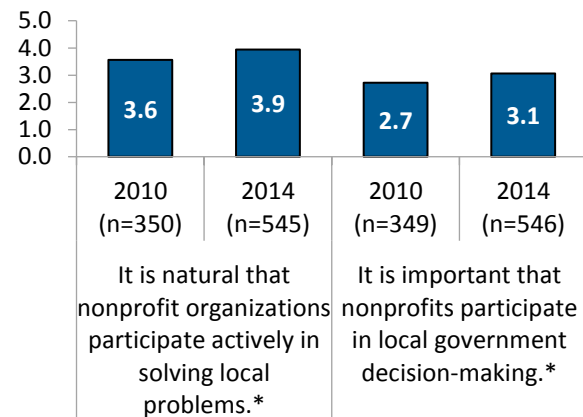
The measure of governmental collaboration with nonprofits is based on officials' agreement that (1) nonprofits should actively participate in solving local problems, (2) it is important that nonprofits participate in local government decision-making, (3) nonprofits should

35%. In 2014, the IACIR surveyed 2,441 LGOs including all city mayors and 1-4 randomly selected member of each city council; board of commissioners, county council, town council, school board, county township trustees. The effective response rate was 26%. See www.iacir.spea.iupui.edu/publications.htm.

represent public interests on local issues, (4) nonprofits should help government analyze and identify areas of need within the community, and (5) nonprofits should support government programs through grants, fundraising, and other methods. The first 2 questions were the same in the 2010 and 2014 surveys, the last question was slightly different in 2010,⁴ but the fourth and fifth questions were new to the 2014 survey, so we cannot compare responses to the third, fourth, or fifth questions.

Survey respondents selected one of five options for each statement: (1) strongly disagree, (2) somewhat disagree, (3) neither agree nor disagree, (4) somewhat agree, or (5) strongly agree. For each question, we calculated the average of these response values, where higher scores indicate greater agreement. Of the two questions that can be compared between 2010 and 2014, agreement with both statements increased significantly.

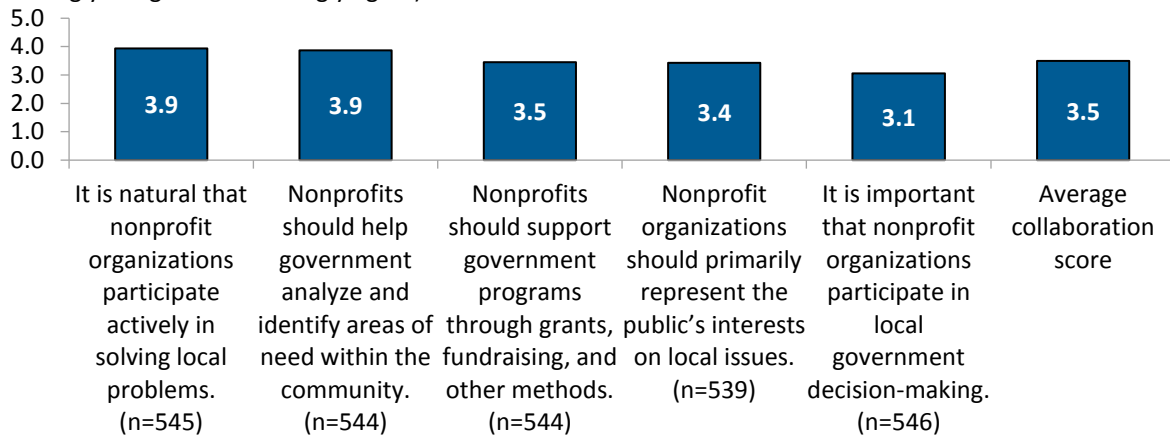
Figure 1: LGOs' average opinions on collaborative relationships between local government and nonprofits, (1=strongly disagree to 5=strongly agree) 2010 and 2014



Source: 2010 and 2014 IACIR surveys

⁴ The 2010 survey said "Nonprofit organizations represent the public's interests on local issues," and the 2014 survey said "Nonprofit organizations *should primarily* represent the public's interests on local issues." These two questions might be interpreted differently.

