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Strengthening Relationships between Local Governments and Nonprofits

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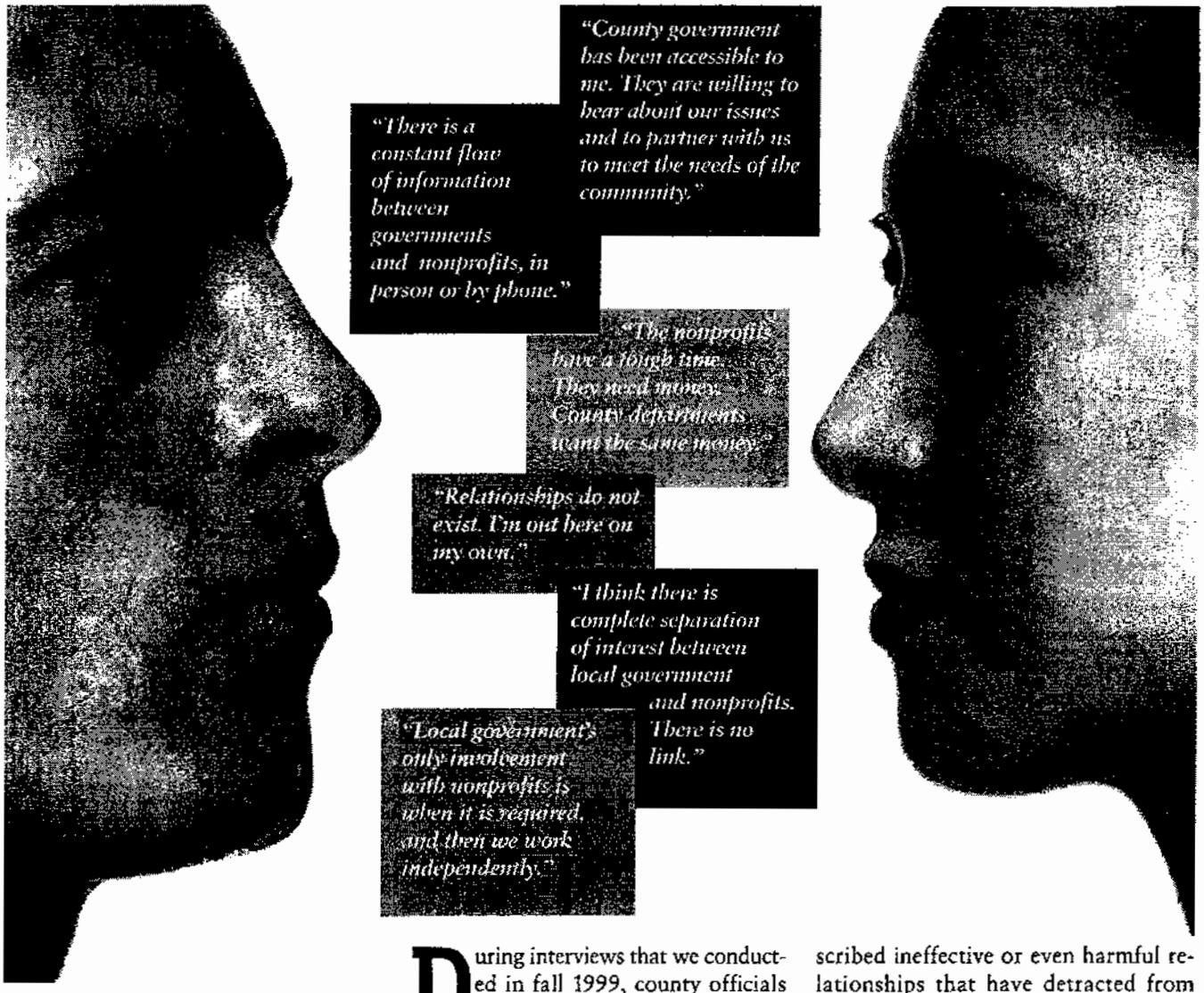

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During interviews that we conducted in fall 1999, county officials and nonprofit organization leaders described their relationships in all the ways highlighted above. Some reported that they have developed ways to bring together the strengths and the resources of local governments and nonprofits to serve their communities more effectively than either can alone. Others reported little or no interaction between governments and nonprofits. Still others described ineffective or even harmful relationships that have detracted from their ability to serve the public. In some places the descriptions varied widely, and it was difficult to realize that government and nonprofit organization leaders were speaking about the same relationship.

