The Evolving Relationship between Public and Nonprofit Sector Human Service Organizations: From Contractual to Partnership

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Abstract

The delivery of human services in contemporary American society involves complex relationships between public and nonprofit organizations. These relationships, often referred to as public-nonprofit partnerships, have market-like characteristics where government agencies purchase services from private vendors to meet the welfare needs of the community (Salamon, 1993). These purchase-of-service contracts have become one of the primary methods for financing and delivering local social services, as seen by the unparalleled growth of government reliance on nonprofits organizations to delivery government-funded human services in the second half of the 20th Century (Kramer, 1994). Today, this public-nonprofit partnership reflects a web of mutual interdependence that offers both opportunities and challenges, especially with private philanthropic sources supporting nonprofits and representing a new element in this partnership. This paper examines contemporary partnerships from both the public and nonprofit sector perspectives, describes the influence of public policy, identifies the emerging role of philanthropy, and concludes with an agenda for future research.

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The nonprofit sector and government have a long and complicated history (Guerra-Pearson, 1998). Nonprofit organizations were originally established in response to community needs that were unmet by public agencies. Over the past century, nonprofits have successfully worked alongside government and partnered with public agencies to meet the diverse needs of the community (Nowland-Foreman, 1998). In essence, the public sector relies on nonprofit organizations to provide services that meet an array of community needs while nonprofit organizations depend on government contracts to finance human service delivery. The inter-organizational relationships and interdependence among the sectors offers advantages and disadvantages for both participants.

Today's public-nonprofit partnership involves complex networks of organizations that are becoming more dependent upon each other to meet community needs. Changes in public policy and the economy has altered the partnering arrangement and invited the philanthropic sector into the relationship. This paper examines the contemporary public-nonprofit partnership from both public and nonprofit perspectives, describes the influence that public policy has had on the relationship as well as the entrance of philanthropy as a third member of the partnership, and concludes with an agenda for future research.

History

The roots of the public-nonprofit partnership in the human services can be traced to public and private response to societal needs (Kramer, 1981). The public sector refers to the provision of services by state, county, and federal government agencies such as assistance for the poor, elderly, and disabled (Netting, McMurtry, Kettner, & Jones-McClintic, 1990). While this form of assistance dates as far back as colonial times, services were scarce and limited in their scope (Kettner & Martin, 1987). This minimalist approach reflected a philosophical belief that citizens were responsible for providing local relief as opposed to relying on government intervention (Smith & Lipsky, 1993).

The prevailing sentiment of local responsibility for economically, physically, or socially dependent citizens led to the establishment of a private, voluntary sector under the auspices of churches, mutual benefit societies, and private philanthropy (Gibelman & Demone, 1989). The delivery of privately funded services offered nonprofits with the freedom and flexibility to address local needs that were not met by government assistance (Netting et al, 1990). While the federal government supported the growth of nonprofit organizations as supplemental to government resources, nonprofits saw their role as filling a void left by lack of governmental responsibility (Hall, 2006; Kramer, 1981). The nonprofit sector expanded in response to increasing need and began to pressure state and local governments to subsidize voluntary institutions (Kramer, 1981).

State and local government subsidization of nonprofit agencies was the prevailing method for delivering social services up until the 1930s. Government was considered responsible for only chronic and hopeless cases, while the nonprofit sector was viewed as the primary and preferred method for providing outdoor relief, temporary assistance, prevention, and treatment (Kramer, 1981). The government subsidy arrangement had its supporters and critics. The use of subsidies to help finance nonprofit organizations was supported because: 1) it was a way to utilize pre-existing organizations that valued consumer choice, 2) it was more economical, 3) nonprofit organizations had a better reputation for service, and 4) it coincided with the belief system that communities should respond to those in need (Kramer, 1981). The arrangement was also criticized for undermining nonprofit sector independence and autonomy, duplicating services, and blurring public and nonprofit boundaries (Gibelman & Demone, 1989).

The Depression of the 1930s brought significant changes to the partnering arrangement. Up until the 1930s nonprofit organizations were the primary mode of delivering welfare services. The widespread effects of the Great Depression challenged the belief that the nonprofit sector had the capacity to independently remedy the many hardships resulting from the Depression (Salamon, 1993). Nonprofits were unable to adequately respond to and meet the significant needs of the time (Gronbjerg, 2001). Federal intervention was necessary and the government took greater responsibility for relief and passed the Social Security Act of 1935 (Kramer, 1981). The impact of the Depression in the 1930's marks the beginning of direct federal intervention into social welfare. The New Deal transformed the face of welfare as it shifted responsibility from the local communities and nonprofits agencies to the federal government (Netting et al., 1990). The two decades following the Depression reflected a steady increase in government funding for services through subsidies and the funding of state and local welfare agencies (Smith & Lipsky, 1993).

The 1960s represented a major shift in the relationship between the public and nonprofit sectors based on growing public discontent about child abuse, the neglect of minority communities, the assassination of a president, and the urban riots of the 1960s that led to a series of new initiatives to expand federal assistance in social services, housing, health, education, and employment training (Cho, & Gillespie, 2006; Salamon, 1993; Smith & Lipsky, 1993). The sharp rise in federal expenditures for social welfare programs, the overwhelming task of rapidly expanding community services, and the Social Security Act amendments that encouraged states to enter into purchase-of-service agreements with nonprofits agencies resulted in a rapid expansion of the public-nonprofit partnership (Smith & Lipsky, 1993). As nonprofits became the favored recipients of government subsidies, they also took on increasingly active roles in the formulation and advocating of policies (Hall, 2006). The expanding role of the nonprofit sector also widened the scope of governmental functions to include monitoring, evaluation, research, demonstration, standardization, planning and service coordination (Kramer, 1981).

Public-nonprofit partnerships gained strength in the 1970s. The Revenue Sharing program under President Nixon provided federal funds to state and local governments with few strings attached and the passage of Title XX of the Social Security Act in 1975 changed the ways in which states planned and implemented their social service programs (Kettner & Martin, 1987; Mueller, 1979). Contracting was further supported through federal block grant funds and the establishment of new federal programs such as community mental health centers, Head Start, runaway shelters, child and adult protective services and neighborhood health clinics (Smith & Lipsky, 1993). Many nonprofit agencies were transformed from small community-based organizations reliant on private donations and voluntary labor into much larger agencies that were primarily dependent on public funds (Smith & Lipsky, 1993).

By the late 1970s purchase of service contracting with both nonprofit and for-profit social welfare organizations was the primary vehicle through which government delivered social services (Wedel, 1979). Salamon described this as an elaborate system of "third-party government" (Salamon, 1995, p. 41). Under this arrangement the federal government acts as a provider of funds and direction while the actual delivery of services is carried out by third parties under contracts to address governmental priorities. The nature and extent of this partnership led to the development of a mutually dependent relationship between the two sectors.