Figure 2: LGOs' average opinions on collaborative relationships between local government and nonprofits, (1=strongly disagree to 5=strongly agree) 2014



Source: 2014 IACIR survey

Figure 2 shows the average response values for all five collaboration statements in 2014, as well as a calculated average collaboration score for the respondents. Agreement was strongest on the statements “it is natural that nonprofit organizations participate actively in solving local problems” and “nonprofits should help government analyze and identify areas of need within the community.” Agreement was weakest on the statement “it is important that nonprofit organizations participate in local government decision-making.” In other words, LGOs appear to welcome nonprofit participation in solving problems, but are less enthusiastic (though still supportive) about sharing decision-making with them.

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

In our previous analysis, we examined four sets of explanations for LGOs’ support for collaborative relationships: LGOs’ personal involvement with nonprofits, economic influences, community conditions, and political influences. We found that LGOs held more support for collaborative relationships if they (1) viewed involvement with nonprofits as important to their work as LGOs, (2) were involved in education nonprofits, (3) were involved in philanthropic nonprofits, or (4)

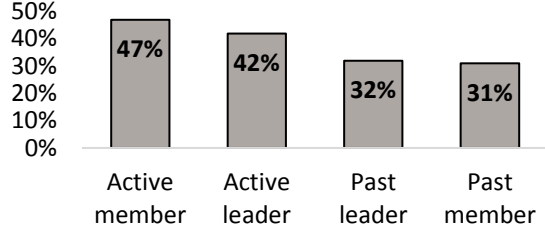
reported problems in community health conditions. We also found that LGOs held less support for collaborative relationships if they (1) were currently involved with nonprofits in any way, (2) reported problems in community quality of life conditions, or (3) lived in counties with higher nonprofit asset holdings.

Due to differences between the 2010 and 2014 surveys, we cannot directly compare these explanations. Instead, we rely on four related sets of explanations using 2014 data: LGOs’ personal involvement with nonprofits, nonprofit service arrangements, community conditions, and LGOs’ elected positions.

Personal Involvement

We thought that LGOs who are more involved with nonprofits might be more likely to support collaboration due to their relationships with them. To measure personal involvement, we rely on questions that asked whether LGOs volunteer at nonprofits, were active or past members of local nonprofit organizations, and held leadership positions (currently or in the past) in local nonprofits. The majority (80 percent) of LGOs reported volunteering at nonprofits. Almost half (47 percent) of LGOs reported active membership, while slightly fewer (42 percent) reported active leadership. Fewer LGOs reported past leadership and past membership (32 and 31 percent, respectively) (Figure 3).

Figure 3: Percent of LGOs holding leadership/membership positions with nonprofits, 2014



Source: 2014 IACIR survey

Nonprofit Service Arrangements

In addition to the personal involvement of LGOs with nonprofits, we also consider service arrangements between local government and nonprofits. We thought that LGOs who reported such arrangements might be more likely to support collaboration due to their relationships with nonprofits. For this explanation, we rely on local governments' use of alternative service arrangements and contracting with nonprofits and on LGOs' assessment of working relationships with nonprofits.

The surveys included questions on whether local governments have established alternative

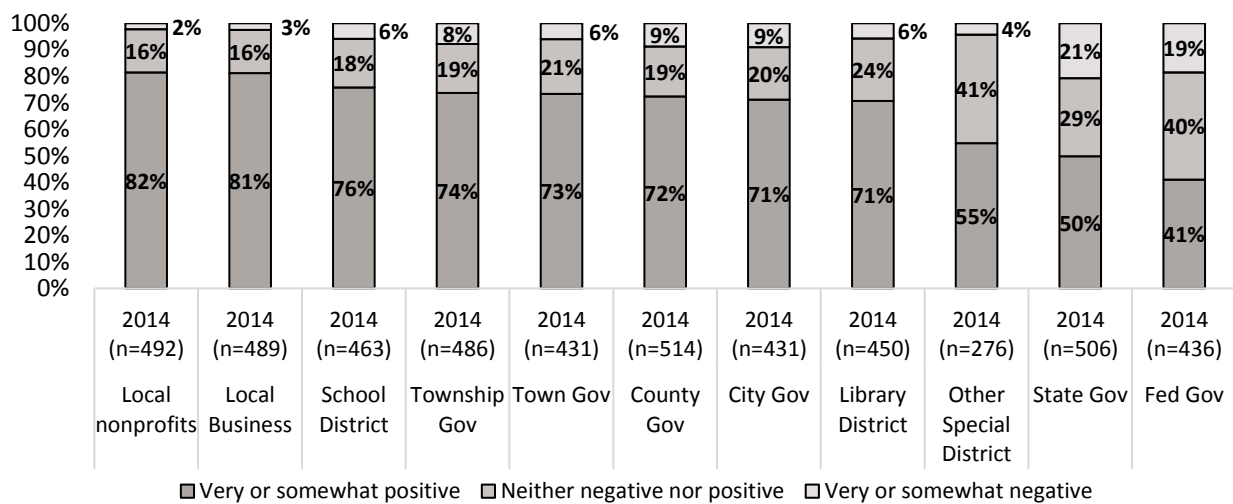
service arrangements with nonprofits as a response to decreased revenues during the two years prior to the survey. About a fifth (21 percent) of LGOs reported establishing alternative service arrangements with nonprofits. The surveys also asked whether local governments use contracting with a variety of different institutions (including nonprofits) for 17 specific services.⁵ A quarter (25 percent) of LGOs reported using contracting with nonprofits.