But governments and nonprofit organizations might improve many areas of life in a community if they worked together more effectively. This article ex-

plores that possibility and the challenge that acting on it presents to local leaders in both the public and the nonprofit sector. Further, it identifies obstacles to effective working relationships and suggests ways in which the two sectors can reduce or overcome those obstacles.

This article is based on interviews with more than forty government and nonprofit organization staff members in seven counties in central North Carolina. Human services agencies were targeted because North Carolina county governments are most likely to fund nonprofits in that area of service. (For a further discussion of counties' relationships with nonprofits, see the article on page 25.) The two largest counties, Wake and Mecklenburg, were excluded from the study as atypical. The remaining ninety-eight counties were categorized as small, medium, and large on the basis of population, and counties from each category were chosen for study. The study's geographic reach was limited initially by budgetary constraints and later by the traumatic impact of Hurricane Floyd on eastern North Carolina—no counties from the far western or far eastern areas of the state were included. However, the seven counties in the study included both urban and rural areas that represented a diversity of cultural and political traditions.

During the study we asked local government and nonprofit organization staff to assess the nature of their work with each other—how they interacted, what worked well in their relationships, and what factors limited their relationships. We also asked them to describe the differences in decision-making or operational style and the ways in which those differences affected working relationships. Finally, we asked about specific changes that local government and nonprofit organization staff would like to see in relationships or in the way in which services were delivered in their counties. In every community where we interviewed, respondents candidly shared their views.

The study was part of a larger project (supported by a grant from the Jessie Ball duPont Fund) to identify and create ways to help nonprofit organizations and government agencies work together to serve the public more effectively.

The Opportunity: Working Together

People working in local governments and nonprofit organizations often serve the same clients, address the same community problems, and have the potential to support each other. As one local government department director noted, having relationships with nonprofits is "the nature of the business. We share the same clients."

Although the perspectives of the two sectors are frequently different, they are potentially complementary. One county manager explained, "The county manager and board of commissioners don't have enough understanding about what a nonprofit is and how they work. Everyone involved needs to know where there are similarities and differences, and where there is common ground." A nonprofit crisis agency director put it this way: "I want to help make a difference for people who need assistance. I'm willing to speak out on their behalf. If I have a relationship with the county, then there is a better chance the board of commissioners and staff will listen to what I have to say. I need to gain their trust and then speak out!"

Local government officials have important resources for dealing with public problems. Through their budget allocations, they can direct public funds to particular community needs. Through their authority to pass ordinances, they can regulate and shape behavior in the community.

Nonprofit organizations also have important resources. In addition to having expertise and insight gained through focusing on specific client groups or public issues, they frequently can mobilize volunteers and private donations more effectively than governments can. Also, they often can act with greater speed and flexibility than government agencies can in responding to new situations or trying out new programs.

The Challenge: Finding Effective Ways to Work Together

The challenge for the two sectors is to find ways to work together that permit them to fulfill their unique responsibilities while complementing each other's work. One nonprofit organization director clearly articulated this viewpoint when he said, "Local government wants nonprofits to look where they can make a contribution. They don't want nonprofits to interfere or compete with local government; they want nonprofits to provide complementary services."

The differences between the two sectors, however, represent sources of tension that respondents in each of the seven counties mentioned in one form or another. Differences in organizational structure and culture, for example, can create obstacles. Local governments are large organizations with complex structures. Further, they must solicit and consider the viewpoints of many citizens, and that can be a cumbersome process. On the other hand, nonprofit organizations tend to be small agencies with simple structures. They can be attractive to local governments as a way to try out new or pilot programs because they can react and implement services quickly. As one nonprofit director noted, "Most nonprofits are very small. Their decisions are made by one to two people and the nonprofit board of directors. In local government there are a large number of people to make decisions." Yet this same characteristic—the ability to move quickly—can be perceived by local governments as a liability because all the necessary viewpoints may not be considered. A government manager noted, "Nonprofits want to move fast, with complete freedom and no input from us."