During the late 1970s, as public expenditures for human services continued to increase, the federal government reacted with policies to restrain the growth of human service funding. The Reagan administration in the 1980s introduced a period of massive retrenchment by using the Omnibus Budget Reconciliation Act of 1987 to cut Social Service Block Grants, abolish the Comprehensive Employment and Training Act, and reduce funding for a wide variety of human service programs (Coble, 1999; Hall, 1987; Salamon, 1993; Salamon, 1989; Smith & Lipsky, 1993). These changes in federal policy and financing had a profound influence on the nonprofit sector. States reacted to the budget cuts by either terminating purchase-of-service contracts with nonprofit agencies or continuing the level of contracting by requiring that providers assume a portion of the costs (Gibelman & Demone, 1989; Young, 2006). Despite the challenges of reduced public funding in the 1980s, nonprofit agencies experienced considerable growth during this period by diversifying their funding with private giving, fee income, and using the market to commercialize their services (Salamon, 1993). Similarly, the for-profit sector experienced growth as federal healthcare spending increased during this period by attracting government funding (Salamon, 1993).

Similar to the 1930s and the 1960s, the 1980s proved to be a landmark period in the history of the American social service system. Federal budget cuts and policy changes forced the nonprofit sector to move away from their traditional charitable roles through the use of fee-based services, the commercialization of services, and the development of services to meet federal funding requirements (Gronbjerg, 2001; Netting et al, 1990). The commercialization of social services, growing partnerships with businesses, and changes in the public-nonprofit partnerships led to structural changes in the nonprofit sector, such as increased use of bureaucratic rules and regulations, increased attention to outcomes, and competition between and among nonprofit and for-profit agencies (Gibelman & Demone, 2002).

The 1990s witnessed a continuation of the blending between government and the nonprofit sector through the devolution of federal responsibility for human services to state and county authorities and resulting in the continuing dependence of nonprofit agencies on government funding. For example, welfare reform legislation contributed to further devolution of authority and responsibility for the provision of social services from the national government to state and local governments and ultimately to local provider networks (Austin, 2003). The policy changes sought to reduce federal spending on social services while fostering choice among clients through encouraging a competitive social service environment (De Vita & Twombly, 2006). This legislation gave states more flexibility in the administration of funds and diversified the tools that government used to support nonprofits, incorporating tax credits, loans, expanded grants and contracts (Smith, 2002). However, the dependency on state economies made nonprofit organizations more vulnerable to the shifting economic tides (Smith & Lipsky, 1993).

The shift to public financing of social services and the diversification and expansion of public funding transformed the social services environment in the late 1990s. One outcome of these changes is that nonprofits began to seek alternative sources of income to keep up with escalating costs and to protect themselves in climates of economic and political uncertainty (Rosentraub, 1991; Smith, 2002). Although nonprofits have historically relied on diverse revenue sources, the availability of purchase-of-service contracts with the government provided this sector with a steady revenue stream that helped nonprofits develop, grow, and expand their services. Because nonprofits depended so heavily on public funding, they were vulnerable to the political and economic events that altered their partnerships with state, local, and federal government agencies.

The nonprofit sector had to develop new ways of thinking about generating resources. Some agencies were unable to accommodate the changes in their funding and either merged with other organizations or closed (Golensky & DeRuiter, 1999; Smith, 2002). Others survived by altering their services to accommodate the availability of new public funding streams. Most nonprofits who weathered the 1990s did so by securing a diverse set of funds that combined purchase-of-service contracts, foundation grants, private donations, social enterprise, and/or charging fees for service.

Political and economic forces changed the public-nonprofit partnership and altered the landscape of the nonprofit sector in several important ways. Developing a diversified funding base required the identification of funding opportunities and procurement of funds from foundations and donors. The increased emphasis on securing philanthropic funding in conjunction with diminishing public resources contributed to increased competition between nonprofit organizations (Thornton, 2006). The government amplified the competitive environment by inviting for-profit firms and faith-based organizations to compete for funding contracts to deliver community-based human services (De Vita & Towmbly, 2006; Salamon, 1989).

In addition to the political and economic forces, there was also increased emphasis on accountability as reflected in the federal legislation that called for increasing public confidence in government programs and expenditures. Under the Government Performance and Results Act of 1993, human service programs receiving government funding were required to articulate program goals and measure agency performance (DeVita & Twombly, 2006). These changes required new ways of thinking and approaching service delivery along with developing and investing in management information systems (Smith, 2002). The public-nonprofit partnership continues to challenge nonprofit adherence to changing government expectations of performance and accountability (Smith, 2002).

The delivery of human services in the 21st Century involves complex relationships between public sector governmental agencies and nonprofit human service agencies. Nonprofits finance their services through simultaneously partnering with a network of organizations, both public and private, that have their own set of resources, dependencies, and expectations (Smith & Gronbjerg, 2006). The evolution of the partnership between public agencies and nonprofit organizations has led to intricate networks and mutual dependencies between those who fund and those who deliver human services. The next section examines the nature of this interdependence and how it is perceived by both the public and nonprofit sectors.

Public and Nonprofit Sector Interdependence

Many of the perspectives on interdependence are based on a demand/supply model of transaction in which government and nonprofits compliment each other’s strengths and compensate for each other’s weaknesses (Smith & Gronbjerg, 2006). The public reliance on nonprofit organizations evolved out of an increasing demand for services to target specific issues and populations. Partnering offers government the ability to provide targeted services to a wider audience, and nonprofits the opportunity to expand their services with public resources. In essence, nonprofits are partners with government in the delivery of public goods that are largely financed by government (Young, 2000).

The nature and extent of the contemporary public-nonprofit partnership has created a web of mutual dependence among the sectors (Ostrander, 1989). Partnering arrangements are so extensive in human services that nonprofit organizations deliver a larger share of government funded services than government agencies themselves (Salamon, 1995). Nonprofits are increasingly dependent on the public sector for funds, while public agencies are increasingly reliant on nonprofits for services. Interdependence occurs when one organization provides both resources to and depends upon the services of another organization, where the action of one sector is dependent upon the actions of the other (Saidel, 1989).

While a resource dependency perspective makes it appear that the exchange relationship is one among equals, some observe that the interdependent partnership is often uneven and improperly balanced (Saidel, 1989). Given the nonprofit sector's historical dependence on federal, state, and local funds coupled with periodic changes in funding, the nonprofit sector has perceived itself to be in a dependent role where governmental bodies have the upper hand based on their political and decision-making role in allocating financial resources. As Smith and Lipsky (1993) observe, the contractual relationship between government and nonprofit organizations is not one of equals; rather, it is one where government has authority and gradually influences the behavior of nonprofit contractors to accept its practices and preferred policies.