We also examine how LGOs view working relationships between units of local government and a range of other institutions, including local nonprofit organizations. Overall, LGOs report more positive relationships with local nonprofits than with any of the other institutions, and these differences are significant for every institution except local business (Figure 4).

Community Conditions

We thought that LGOs who felt pessimistic about the direction their communities are heading and who reported community problems might be more likely to support

Figure 4: LGOs' assessment of working relationships with various institutions, 2014



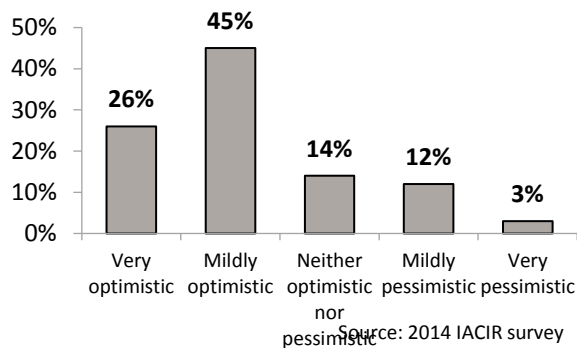
Source: 2014 IACIR survey

⁵ Jail, juvenile detention, roads and streets, parks and recreation, drinking water utility, solid waste services, sewer utility, police services, fire services, emergency medical services, emergency dispatch,

planning/plan commission, economic development, vocational education, special education, property assessment, and other.

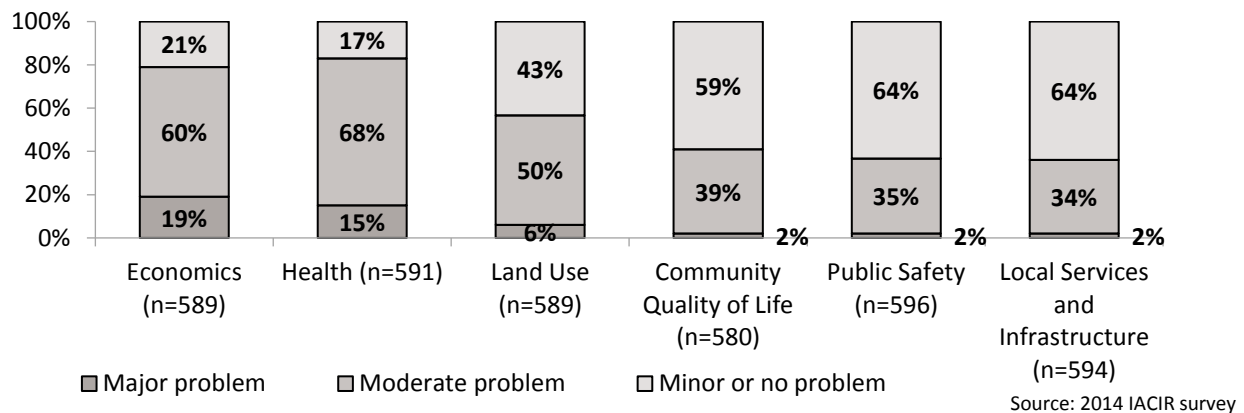
collaboration with nonprofits to help solve these problems. For this explanation, we rely on a five-point scale variable measuring whether respondents feel optimistic or pessimistic about the direction their community is heading and six sets of questions about various community problems. As shown in Figure 5, the vast majority (71 percent) of LGOs are mildly or very optimistic about the direction their community is heading.