Nonprofit organizations generally focus on a particular set of issues. Local governments focus on a broad range of interests and concerns affecting the entire community. These divergent perspectives are understandable and natural, but they often create a difference that can become irreconcilable. One local government manager recounted an instance in which the board of commissioners denied a request by a local nonprofit for matching funds: "The commissioners and the manager want to know that matching money will benefit all the citizens of this county, not just a specific target group."

Close collaboration is one way to strike the balance. The information that we obtained in our interviews suggests that nonprofit organization/local government projects are most effective when

ROBERT MILLER / THE NEWS & OBSERVER

A pilot program cosponsored by Smart Start, Wake Tech, and Project Enlightenment offers continuing education to child-care workers. Above, two Wake Tech graduates use a day-care center's water table.

all the following conditions are present:

- The focus is on one issue.
- The goals are clearly defined.
- Representatives of all the stakeholders are involved in the problem-solving process.
- Time and resources are available to support planning.

Respondents frequently noted two specific examples of successful collaboration: Smart Start and Work First. Smart Start is a state-funded program that channels funds to local partnerships of nonprofit organizations. The partnerships design and offer services that prepare children to be successful in school. Work First, funded by the state and federal governments, brings public, private, and nonprofit organizations together to develop methods for moving families off welfare and into work. By requiring various community members with a stake in the programs' success to participate in planning, and by tying this participation to funding, both of these programs have forced and encouraged innovative problem solving and collaboration within communities. In some places they represent a community's first successful broad-based collaboration on a human services issue. In one county the executive director of Smart Start was the only nonprofit organization director who could accurately describe any of the county's procedures or report having a close relationship with the county manager.

Yet this highly effective, intense process requires strong involvement by a broad range of stakeholders. Other important concerns may be ignored because such a response can be directed at only one or two issues at a time. Before embarking on such efforts, communities should be sure that members can commit the time and the energy necessary to get results. Collaboration is not always appropriate or cost-effective.

Because developing and maintaining true collaboration is so difficult, it is important for both nonprofit organizations and local governments to explore just how closely they want and can afford to work together. Both can benefit from a joint evaluation of their current connections and a joint decision on how connected they would like to be, along which dimensions, and on what issues. Furthermore, both must identify, evaluate, and set limits on the resources they are willing to expend to work more closely together.[1]

There is no one *right* relationship between governments and nonprofit organizations. Indeed, within a community the relationship may shift with different issues or events. Also, there is likely to be variation among communities. Each has to decide for itself how to achieve the most effective balance of independence and connection. The optimal degree and type of connection depend on each community's situation.

Four Obstacles

From our interviews we identified four obstacles to effective relationships between local governments and nonprofits: different perceptions about the same situations; a lack of understanding of each other's work; the effects of the economic and cultural base of a community on the style of communication, information sharing, and decision making; and an imbalance of power in relationships.

Different Perceptions

Some respondents in the same county described their system in very different ways and evaluated it quite differently. Perceptions differed about relationships among organizations and individuals, particularly about how, and how well, the human services programs, agencies, and funders worked together. Local government employees in one county remarked, "[I]t is a community norm that you collaborate and get along, or you don't survive." Nonprofit organization directors in that same community stated, "On the surface there appears to be a spirit of cooperation, but it is only on the surface. We work together but I don't trust them."

The individuals and the organizations that held the most control over decisions and activities expressed satisfaction with the relationships and did not express awareness that other stakeholders might not share their opinion. Not surprisingly, the individuals and the organizations that had unmet needs or had been excluded from discussions, processes, or decisions held more negative views of the relationships between local governments and nonprofit organizations. One local government employee stated that department heads assessed whether a nonprofit's service was consistent with county goals and worthy of support. Several nonprofit directors in the same community expressed the wish that the decision-making process in local govern-

ment would "utilize more voices from the people we are trying to serve" and that the human services system itself would be representative of its citizens.