Although the federal government has a long history of contracting with the for-profit sector (e.g., the military-industrial complex), the entrance of for-profits into the human service arena has impacted the nature of the interdependent partnership by introducing more market-like contracting mechanisms (Gronbjerg, 1987). These factors ultimately place government entities in an even more powerful position because they have more contracting options. Increased competition has stimulated nonprofits to develop adaptive strategies that can steer them away from their core service mission in order to attract to public funds (Frumkin & Andre-Clark, 2000; Lammers, 1990).

The growing reliance of the public sector on nonprofit organizations to deliver publicly-financed services has led to threats that emerge from closer alliances and intertwined funding streams (Smith & Lipsky, 1993). These threats involve a loss of control and authority by both the government and nonprofits and challenges in the processes of holding nonprofits accountable for meeting government standards (Gazley & Brudney, 2007). Although partnering arrangements are advantageous on many levels, when a large number of organizations are involved in contracting partnerships, close communication between all of the players can be challenging in the context of expanding accountability and evaluation requirements (Gronbjerg, 1987).

The entrance of alternative forms of agency structures has further complicated public-nonprofit partnering arrangement. Langton (1987) notes an emergence of hybrid organizations that involve a combination of government, for-profit, and nonprofit features. The increasingly blurred boundaries between sectors create concern that both nonprofit and public sector organizations are becoming more and more similar (Gibelman & Demone, 1989; Langton, 1987; Lourie, 1979). For example, the growing interdependence between the sectors has resulted in the nonprofit sector acting as a substitute for or extension of government, rather than retaining its traditional identity as an alternative supplement or compliment to public services (Kramer, 1994; Smith & Lipsky, 1993). Others have argued that governments and nonprofit organizations share similar goals and structures and therefore coordination between the two sectors should be expected in order to meet the needs of both sectors (Gronbjerg, 1987; Salamon, 1995).

The Implications of Interdependence

An area that is not widely addressed in the literature is the influence that the interdependent relationship has on service consumers. Historically, nonprofits have been considered alternative providers that present options and promote consumer choice. However, the ability of nonprofits to respond to consumer needs can be restricted by the government regulations and standards that accompany funding (Hardina, 1990). Are nonprofit organizations modifying their missions to gain future government support and, if so, does this change result in less consumer choice for service recipients? Do they really have a choice? In essence, how does the interdependency of public and nonprofit sectors influence consumer choice?

Although public-nonprofit partnerships are reciprocal in theory, in practice they often reveal an imbalanced relationship. Saidel (1989) observed that the interdependence among government and nonprofits exists on a continuum that varies over time due to social, political, and economic factors that can affect the financial health of nonprofits. While this relationship involves numerous dynamics and power differentials, there has been little research identifying the key variables that influence the exchange relationship (Cho & Gillespie, 2006). How have nonprofit organizations used advocacy efforts to influence government decision-making and contracting processes? What role have influential board members played in balancing the interdependence of the public and nonprofit sectors?

Finally, there are differing opinions about the nature of the interdependence between the public and nonprofit sectors. Some argue for greater separation and competition between the sectors to ensure nonprofit survival, including the infusion of for-profit sector capabilities to help nonprofits achieve self-sufficiency and independence (DeLaat, 1987; Greenlee & Tuckman, 2007). Others observe that these sectors need to develop more collaborative and intimate partnering arrangements in order to combine the strengths of government with those of nonprofit service delivery approaches (Costin, 1998; DeLaat, 1987; Salamon, 1995).

Public Sector Perspectives on the Partnership

The public sector relies on the nonprofit community to provide services that meet an array of community needs. Federal, state, and local governments have historically elected to meet their public responsibilities through financing services delivered by nonprofit organizations (Gibelman & Demone, 1989). In the later part of the 20th Century, this responsibility was largely devolved to state and local governments. From the public sector perspective, partnering with nonprofit organizations offers a number of advantages associated with fulfilling its legislative mandates.

Since nonprofit organizations have an expertise in developing and delivering services to their specified populations, contracting enables government to link its public service mandates with the most innovative and current service delivery approaches. Purchase of service contracts with nonprofits offers government an opportunity to provide more effective, flexible, higher quality, and specialized services (Austin, 2003). Furthermore, public funds can help nonprofits explore new service delivery techniques through funding demonstration projects. Contracting with nonprofit organizations also provides a venue through which government can reach difficult to access communities and disadvantaged populations (Anderson, 2004). For example, contracting with rural nonprofits can be more efficient and effective than requiring government employees to travel and provide services.

Government agencies contract with nonprofit organizations in order to reduce their own service delivery costs (Ghere, 1981; DeHoog, 1984). Additionally, nonprofit providers may be able to deliver services at lower costs because of the environments in which they operate

(Kramer, 1989; Smith & Lipsky, 1993). Partnering with nonprofits offers public agencies a way to explore alternative approaches to service delivery, including the development of cooperative relationships and a service delivery network (Wedel, 1979). The use of outside vendors invites competition that can lead to higher quality services, access to a wider audience, and potentially greater consumer choice (Ghere, 1981). Contracting essentially reduces the role of government in service provision, but expands its role in selecting providers and monitoring services (DeHoog, 1984).

It is clear that contract arrangements to deliver human services directly influence the administrative priorities and practices of the public agency (Ghere, 1981). Early steps in the contracting process involve decision-making around what goods and services to supply, at what level, through which methods of financing while also ensuring that these decisions comply with public policies (Brudney, 1987). After the decision has been made to contract, the public entity must send out requests for proposals, review these requests, and negotiate contracts.

The development of proposals is an important step in the partnership process. The purchase of service agreement is a concrete tool that needs to provide clear guidelines about the expected behavior of both the public and nonprofit agencies (Brown & Troutt, 2004). Improperly constructed proposals and contracts are a significant factor affecting contract failure and compliance (Peat & Costley, 2001). Once proposals have been submitted, the public agency reviews them using such decision criteria as: cost-effectiveness, productivity, fiscal control, provider vulnerabilities, monitoring abilities, barriers to planning, design and funding, impact on service recipients, public policy and legal considerations, and politics and agency loyalties (Kramer, 1994). A well-developed management information system is needed to support decisions associated with the awarding and monitoring of contracts (Ghere, 1981).

From the public perspective, serious shortcomings in the contract process relate to deadline pressures and little opportunity to identify potential contractors, resulting in the use of organizations already in the network of contractors (Brown & Trout, 2004; Salamon, 1995). Awarding funds to the same set of contractors can either erode competition or strengthen long-term partnerships that reflect high quality services (DeHoog, 1984).