Figure 5: LGOs' opinion on the direction their communities are heading, 2014



The six sets of questions about community conditions come from a list of 75 specific issue areas and whether LGOs report major or moderate or minor or no problem with them.

Figure 6: LGO's average assessment on community conditions, 2014



These issue areas were combined into six broad groupings: health, economics, public safety, local services and infrastructure, land use, and community quality of life. As Figure 6 shows, LGOs reported the most problems with economic conditions and the least problems with local services and infrastructure conditions.

We also thought that whether LGOs live in rural counties, the voter participation rate in LGOs' counties, and the nonprofit asset holdings in LGOs' counties might impact support for collaboration. Rural communities⁶ that are experiencing a shortage of resources may recognize the need for government-nonprofit collaboration to provide services that the government cannot handle alone. Slightly under half (46 percent) of LGOs' counties are rural.⁷ Communities with lower voter participation might rely on nonprofits to help guide the policy process of local government. The average county-level voter participation rate in 2014 was 34 percent, and they ranged from 24 to 52 percent.⁸ Communities with larger nonprofit asset holdings might also view the role of nonprofits as a positive mechanism for changing the economic and social direction of the community. The average total nonprofit assets

⁶ Defined as counties where the largest town or city has fewer than 10,000 residents.

⁷ We considered counties where the largest city had a population under 10,000 in 2014 to be rural. We obtained these data from STATS Indiana. See

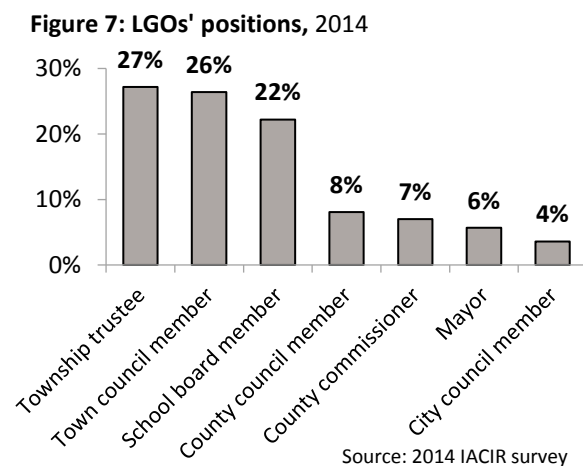
http://www.stats.indiana.edu/profiles/profiles.asp?scope_choice=a&county_changer=18000.

⁸ We obtained these data from the Indiana Election Division. See <http://www.in.gov/sos/elections/2983.htm>.

in LGOs' counties is almost \$2 billion,⁹ and this ranges from about \$5 million¹⁰ to almost \$38 billion.¹¹

LGOs' Elected Positions

We also thought that the type of government position held by LGOs and how long they have been in these positions and in any government positions might influence their attitudes with regard to collaboration with nonprofits, because these factors may impact the amount of experience they have working with nonprofits. Over a quarter (27 percent) of the LGOs who responded to the survey were township trustees, and over a quarter (26 percent) were town council members. The lowest portion were city council members (4 percent) (Figure 7).



⁹ \$1,187,569,650

¹⁰ \$5,372,912

¹¹ \$37,716,161,640. We obtained these data from the National Center of Charitable Statistics. See <http://www.nccs.urban.org/>.

¹² Linear regression with the dependent variable being the LGO's average "collaboration score"—1 being the least supportive of collaborative relationships with nonprofits and 5 being the most supportive.

¹³ (1) whether LGO volunteers at nonprofits; (2-5) whether LGO is an active leader, past leader, active member, and past member of a nonprofit; (6) whether local gov't has established alternative service arrangements with a nonprofit as a response

The number of years that LGOs have been in their current positions ranges from 0 to 47, with a mean of about 9. The number of years that LGOs have been in any government position ranges from 1 to 56, with a mean of about 12.