Lack of Understanding

Throughout the interviews we found a fundamental lack of understanding on the part of each sector of how the other sector operated and what motivated it to act the way it did. Such a lack of understanding is a barrier to effective working relationships. A nonprofit organization director expressed this frustration by saying, "I'm not so sure how much the board of commissioners really knows about what individual nonprofits *do* or the *value* of what nonprofits do or the *financial efficiencies* of nonprofits."

Many nonprofit organization directors do not understand how local government works. During interviews, some admitted that they were uninformed about government structure, regulation, and operations. One stated, "I don't know a lot about county government. I don't feel I fit in the way I should." As a consequence, she could not see any benefit from working with local government.

Nonprofit organization directors expressed specific concern about these matters:

- Government eligibility standards for certain programs
- Funding patterns, sources, and designations
- Jurisdictional responsibility (whether a service was a city or a county function)
- Organizational structure (whom to contact at a city or a county government to discuss problems)
- Local government decision making (especially about funding) and ways to become involved in it[2]

Similarly, some career local government employees do not fully understand how nonprofit organizations operate. When asked what limited relationships with them, one county manager replied that neither the county staff nor the board of commissioners had enough understanding about what a nonprofit was and how it worked. Many government officials failed to identify any of the auxiliary benefits of having strong local nonprofits, such as involvement and motivation of community volunteers, provision of needed services, employment of local residents, or infusion of dollars into the community from foundation, state, and federal sources. One elected official in a position to see human services from many perspectives admitted that he did not fully understand the work of nonprofits: "I sit on nonprofit boards, but I don't really know much about their operations."

Respondents often did not understand the distinction between local government and nonprofit organization status for some services, such as aging, transportation, and child-care subsidies, or for some organizations, such as the county extension service or the council of governments. Because people did not understand the structural differences, they held incorrect perceptions of how or why those agencies received government support or why they provided the services that they did. Respondents were aware only that some nonprofit organizations received much more financial support from the county than others did. They did not understand that a particular contract for services might be tied to a mandated funding stream and that if the particular type of nonprofit did not provide the service, the county would have to hire the staff to do so. The perception of favoritism created a barrier to effective working relationships.

Similarly, some local government officials did not perceive nonprofit organizations as providing public service. In one county a local government administrator lamented, "[The] board of commissioners does not understand nonprofits. They think the nonprofits are trying to get something for nothing. The commissioners don't see the end product or results from funding nonprofits." Commonly held views included "nonprofits are only interested in getting government money" and "nonprofits speak for special inter-

THOMAS BABB / THE NEWS & OBSERVER

Museums are among the many nonprofit organizations supported by local governments. At the North Carolina Museum of Natural Sciences, a volunteer talks to schoolchildren.

Suggested Practices

What Nonprofit Organizations Can Do

✔ Inform local governments about your progress throughout the year, not just during the funding-application process.

- Send out regular newsletters and reports.
- Use formal and informal opportunities to talk about current events.
- Talk about more than funding requests and immediate crises.
- Invite a government official to serve on your board.

✔ Pay attention to the workings of the whole community, not just your client population.

- Create and maintain your organization's place in the fabric of the whole community.
- Be a steady presence as a knowledgeable resource on your issue.
- Stay informed on current events and personalities in your community.
- Regularly attend and contribute to community meetings, even if there is no obvious or immediate benefit to your organization.

✔ Be as financially responsible and accountable as possible, and present evidence of your accountability to the public.

- Share information about completed audits or review processes.
- Regularly update and make available all policies and procedures.
- Institute and faithfully practice financial checks and balances.
- Invite professional financial managers to serve on oversight committees.

✔ Reinforce your organization's trustworthiness by presenting a reliable, professional image.

- Convey consistent messages about your organization's mission, goals, and activities.
- Dress and speak in the professional norms of your community.
- Pay attention to detail, such as using the same logo, typeface, and format on all organization documents.

✔ Help your community learn how to deal with issues of concern to your organization that are overwhelming, unattractive, or frightening to the general public.