The essential role of the government agency in their contracting relationships is to perform a watchdog function monitoring the use of contract funds linked to maintaining accountability and standards (DeHoog, 1984; Lourie, 1979; Kettner & Martin, 1985). Up until the 1960s, government regulation of contracts was minimal and performance monitoring was usually left to the nonprofits (Smith & Lipsky, 1993). With the growth of the contracting arrangements came concerns over how the resources were being used. A series of highly publicized cases involving questionable nonprofit practices and use of public funds has led public agencies to increasingly require that their partners demonstrate accountability for product, process, program outcomes and program activity (Brown, & Troutt, 2004; Morrison & Salipante, 2007).

In partnering arrangements, public agencies have limited ability to monitor the performance of the contracting agency. From a public agency standpoint, if large sums of money are going to be used to fund private social services, there must be a related willingness on the recipient's part to be accountable. Problems arise because many nonprofits find the contract requirements to be a burden that undermines the historic freedoms of the nonprofit sector (Lourie, 1979). Public agencies believe that, over time, nonprofit agencies will yield to increasing pressure and comply with the accountability requirements placed upon them (Brown, & Troutt, 2004).

Based on resistance from the nonprofit sector to program evaluation and accountability, the public sector has taken the lead in the development of monitoring systems as part of the accountability requirements built into contracts. The public use of nonprofits to deliver human services directly affects the administrative practices and priorities of the public agency (Ghere, 1981). Government agencies must use resources to design and implement selection, funding, and monitoring structures that allow the agency to feel confident that the contracting agency is carrying out specified activities appropriately and that agreed upon levels of performance are achieved (Brown, & Troutt, 2004; Smith & Gronbjerg, 2006).

Implications for Public Sector Partnering

Purchase of service contracting with nonprofit human service agencies offers government cost effective strategies to provide efficient and innovative services, flexibility that encourages consumer choice, and provides government with a way to assure that direct services are delivered at the local level. Although not widely addressed in the literature, there is evidence that successful contracting involves multiple steps for both the public and nonprofit agencies to take related to planning, decision making, motivating and monitoring (Peat & Costley, 2001).

Contracting practices involve the development and maintenance of relationships between the public and nonprofit agencies, especially maintaining open lines of communication with the nonprofits delivering publicly-funded services. The specific actions and structures that the government employs can facilitate cooperative relationships with its partnering agencies (Brown & Troutt, 2004). While there are models of cooperative partnering, there is little information about how public entities can engage their nonprofit partners in collaborative relations (DeHoog, 1990). Given evidence that the public-nonprofit partnership is actually an interdependent relationship, how do public agencies effectively build and maintain productive collaborations with nonprofit organizations?

Public agencies are increasingly building accountability and program evaluation requirements into their contracts that focus on the appropriate use of public funds, the delivery of agreed-upon services, and the maintenance of service quality. While there is evidence of the burden of accountability requirements place on nonprofits, there has been little attention given to how these requirements have influenced the administration of grants from the government perspective. Understanding of the perceptions of public agencies regarding the accountability of nonprofits can help to promote collaborative and mutually beneficial partnerships.

Nonprofit Sector Perspectives on the Public-Private Partnership

From the nonprofit perspective, a principal advantage of partnering with government is that contracts provide the financial resources necessary for nonprofits to continue to serve its clientele and expand service delivery (Kramer, 1989). These resources are often perceived as having greater security and constancy than other forms of nonprofit revenues, such as private donations. Government contracts are particularly attractive to nonprofit organizations because they often involve large sums of funding spread out over several years that provides a steady revenue stream, organizational security, and facilitates growth. Nonprofits can benefit from the stability and predictability of annual contract renewals, despite the fact that government funding is not stable as a rule (Froelich, 1999; Gronbjerg, 1991; Hodge & Piccolo, 2005; Kingma, 1993).

Both the stability and predictability of revenue streams offer nonprofits an ability to budget for staffing and services over time. State and county governments often partner with local nonprofit organizations for the purpose of developing services for unmet community needs, developing programs for underserved groups, or exploring a new treatment technique through funding demonstration projects (Fabricant, 1986). These partnerships can be particularly appealing for nonprofits because the funds can provide incentive that allows the organization to be more creative in service delivery and develop new staff competencies. From the nonprofit perspective, the public-nonprofit partnership is a way to help them reach more clients, provide better services, and meet community needs (Kettner & Martin, 1996).

Despite these benefits, public-nonprofit partnerships pose disadvantages for nonprofit organizations. Applying for government grants is time and labor intensive; namely, locating and responding to proposal requests and assessing the relationship between the funding priorities and the organization's mission and values. Developing partnering relationships based on insufficient alignment of service agendas and values can distract nonprofits from their original service mission (Rushton & Brookes, 2007). In addition, contract application processes, program mandates, allowable expenditures, and reporting requirements are often described in dense bureaucratic government regulations, statutes, and public notices that require a significant level of professional expertise in nonprofit organizations (Smith & Lipsky, 1993; Gronbjerg, 1991; Webster & Wylie, 1988).

A variety of sophisticated finance and management tools for program budgeting and outcomes measurement are needed to comply with contract requirements (Doelker, 1979; Hass & Gianbruno, 1994; Kettner, & Martin, 1985; Mulroy & Tamburo, 2004; Stretch, 1980). Frequently, nonprofits add skilled professional administrative staff in accounting and program evaluation positions, which often leads to increased overhead expenses that can drain resources away from service delivery, especially in small nonprofits (Gronbjerg, 1991).

The administrative oversight of government contracts is challenging on a number of levels (Gronbjerg, 1991). Because public contracts affect both financial and programmatic aspects of nonprofit organizations, they have a significant influence on nonprofit administrative roles and priorities. The relationship-building component of partnerships is a key component in managing government-funded nonprofits. The mutual dependence of nonprofits on government for funding, and of government on nonprofits for service delivery, promotes a legalistic and unbalanced relationship between nonprofits and their government funders (Smith & Lipsky, 1993). As the provider of funds, government agencies often hold a more powerful position in public-nonprofit partnerships.

For nonprofits that rely heavily on government contracting, delays in funding can create serious complications, especially delays in contract reimbursements due to lengthy bureaucratic processes and inefficiencies in government agencies. These delays can increase the administrative costs of nonprofits and can cause significant cash flow problems related to limited operating reserves and limited access to credit (Grossman, 1992; Smith & Lipsky, 1993; Salamon, 1995).

It is clear that nonprofit organizations can become overly dependent on government revenues (Alexander, 1999; Hall, 1987; Smith & Lipsky, 1993). When government contracts comprise a substantial proportion of a nonprofit's overall budget, or serve as the dominant funding source for a particular program within a nonprofit, the agency is exposed to financial risk. While a large new contract can allow rapid program expansion, the non-renewal of an established contract can lead to rapid program contraction, with little time or resources to plan for transition of services or staff. In the worst case, a nonprofit that is highly dependent on government funding may be forced to dissolve completely or merge with another agency in the face of major government cutbacks.