Predicting Collaborative Relationships - Analysis

To determine which of the many factors discussed above are important in jointly predicting support for collaborative relations, we used multi-variate analysis,¹² as we did in our previous analysis.

Table 1 shows the results for our analysis of the 2014 data— only 2 of our 26 original variables¹³ are significant in our final regression. We discuss these 2 variables in greater detail below.

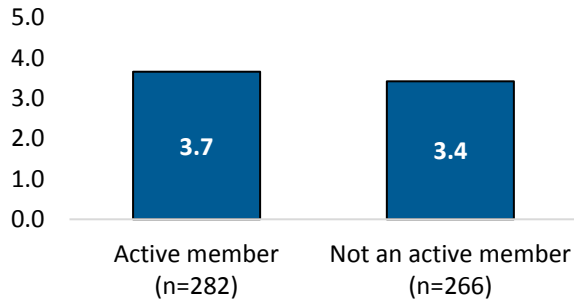
Table 1. Collaborative relationships between local gov't and NP	
Current nonprofit membership	+
Perceptions of economic problems in community	+

As Figure 8 shows, LGOs who are active members of nonprofits have an average collaboration score of 3.7, compared to 3.4 for those who are not. This difference is statistically significant. This is consistent with our previous analysis and suggests that LGOs who are actively involved with local nonprofits are more supportive of collaborative relationships.

to decreased revenues; (7) whether local government contracts with nonprofits; (8) LGO's assessment of working relationships with nonprofits; (9) LGO's opinion on the direction the community is heading; (10-15) LGO's perception of economic, health, land use, community quality of life, local services and infrastructure, and public safety problems in their community; (16) natural logarithm of county-level nonprofit asset holdings; (17) voter participation rate; (18) whether the county is rural; (19-24) whether LGO is a county council member, county commissioner, mayor, city council member, town council member, or school board member; (25) years LGO has been in their current position; and (26) years LGO has been in any government position.

However, the percent of LGOs who reported active membership in nonprofits declined significantly from 71 to 47 percent between 2010 and 2014, suggesting a troubling decline in the connectivity between nonprofits and local government officials.

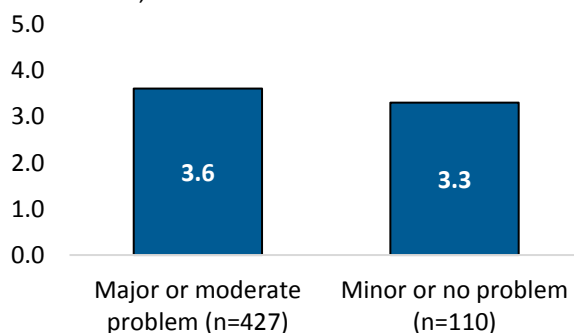
Figure 8: LGOs' average scores on collaborative relationships, by active nonprofit membership, 2014



Source: 2014 IACIR survey

However, the severity of community conditions is also important. Indeed, LGOs who report major or moderate problems with economic conditions have an average collaboration score of 3.6 compared to 3.3 for those who report only minor or no economic problems. This difference is also statistically significant (Figure 9). Between 2010 and 2014, the percentage of LGOs reporting major or moderate problems

Figure 9: LGOs' average scores on collaborative relationships, by assessment on economic conditions, 2014



Source: 2014 IACIR survey

with economic conditions decreased significantly from 91 to 79 percent. This decline is not surprising, given the overall improvement in the state's economy over that period;¹⁴ however, these findings also suggest that support for collaborative relationships may be becoming more fragile.

To what extent do LGOs support controlling relationships?