- Identify the source of any reluctance to address your issue.
- Devise strategies to retain the community's attention.
- Minimize any superficial characteristics that could be used as an excuse to discount your organization's work.
- Communicate in a style and a manner that demonstrate to people how to talk about your issue with respect.

What Local Governments Can Do

✔ Minimize the frustration, the misunderstanding, or the mistrust that nonprofit organizations experience during the budget-planning stages by sharing information about funding—for example:

- The amount of money available
- Government priorities

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ests." Both observations are shortsighted and can limit opportunities for the two sectors to work together.

Effects of the Community's Economic and Cultural Base

Cultural differences among clients, staff, volunteers, and elected officials can impede communication as they try to work together in their community. Each of those involved may hold very different philosophies about how much information should be shared, how decisions should be made, how conflicts should be resolved, and so forth. Differing viewpoints may be deep-seated, originating from the intrinsic culture of either the individual or the organization.

Respondents gave the following examples of populations within their communities that have comparatively different styles of communication:

- Long-term residents/natives and newcomers
- Independent farmers and employees of organizations
- Private- and public-sector employees
- Community-based small businesses and national corporations

Such cultural differences become more obvious as members of these populations move into decision-making roles. For instance, independent farmers may be used to being sole decision makers, not needing to collaborate with others. One manager noted, "People in a rural community have a history of working independently. This probably contributes to local government's lack of understanding of the respective functions and operations of nonprofits, and vice versa." On the other hand, employees of large organizations have experience working on and through committees or layers of management. They may be more likely to effect change by working together. When these two styles exist on the same board or across boards, the resulting differences in communication, information sharing, and decision making can impede effective working relationships.

Imbalance of Power

The imbalance of power implicit in local government/nonprofit organization relationships can limit the honesty and the thoroughness of information sharing,

SUGGESTED PRACTICES *(continued)*

- The application and evaluation processes
- The expectations for reporting and accountability

✔ Coordinate nonprofit organizations' funding applications and presentations to the local government with those to the United Way or other local private-sector grant makers to minimize duplication of efforts and to improve communication among local funders.

✔ View problems or needs as belonging to the whole community, not just to a nonprofit organization.

- Recognize that the clients of nonprofit organizations are community members deserving of resources.
- Express appreciation for the missions of nonprofit organizations.

✔ Acknowledge nonprofit organizations as serious businesses.

- Recognize the value that professional, paid employees can bring to an organization.
- Support nonprofit organizations in their efforts to strengthen professionalism internally.
- Consider the economic impact that the payrolls and the programs of nonprofit organizations can have on the local economy.

What Nonprofits and Local Governments Can Do Together

✔ Share information, both during and outside day-to-day working relationships.

- Sponsor an annual human services forum that includes government and nonprofit organization staff, elected officials, and community volunteers.
- Undertake joint strategic planning efforts, especially around specific issues, such as homelessness or juvenile delinquency.
- Consider locating services that serve the same population at the same site.
- Hold regular meetings among nonprofit organization directors, county department heads, and/or program staff of both organizations.

✔ Share resources.

- Invite staff of the other type of organization to participate in training opportunities that your organization typically offers.
- Offer to share expertise by providing training to or by meeting with staff of the other type of organization.
- Invite program staff from other organizations to meet in your facility.
- Provide or share office, training, or meeting space.
- Make it possible for your staff to serve on community boards, committees, and task forces.
- Make second-hand furniture or equipment available for others to use.

✔ Jointly develop clear, written guidelines about mutual expectations and work to be accomplished together.

✔ Recognize that you can be each other's best support for understanding and handling the stress associated with working in the public sector. You are dealing with similar challenges.

problem solving, and discussion. Nonprofit organizations are almost always at a disadvantage in this imbalance. An imbalance of power is a particularly challenging barrier to overcome because, whether real or perceived, it creates an unsafe environment for honest communication. People who perceive that they have *less power* may not think that they can offer their opinions or insights without negative repercussions. People who have *more power* may not realize that others feel open communication to be unsafe or undesirable.