Accountability and evaluation requirements are a leading source of confusion for nonprofit organizations. The comprehensive accountability mandates require detailed financial reporting along with process and outcome evaluation of services (Elkin, 1985). Attending to these expectations require the identification of measureable client outcomes, systems to document progress, staff compliance with record keeping, and capacity to track data in a way that satisfies a multiplicity of funder requirements (Elkin, 1985; Smith & Lipsky, 1993). Along with this perplexing new system comes uncertainty about how to find meaningful and obtainable measures of success in programs dealing with complex and multifaceted community problems (Fischer, 2001). The challenge of finding meaningful quantitative measures of human service outcomes is complicated by the multiple and complex objectives of human services provided to families and individuals with numerous problems (Hasenfeld, 1983). Some argue that ever-growing accountability and evaluation requirements raise questions about who actually has control over the services provided (e.g., government or nonprofits) (Wedel & Colston, 1988). The variables used to measure organizational success often do not accurately reflect the mission of the organization or the services provided. For some programs it may be impossible to evaluate outcomes given issues of client confidentiality and the complexity of locating clients after they have been discharged from the program (Richter & Ozawa, 1983; Smith, 2002).

Additional concerns from the nonprofit perspective involve a loss of independence and autonomy (Hall, 1987). The pervasiveness of public-nonprofit partnerships can lead to the conclusion that nonprofits have become so entangled in governmental activities that they risk the displacement of their values and mission (Ghere, 1981). Nonprofits have traditionally been viewed as pioneers, standard setters, and community advocates; a loss of autonomy and limitations placed on capacity to engage in legislative advocacy and social action are evident in the literature (Kramer, 1981; Ostrander, 1989; Richter & Ozawa, 1983). Nonprofits can become preoccupied with contracting requirements and lose sight of the organization's mission or may actually alter the mission to meet the demands of funding sources (Ebaugh, Chafetz, & Pipes, 2005; Jones, 2007; McBeath & Meezan, 2006; Saidel, & Harlan, 1998). Government funding can considerably influence nonprofit service delivery and restrict a nonprofit's flexibility in responding to client needs (Hardina, 1990).

Implications for Nonprofit Sector Partnering

Although public-nonprofit partnerships offer many advantages and opportunities to nonprofit organizations, these relationships also present considerable challenges. A primary area of concern involves the loss of independence and autonomy. The nonprofit sector consists of organizations that are voluntary, self-governing, and driven by public service missions (Boris, 2006). Nonprofit organizations are historically independent and innovative advocates and providers who respond to the needs of underserved communities and populations. These characteristics are precisely the reason why government agencies seek partnerships with nonprofits. Through these partnering arrangements, government is given access to pioneering human service organizations.

The power differential between public and nonprofit agencies is not widely addressed in the literature. In particular, there is little inquiry into how nonprofit organizations think about power differentials and how they strategize to meet their organizational needs. While the nonprofit sector does not have the level of political influence that government agencies do, they are not powerless participants in the relationship. Inquiry into how nonprofit organizations perceive the relations that they have with public funders and how they tailor their interactions with government funders may shed some light on the multiple complexities of the public-nonprofit partnership. Specifically, what strategies do nonprofit organizations use to manipulate partnerships in such a way to give them additional power to secure future resources?

While the availability of public funds has offered the nonprofit sector enormous opportunities to grow and expand, nonprofit organizations are increasingly finding themselves in vulnerable financial positions. The interdependence between the two sectors has more significant consequences for nonprofit organizations than for government because government has options to contract with an ever-increasing number of nonprofits (along with for-profit organizations and religious affiliated providers). Declining resources and increasing competition has forced nonprofit organizations to develop survival strategies. These strategies include reducing dependence on government funding by developing relationships with foundations and implementing revenue generating plans (e.g., fundraising campaigns, service marketing and charging fees for services).

The consequences of declining public resources are profoundly affecting the nonprofit sector, leading to a reassessment of the partnership between the public and nonprofit agencies. Some have observed that the nonprofit sector has lost its independent nature in its struggle to compete for and retain government funds (Jones, 2007; Schmid, 2004). Competition for these funds has an even greater impact on smaller nonprofit organizations with less access to information and fewer options to generate new resources (Reisch & Sommerfeld, 2003). While diversifying revenue streams is widely considered to be an important strategy for nonprofits to reclaim their independence, these activities may also lead nonprofits astray from their original service intentions. How has the struggle to reduce dependency on government agencies impacted nonprofit organizations? Are there specific agency characteristics that contribute to organizational survival or decline?

With respect to the ever-increasing accountability requirements built into government grants and contracts, how are nonprofits developing information tracking and analysis systems that are responsive to a multitude of funder requirements? What are the different skill sets needed to report both financial and nonfinancial aspects of their service delivery data? How many nonprofits respond to the requirements of multiple funders by establishing evaluation systems that are specific to the requirements laid out in each contract? How do nonprofits respond to the two separate and independent accountability goals related to the service delivery and financial management (Lohmann, 1980; Tinkelman & Donabedian, 2007)? What percentage of nonprofit resources are devoted to administrative accountability requirements and service delivery? What accountability and evaluation systems have nonprofits developed and implemented and how efficient are these systems

Other challenges that nonprofit organizations face in their public partnerships relate to political and economic factors that have changed the nature of the relationship. Government financing of nonprofit activity is largely dependent upon how elected officials view the nonprofit sector and the services that it delivers. This places the nonprofit sector in a more vulnerable position than public agencies. Budget cuts, devolution, and privatization of services have changed the contemporary partnership and altered the nature of the nonprofit sector. Changes in the social, political and economic landscape over the last several decades have built an awareness that nonprofits need to plan carefully for times of political and economic uncertainties. This awareness has changed the way that nonprofits operate in the 21st Century.

The Role of Public Policies in Partnership Enhancement

Public policy plays an important role in the public-nonprofit partnership. Contracting grew exponentially as a result of policy changes in the second half of the 20th Century. New legislation calling for a wider array of services to underserved populations was based on the realization that a single agency could not provide comprehensive services to meet a multitude of public needs (Randolph, 1979). Social policies not only spurred growth in the nonprofit sector, but also altered the nature of the partnership through the expansion and contraction of public financing, especially: 1) a shift way from public grants to cost reimbursement 2) changes in eligibility requirements 3) the creation of new federally funded programs, and 4) changes in the mechanisms that government uses to support nonprofits (Pawlak, Jeter, & Fink, 1983; Smith, 2002).