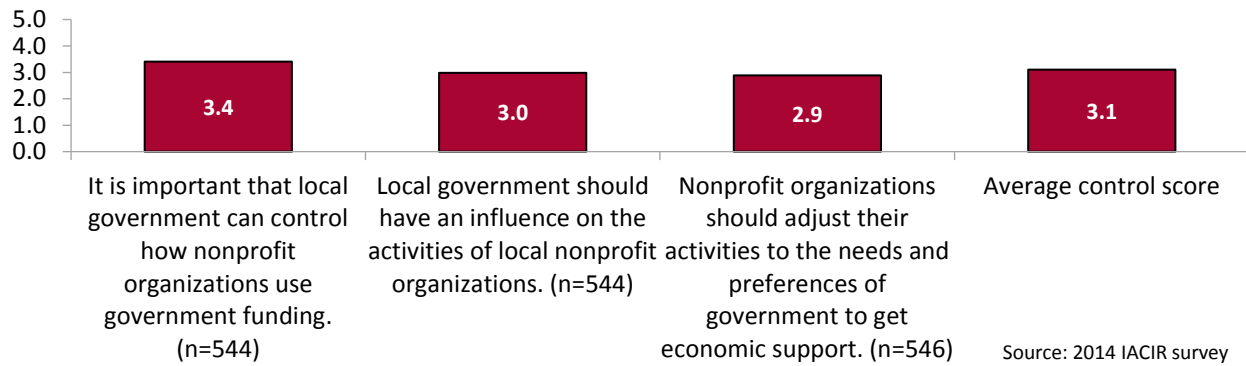
As we noted earlier, LGOs were less enthusiastic about sharing decision making with local nonprofits than with other questions about collaboration that we examined above, suggesting that LGOs do not see local nonprofits as fully equal partners. To explore this possibility in greater detail, we now turn to our analysis of the extent to which LGOs agree with statements that suggest efforts to control or influence local nonprofits. We looked at officials' agreement that (1) it is important that local government can control how nonprofit organizations use government funding, (2) local government should have an influence on the activities of local nonprofit organizations, and (3) nonprofit organizations should adjust their activities to the needs and preferences of government to get economic support.

As with the collaboration statements, survey respondents selected one of five options for each control statement, ranging from (1) strongly disagree to (5) strongly agree, and for each question, we calculated the average of these response values. Between 2010 and 2014, agreement with all three statements increased, but the increase was only statistically significant for the first and second statements – that local government should be able to control how nonprofits use government funding (average score up from 3.1 to 3.4) and that local government should have an influence on the activities of local nonprofits (average score up from 2.5 to 3.0).

¹⁴ According to the Bureau of Labor Statistics, Indiana's unemployment rate decreased from 10.9% in January of 2010 to 6.2% in January of 2014. See

https://data.bls.gov/timeseries/LASST18000000000003?amp%253bdata_tool=XGtable&output_view=da ta&include_graphs=true.

Figure 10: LGOs' average opinions on controlling relationships between local government and nonprofits, (1=strongly disagree to 5=strongly agree) 2014



For 2014, Figure 10 shows the average response values for all three controlling statements, as well as a calculated average control score across the three statements. Agreement was strongest on the statement “it is important that local government can control how nonprofit organizations use government funding” and weakest on the statement “nonprofit organizations should adjust their activities to the needs and preferences of government to get economic support.” It is perhaps not surprising that LGOs would agree that local government should be able to controlling how nonprofits use funding they receive from government. Notably, however, they are less concerned with influencing nonprofit activities or with wanting nonprofits to adjust their activities to match government funding priorities.

What explains LGOs’ support for a controlling relationship between local government and nonprofits?

To determine which of the many factors discussed above are important in jointly predicting support for controlling relationships, we used multi-variate analysis and the same set of factors as we considered when looking at support for collaborative relationships.¹⁵

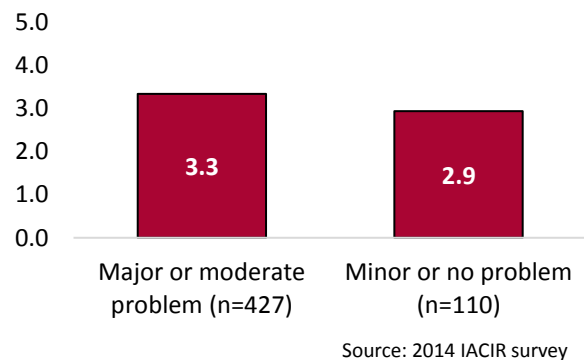
Table 2 shows that only 1 of our 26 original variables is significant in our final control

¹⁵ Linear regression with the dependent variable being the LGO’s average “control score”—1 being

regression. Those who perceive major or moderate problems with public safety conditions have an average control score of 3.3, compared to 2.9 for those who report minor or no problems (Figure 11).Table 2. Controlling relationships between local gov't and NP