Respondents expressed various reasons for perceiving that they lacked power:

- The formal hierarchy within or among organizations
- The funding relationships between grantors and recipients of financial support
- The informal positions within the larger community
- Racial, gender, or ethnic differences

In a county where the local government leaders expressed great satisfaction with their relationships with nonprofit organizations, several nonprofit directors painted a very different picture. One noted, "There are many cooperative and collaborative efforts in the community. From our perspective, local government has the purse strings and is in control." Another commented, "Even when local government is wrong, you have to smile and agree with them so you can get the money. I am always aware that I am 'one down' in the collaborative relationship."

The Lesson: Frequent and Accurate Communication

The lesson that we draw from the data is that frequent and accurate communication can establish greater trust in others' motivations and competence. In communities with fewer opportunities for sharing information, either formally or informally, there were wider gaps in the content of information that people held. Where these gaps existed, there was more negative speculation about how and why things happened. Fewer people described the existence of a mutually supportive work culture across sectors. The respondents who expressed the most dissatisfaction or uncertainty about processes and

relationships in their communities tended to be those who reported indicators of professional or personal isolation.

One local government department director expressed an intention to keep the department from developing relationships with nonprofit organizations because of local politics: "Nonprofits have a lack of desire to find common ground. I stay focused and limit the amount of potential catastrophe." This person cited frustration and difficulties with a "confrontational" nonprofit director, whose organization "stays away from the table so they won't have to hear 'they're no good' or 'it can't be done.'"

In our interviews the nonprofit director who was the object of these comments talked about the differences between the nonprofit organization's approach and that of the aforementioned county department: "We feel there is a value in involving citizens in the decision-making process. We need them to be engaged in the process and to have the process accessible to them. I think our approach is different than that of local government or the other nonprofits."

Some respondents expressed awareness only of their own functions and direct relationships as staff members of nonprofit or government organizations, not of their role in their county's human services system as a whole. Individual staff members of both local governments and nonprofits can become focused primarily on their own clients, staff, mandates, programs, challenges, and so on. The respondents who did understand how the various stakeholders interacted, however, expressed respect for the challenges inherent in their different roles and responsibilities.

Nonprofit organization directors want feedback about their programs, services, and administrative practices from the local government. They may interpret the lack of feedback from the local government as a lack of support or appreciation for their organizations' services and mission. Similarly, local government officials want to hear about the progress of nonprofits throughout the year, not just during the funding-application process.

A sector's never receiving or providing feedback, formally or informally, can create inaccurate and unfortunate impressions. For example, in one community the local government manager specifically cited and praised the work of a particular nonprofit organization. During our interviews with the director of that organization, however, she expressed concern that the local government ignored her work and her agency: "We are not even a blip on their radar screen."

Our interviews suggested a variety of practices that could open up communication between government and nonprofit organization leaders and staff (see the sidebar on page 37). The communities in which we found these practices were better able to have a variety of effective working relationships between government agencies and nonprofits.

Adequately managing the tensions between nonprofit organizations and local governments can be a challenge for any community. Like any segment of the population, people in the public sector represent a broad diversity of expertise, professional skills, styles of interpersonal communication, and level of passion for work. This diversity may be viewed either with suspicion and rigidity or with celebration and possibly amusement. By using their differences constructively, people who work in local governments and nonprofit organizations can draw on each other's strengths to help compensate for their weaknesses. Together they may be able to serve the public more effectively than either sector could alone.

Notes

1. The Institute of Government is developing an evaluation tool to help communities assess local government/nonprofit organization relationships. The tool, tentatively titled the Scale of Connection, offers six dimensions of relationships for consideration: decision making, funding process, shared resources, resource development, accountability, and staffing requirements. For more information, contact Lydian Altman-Sauer at lydian@carolina.net or Margaret Henderson at mindfullconsult@mindspring.com.

2. To answer these questions, we have written TWENTY QUESTIONS NONPROFITS OFTEN ASK ABOUT WORKING WITH LOCAL GOVERNMENT, which is available for purchase through the Institute of Government's Publications Department. For more information, contact Katrina Hunt at khunt@iogmail.iog.unc.edu.

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Communities in Schools is a nonprofit organization that connects community resources with students and their families. For example, the organization works with local businesses to find tutors for elementary school children.