How policies influence the public-nonprofit partnership is largely dependent on how the policy makers view the relationship between government and nonprofit organizations. Young (2000) asserts that nonprofit relations with government can be *supplementary*, *complementary* or *adversarial*. Partnerships look different depending on which perspective dominates policy maker views at any given point in time (Reisch & Sommerfeld, 2003). For example, the complementary perspective helps to explain the post WWII policies that provided resources that were supportive of nonprofit service delivery. Policies made in the last three decades of the 20th century view nonprofits as playing a supplementary role, where government assumes a more passive, fiscally conservative role in service delivery while the nonprofit and for-profit sectors are expected to take a more active role in funding and volunteering (Young, 2000).

Throughout US history, nonprofits have worked together to shape and reshape the country's political, economic and cultural landscape (Boris & Krehely, 2002). Nonprofit advocates and their constituents seek to influence public policies and government regulations (Saidel & Harlan, 1998). Nonprofits have increasingly identified the need to engage in advocacy activities urging politicians to endorse policies that meet the needs of their clients and the community (Ostrander, 1989). While it is apparent that social policies influence the way that the government interacts with nonprofits and the way that services are ultimately delivered, leaders in the nonprofit community often feel that they have little influence in policy decisions. This is frequently attributed to administrative and legal restrictions on advocacy that are built into the contracting arrangements (Boris, & Krehely, 2002; Coble, 1999; Gibelman & Kraft, 1996; Pawlak, Jeter, & Fink, 1983; Ritcher & Ozawa, 1983).

Great Britain provides an alternative perspective on how policies can strengthen and support partnerships between government and the nonprofit sector. Like the United States, the British government uses contracts with nonprofits to deliver publicly-funded human services. Beginning in the 1980s, British politicians became increasingly aware of the role of nonprofits and the importance of supporting government-nonprofit partnerships in ways that benefitted both parties (Lewis, 1999; Pickvance, 1987; Young, 2000). The Labour Party challenged the Conservative Government on its views of the nonprofit sector and expressed a commitment to support a voluntary sector that was independent, creative and expressive of public interests (Cartwright & Morris, 2001; Plowden, 2003). These advocates argued that the political debate is "in danger of remaining fixed in a time warp" by focusing only on the good/evil of privatization and treating the third sector as marginal (Bubb, 2003, p. 2).

The early 1990s witnessed a series of political initiatives that brought the nonprofit sector into greater public consciousness. For example, The Deaken Commission in 1996 recognized the nonprofit sector's independence and diversity not as a supplement to government but as potentially equal partners in advocacy, policy, and service provision (Kendall, 2003; Unwin, 2003). When Tony Blair and the New Labour Government assumed office in 1997, the change led to three high-profile policy events that transformed the nonprofit sector: 1) the launch of a Compact between government and the voluntary sector in 1998, 2) the establishment of a government unit specifically charged with dealing with voluntary sector issues, and 3) the Charity Tax Review (Kendall, 2003). Tony Blair's commitment to support the nonprofit sector through policy and tax reform as well as a planned inquiry into the state of public-nonprofit partnering arrangements added momentum to a growing awareness about nonprofit issues.

The Compact is essentially an agreement between the government and the nonprofit sector to improve their relationship for the benefit of the communities that they serve. It is built on the assumption that enhanced public-nonprofit partnerships are important for effective service delivery while recognizing that significant barriers prevent successful partnership. For there to be a true partnership, government has to respect nonprofit sector differences while the nonprofit has to find an effective voice in the policy-making process (Lewis, 1999).

The Compact lays out a series of mutual undertakings that ultimately became codes for partnership practice (Cartwright & Morris, 2001). These codes act like a legal agreement that clearly outlines both the government and nonprofit sector responsibilities. The five Compact Codes of Good Practice include: 1) Funding and Procurement addresses the financial relationship and the expected behaviors for the partnership, 2) Consultation and Policy Appeal addresses government's role in providing consultation services to support nonprofit service delivery and, in turn, the nonprofit sector's role in providing consultation in the policy-making process prior to decision-making, 3) Black and Minority Ethnic Groups recognizes the special needs of minority groups and develops an agenda for collaborative service delivery, 4) Volunteering stresses the importance of volunteerism and strengthening the volunteer community, and 5) Community Groups seeks to promote increased understanding of the many roles that community groups play in public life, and find ways to strengthen them (Compact, 1998).

There has been little research published on early evaluations of how the Compact changed the public-nonprofit partnership. Some published reports identify that progress has occurred, that the process has improved working relationships between the two sectors, and that the policy environment is much more open to nonprofit voice; however, critics identify barriers affecting communication between the sectors as well as full participation and engagement of the nonprofit sector in policy decisions (Chaney & Fevre, 2001; Lewis, 1999; Plowden, 2003; Taylor & Warburton, 2003)

Implications for Public Policy for Partnership Development

Public policy has played an important role in both the British and American public-nonprofit partnership. While American policies continue to facilitate an unbalanced interdependence between the two sectors, the British government recognizes the interdependence between these two sectors and seeks to strengthen the relationship through a set of practice codes. While United States policy implicitly recognizes the importance of the public-nonprofit partnership through the contracting process, it has given limited attention to the processes of inter-organizational relationships that underlie partnerships. Should there be standard codes of practices in the United States that parallel those in the United Kingdom? Is each partnership unique and different and are there frameworks that increase our understanding of them?

The British Compact is an intriguing development because it essentially lays out a series of best practices for the delivery of human services via the public-nonprofit partnership. In the United States, nonprofit organizations are increasingly adopting evidence-based practice into their service delivery approaches. Given the attention paid to evidence-based practice and a growing awareness of public-nonprofit partnership challenges, Britain's adoption of practice codes could have relevance in the United States.

The past twenty years have seen increased efforts to build the knowledge base of the nonprofit sector and its relationship to the public sector. This is reflected in the development of special programs for educating future nonprofit administrators and the diversity of research articles being published on issues facing nonprofits (Wish & Mirabella, 1998; Young, 1993). Kendall (2003) noted that academics and policy entrepreneurs played a big role in the British policy changes related to public-nonprofit partnerships. Are United States academics and politicians aware of the changes that have occurred in British partnerships? Is this knowledge helping to inform change in public-nonprofit partnerships in the United States? Given that 2009 will bring changes in the political Administration, how can nonprofit scholars and policy makers use successes in Britain to guide change in the United States?

Nonprofits seek to protect themselves from potentially damaging policy decisions by attempting to influence politicians through lobbying but also by developing strategies to diversify their funding. A diverse funding base provides nonprofits a buffer that can help them withstand future political and economic uncertainties. Foundation grants and private donations are emerging as important resources that ease some of the financial vulnerability experienced by nonprofits.