Perceptions of public safety problems in community	+
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Figure 11: LGOs' average scores on controlling relationships, by assessment on public safety conditions, 2014



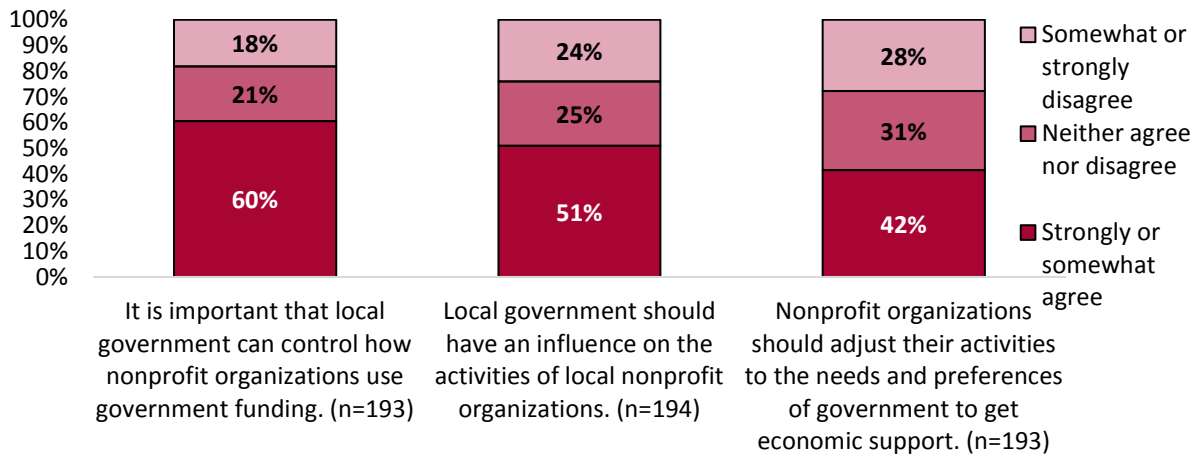
the least supportive of collaborative relationships with nonprofits and 5 being the most supportive.

Among those who report major or moderate problems with public safety conditions, support for “it is important that local government can control how nonprofit organizations use government funding” is the highest (60 percent) and support for “nonprofit organizations should adjust their activities to the needs and preferences of government to get economic support” is the lowest (42 percent) (Figure 12).

who perceive major or moderate public safety problems in their community. Additionally, LGOs who are active members of nonprofit organizations are more likely to promote a collaborative relationship.

However, these distinctions are not mutually exclusive. Any LGO may be in a community experiencing both economic and public safety

Figure 12: LGOs' opinions on controlling relationships, among those who report major or moderate problems with public safety conditions, 2014



Source: 2014 IACIR survey

Between 2010 and 2014, the percentage of LGOs reporting major or moderate problems with public safety conditions decreased significantly from 45 to 36 percent. While that suggests support for control should also decrease, we found the opposite, as noted above. LGOs were more likely to agree that government should control how nonprofits use government funding and that local government should have an influence on the activities of local nonprofits in 2014 than they were in 2010.

Conclusions and Policy Implications

The information in this briefing demonstrates a difference between perceptions of and preferences for collaborative and controlling relationships between local governments and nonprofit organizations. Collaboration is preferred by LGOs who perceive major or moderate economic problems in their community, but control is preferred by LGOs

problems. The interconnectivity of these situations may suggest that local government policy will introduce collaborative efforts in some areas while simultaneously being concerned that nonprofits with government funding align with government priorities in other areas. Moreover, while we have some evidence that LGOs are more supportive of collaborative relationships with nonprofits, there are also signs that they are interested in seeing greater nonprofit efforts to align their activities with those of local governments.

We hope that this briefing will allow Indiana’s LGOs, as well as LGOs in other states, to recognize the importance of more fully understanding the relationship between local governments and nonprofits. Collaboration can be a key mechanism for community development, but control may also play an important role for advancing certain interests of the community.

Acknowledgements

This analysis of local government and nonprofit sector relations is a joint effort with the Indiana University Public Policy Institute, the Lilly Family School of Philanthropy, and the School of Public and Environmental Affairs at Indiana University. We seek to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions by providing baseline information about the Indiana nonprofit sector.

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