Role of Philanthropy

Nonprofit organizations are increasingly seeking to diversify their funding to protect themselves in climates of political and economic uncertainty (Rosentraub, 1991). In lieu of shrinking government funding, nonprofit organizations have aggressively sought philanthropic resources to provide operating support (Mahoney & Estes, 1987; Netting, Williams, & Hyer, 1998). As government funding was reduced and support of nonprofits devolved to the state and local communities in the 1980s, President Reagan encouraged the philanthropic community to invest in the process of meeting community needs (Levy, 1983). In addition, economic growth in the United States and policy reforms that offer incentives for philanthropic support have contributed to a greater involvement of philanthropic resources in the revenue steam of nonprofits (Lenkowsky, 2002). Philanthropic support for nonprofits seeking to relieve human suffering is not a new phenomenon.

Philanthropic funding sources are as diverse as nonprofit organizations, including community foundations that pool the investments of many donors to serve local needs, private foundations that reflect grant making based on one benefactor, and corporate foundations that allocate funding related to corporate interests and community needs based on corporate profits (Carman, 2001; Ostrower, 2007; O'Neill, 1989). Other philanthropic sources include individual donors, bequests, and independent family foundations (Steurele, & Hodgkinson, 2002).

The most prominent philanthropic grant-making resource in the nonprofit sector is the foundation (Lenkowsky, 2002). A foundation is a nonprofit organization that exists to allocate funds to service producing nonprofits (O'Neill, 1989). Foundations are typically built around a permanent endowment that is not committed to a particular institution or activity and makes grants related to multiple purposes (Prewitt, 2006). Like all nonprofit organizations, foundations differ in size and capacity (Gronjberg, Martell, & Paarlberg, 2000). Nonprofit human service organizations are attracted to foundation grants for the following reasons: 1) annual or multi-year grants, 2) greater flexibility and fewer constraints compared to government contracts, 3) a resource that helps to balance the volatility of shorter term funding, 4) support for innovative projects and developing new service delivery methods, and 5) technical assistance resources to help organizations strength their operations and build their capacity related to social marketing, communication, evaluation, public policy, technology, and organizational learning (Ebaugh, Chafetz, & Pipes, 2005; Lake, Reis, & Spann, 2000; Mandeville, 2007; Netting, Williams, & Hyer, 1998; Rothman & Lubben, 1988). While some foundations post requests for proposals, others invite nonprofit organizations to approach them with a program idea. If the proposal in line with the foundation's mission and goals, foundations may provide funds to help with start-up or possibly to continue projects that were previously supported by public resources.

Another form of philanthropy are private contributions from individual donors, which are highly valued by nonprofits because they provide legitimacy and support for an organization's mission among its constituents (Ebaugh, Chafetz, & Pipes, 2005). Funds from individual donors are attractive because they are relatively unrestricted but require the ongoing generation of donation support by developing and maintaining relationships between nonprofits and donors (Ostrander, 2007). While not the main source of nonprofit support, private contributions can be difficult to replace (Ostrander, 2007).

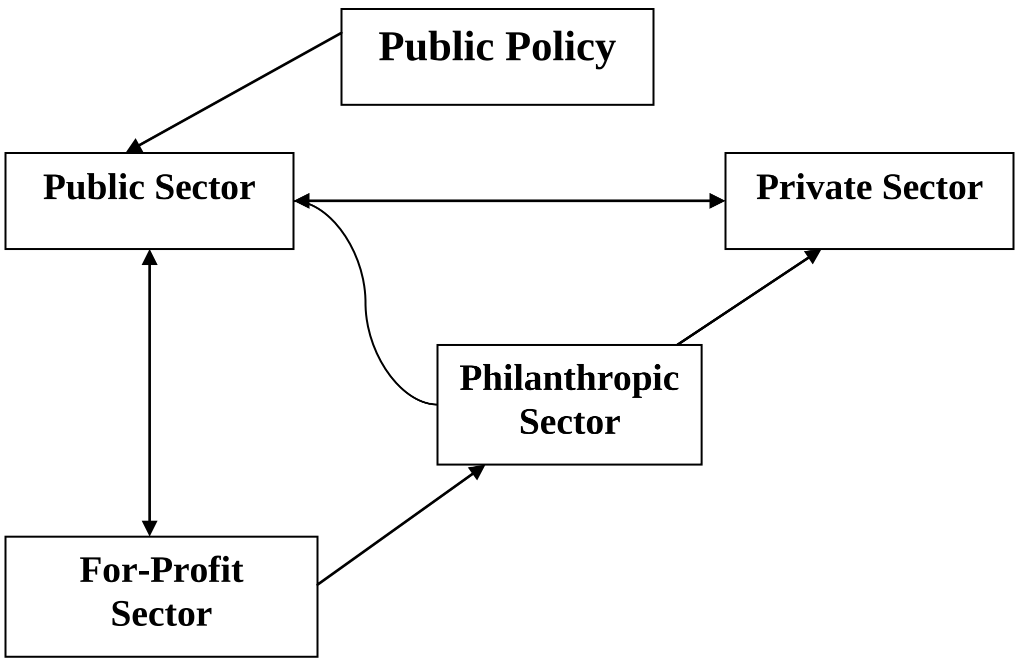
Pursuing and securing philanthropic resources also has its challenges and disadvantages. While foundations are nonprofit organizations, they set their own funding priorities, criteria, screening processes, and oversight responsibilities, which can appear unclear and ambiguous to nonprofit human service agencies (Gronbjerg, Martell, & Paarlberg, 2000). Similar to pursuing government funds, seeking and securing foundation grants involves a process of determining if the mission of the foundation and the mission of the nonprofit human service agency are in line with each other and if the nonprofit organization has the capacity to meet the foundation requirements. Philanthropic funders report an increased volume in requests and an environment of increased competition among nonprofit organizations for financial resources (Gronbjerg, Martell, & Paarlberg, 2000). To be successful, nonprofits must become more skillful in the ways that they seek philanthropic support as reflected by the increased number of development officers hired by nonprofits to locate and secure philanthropic support.

The entrance of philanthropy into the partnership between the public and nonprofit sectors has eased some of the financial vulnerability experienced by nonprofit organizations but not without some concerns. Ostrander (2007) noted that today's donors are more engaged in the donor process, more engaged with the recipient agency, and can significantly influence the types of programs or services to be developed. These concerns are similar to those expressed about the impact of increased government regulations on nonprofits (e.g., mission drift, service ownership, and dependence upon the rise and fall of the economy). Others note that foundations have not adequately responded to the political changes that impact the reliance of nonprofits on foundation support (Mahoney & Estes, 1987).

Implications of Philanthropy on Public-Nonprofit Partnerships

As nonprofit organizations are increasingly seeking to diversify their funding sources, they are becoming more reliant on philanthropic sources of revenue. It can be argued that nonprofit organizations have now developed a three-way partnership, wherein nonprofits are becoming dependent on two primary funding streams; namely, government contracts and foundation grants. The context for this three-way partnership includes the role of public policy and the vulnerability created by political and economic changes. Economic downturns also affect foundations when there is less money to make grants, as well as individuals, corporations, and communities who support nonprofits through philanthropic efforts. The conceptual framework noted in figure 1 highlights the multiple relationships that influence the partnership between the public and nonprofit sectors.

Figure 1: Emerging Three-Way Partnership Between Public, Nonprofit, and Philanthropic Sectors



For example, the public sector is dependent upon both public policies that set human service priorities and also on the economy as reflected by the for-profit sector. Philanthropy is influenced by the economy, as evidenced by the relationship between philanthropic activity and economic resources. So long as the economy is thriving, philanthropic entities play important financial roles in nonprofit service delivery. As noted earlier, foundations and donors are taking a more active role in nonprofit service delivery especially when public funding resources are scarce (Graddy & Morgan, 2006). Future research needs to address the implications of these inter-relations and their influence on the nonprofit sector.

Building a Research Agenda

Public-nonprofit partnerships have changed dramatically over the past fifty years. The contemporary partnership involves mutual dependences and complex relationships between government and nonprofit agencies. As this paper has detailed, the public-nonprofit partnership offers many advantages and poses significant challenges to both government and nonprofit organizations. The growing dependency between the two sectors and the power differentials within this relationship suggests that the nonprofit sector has less control and has simply become extensions of government. The development of conceptual frameworks to better understand the nature of the interactions between the two sectors is needed.

While the outcome management requirements of the public sector continue to challenge the nonprofit community, little research has explored how these requirements can benefit nonprofit organizations. There is a need for case studies of how organizations have successfully responded to contracting requirements through the development and implementation of internal program evaluation systems that are the least disruptive to the organizational culture and climate. Similarly, promising practices that address the different ways that nonprofits handle economic and political changes over time need to be documented with the context of attempts to diversify funding.

A significant concern for nonprofits is the potential loss of autonomy and independence in a world of government contracting. While mission drift is widely acknowledged in the literature, very little research has focused on the impact of extensive contracting on the mission of nonprofits and its consequences. What steps have nonprofits taken to retain its original mission and values?

Since public-nonprofit partnerships are likely to continue expanding in number and complexity, future research needs to develop our understanding of the strengths of partnerships and how the sectors can collaborate in a mutually beneficial way. Little research has emphasized the inter-organizational dynamics of jointly planning and delivering human services (Gazley, & Brudney, 2007). Gaining a better understanding of these complex relationships could inform the restructuring of current partnerships as well as the development of new ones, especially the differences between small and large nonprofits.

Philanthropy is playing an important role in building the capacity of nonprofit human service agencies. While private philanthropy is emerging as a third element in the partnership between the public and nonprofit sectors, little research has focused on the advantages and disadvantages of developing partnerships between nonprofits and foundations. Similarly, there is little research on how foundations perceive their role in funding government-led initiatives and on how increased dependence on philanthropy is viewed by both the public and nonprofit sectors.

As noted in Figure 1, there are multiple factors impacting the partnership between the public and nonprofit sectors. Clearly there is a need to expand the knowledge base on the dynamics surrounding contemporary public-nonprofit partnerships. The following represents a beginning effort to frame a research agenda along with the rationale for each line of inquiry:

1. **Partnerships:** The interdependent relationship between public and nonprofit agencies has many implications for the delivery of human services. For example, the observation of an imbalanced partnership suggests that nonprofits may be modifying their services in order to gain future government support, which can influence service delivery.

   a. Based on the assumption that a power imbalance exists in the contemporary public-nonprofit partnership, how are nonprofits affected by this imbalance and what strategies do they use to voice these issues and assume a more influential role in the partnership?
   b. Beyond securing substantial financial resources to serve their communities, how do nonprofit organizations of all sizes benefit from the public-nonprofit partnership?

2. **<u>Funding:</u>** The interdependence between public and nonprofit agencies resulted as nonprofits became increasingly dependent on public funds and the government became more reliant on nonprofits to provide efficient human service delivery. While this relationship is advantageous for both public and nonprofit agencies, political and economic changes along with the entrance of for-profit agencies has complicated the partnership and affected the financial security of the nonprofit sector. The nonprofit sector has responded to these changes through diversifying their funding streams to protect them in times of economic uncertainty.
   a. What are the risks to nonprofits associated with reducing their government contracts as they seek to diversify their funding? How is the experience different for smaller organizations than larger ones? How is the experience different for organizations serving minority populations?
   b. What influence does funding diversification have on service delivery and community perceptions of the nonprofits?

3. **<u>Accountability:</u>** Government contracts and foundation grants are increasingly including comprehensive accountability mandates that require detailed reporting on both financial

and service delivery outcomes. These expectations require that nonprofits develop information systems to track and monitor progress and bring with them a host of challenges including the identification of measurable outcomes, data monitoring capacity, and summarizing data in a way that satisfies a multitude of funders.

a. What strategies do nonprofits use to develop and implement information systems that help them evaluate financial and service outcomes within the context of multiple funding requirements?

b. With the use of multiple funding sources, both public and philanthropic, how do nonprofits maintain the integrity of their mission?

4. **Philanthropy:** As nonprofits seek funding diversification, they are becoming increasingly dependent on philanthropic sources of revenue to support agency operations and service innovations. While the entrance of philanthropy has eased some financial strain for nonprofits, increasing competition for these resources requires that nonprofits make themselves more attractive to potential funders. Furthermore, the entrance of philanthropy into the public-nonprofit partnership has complicated the dyadic partnership by adding a third party into the relationship

   a. What are the implications of the emerging three-way partnership between the public, nonprofit, and philanthropic sectors? How are the relationships perceived by each sector?

   b. What strategies are nonprofits using to make themselves competitive and attractive to philanthropic funding sources?

5. **Public Policy:** Politician views of the nonprofit sector drive the implementation of policies that have fiscal and programmatic consequences influencing how public and

nonprofit agencies partner for human service delivery. For example, American policies facilitate an unbalanced interdependence between the two sectors while the British government recognizes the imbalance and seeks to strengthen the partnership through a set of practice codes. The important role that public policy plays in shaping the partnership warrants further investigation, specifically in how the American partnership can be strengthened.

a. What are the implications of the British Compact model related public-nonprofit partnerships for the United States?
b. How might current tax and lobbying policies be enhanced by the British approach to strengthen the partnership between government and the nonprofit sector?

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