A BRIDGE BETWEEN US AND INTERNATIONAL PERSPECTIVES: DELIBERATE RELATIONS BETWEEN GOVERNMENTS AND NONPROFITS

The growth of the nonprofit sector in the last decades and its greater salience in the delivery of public goods and services has led to the development of new processes and institutions for managing the relations between nonprofits and governments. As transactions between the sectors have increased, there has been a trend to an institutionalization of the conduits of interactions (Salamon, 2006).

Nonprofits now occupy a larger political, economic and social space in almost all societies and previous institutional mechanisms for regulation of nonprofits and their relationship to other social agents, such as tax codes, registry of organizations, granting of charity status, “subsidiarity” or “pillarization”, are considered insufficient to promote, foster, protect, and oversee the new service delivery and policymaking relations. Despite the significantly different social origins of government-nonprofit relations in different countries, there is a global trend to new paradigms of collaboration (Carter and Speevak Sladowski, 2008; Smith, 2012).

These new “deliberate relations” (Carter and Speevak Sladowski, 2008) go beyond specific contract or advisory relations that focus on a single agency, program or project. Instead, they seek to foster stronger government-nonprofit relations at a sector-to-sector level. They address a wide range of service delivery and policymaking functions, and seek to bring order to the somewhat chaotic nature of the former haphazard growth. The institutional structures of the deliberate relations include new government lead agencies or executive appointments that focus on nonprofit relations (e.g. Office for the Third Sector, Commissioner for Volunteering), as well as new nonprofit coordinating bodies and trade associations that seek to mediate relations with government. In some jurisdictions, they have resulted in the development of formal policy documents, commonly known as compacts, which seek to regulate relations between the sectors. Compacts and other processes of deliberate relations are an attempt to go beyond previous purchaser-provider vendor relationships between government and nonprofits and move to a more mutual obligation approach that replaces a “contract culture” with a “partnership culture” (Kendall, 2003).

This chapter analyzes the dynamics of the new deliberate relations and the creation of compacts around the world, and situates current initiatives in the U.S into the global context.

Government and Nonprofits

Governments and nonprofits are inextricably linked in a complex series of interactions that configure their separate and joint interests. Nonprofits are independent organizations, but they

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1 Sections of this chapter have previously been published in Casey, 2011 and Casey et al. 2010. The author acknowledges the contributions of his co-researchers John Butcher, Bronwen Dalton, Jenny Onyx and Lauren Miltenberger.
almost invariably seek some “good” for their members, constituencies, or clients that require extensive dealings with governments. Governments, through their control of institutional legitimacy and their capacity to confer fiscal advantages and financial support, are the crucial enablers of nonprofit endeavors, and are increasingly dependent on nonprofits for service delivery, policy input, and the promotion of civic action.

The most commonly referenced typologies that seek to describe and analyze these interdependent relationships focus on their modes or attributes. Najam (2000) terms the relationship cooperation when government and nonprofits have similar ends and similar means, confrontation in the case of dissimilar ends and dissimilar means, complementarity in the case of similar ends but dissimilar means, and co-optation in the case of dissimilar ends but similar means. In a similar vein, Young (2006) identifies supplementary, complementary, and adversarial as the three dominant modes of relationships between the sectors. The modes are not mutually exclusive, and the political economy of the operational environment determines whether the continuing dynamics between the sectors are primarily vertical and hierarchical, or horizontal and collaborative. Saidel (2011) maps intersectoral dynamics along a continuum, from governance by proxy, in which a transactional, principal-agent dynamic dominates, to relational governance in which partnerships are the mode of interaction.

The policy agendas that have shaped the increasing salience of nonprofits are shifting and often contradictory – collaborative symbiosis coexists with head-butting antagonism within the panoply of government-nonprofit relations – but in recent years dominant themes seem to be emerging. Advocates for the nonprofit sector are generally seeking explicit recognition of the key and increasing role it plays in delivering services and promoting civil action. They seek greater stability and coherence in the currently uncoordinated and inefficient flows of funding from governments, and they seek some delineation of the independence of the sector and protection for the right to advocate on behalf of constituencies. Legislators and bureaucrats are generally seeking to strengthen the nonprofit sector, but are also seeking to foster more “discipline” in terms of performance and transparency in the services delivered by nonprofits and in the input they provide into the policy process. There are multiple uncertainties in the relationships between the sectors (Saidel, 2011), and all parties have in interest in promoting processes that might reduce them.

A recent Canadian document illustrates the extent of these emerging dynamics (CVSRD, 2009, p. 1):

“Interest in strengthening relationships between governments and the non-profit voluntary sector has resurfaced in several Canadian provinces and territories over the past few years. Leadership organizations; chambers, networks, and councils, in the non-profit/voluntary sector have been gaining momentum as they build connections, cohesion, and capacity within the sector. Government departments, units, and branches, have broadened their scope from volunteer recognition to recognizing the contributions that voluntary organizations make to society. With each sector coming to the table possessing renewed energy and a clearer focus, there is even greater will to work collaboratively and to leverage their collective capacity to build resilient communities.”

Compacts

Since the mid-1990s, the efforts to strengthen deliberate relations have resulted in many countries in the creation of formal sector-level framework agreements that commit the parties to joint operating principles and specific actions to increase collaborations. The first such agreement, The
Compact on Relations between Government and the Voluntary and Community Sector in England, was signed in 1998, and the term compact has since become the most commonly used descriptor for such agreements, but other terms such as accord, charter, concordat, cooperation program, protocol, partnership and strategy are also used to describe analogous agreements in different countries (Casey et al., 2010). In their review of such agreements in Europe, Bullain and Toftisova (2005) use the generic term policy documents for cooperation.

Despite very different histories of nonprofit development and current operating models, countries as diverse as Australia, Canada, Estonia, France, Spain and Sweden have all developed some form of compacts over the last decade, and many other countries, while not signing formal compacts, have strengthened deliberate relations through the establishment of new government and nonprofit coordinating structures (Bullain and Toftisova, 2005; Casey et al., 2010; Kendall, 2003; Osborne and McLaughlin, 2002; Reuter et al., 2012).

Intergovernmental and multilateral organizations have also sought to better incorporate nonprofits into their deliberations and service delivery. The UN first introduced Consultative Status for nonprofits in 1946, and recent reforms by the UN, including the 2004 Report of the Panel of Eminent Persons on United Nations-Civil Society Relations (known as the Cardoso Report) and the work of the NGO Branch of the Economic and Social Council have sought to strengthen nonprofit participation in all levels of UN Work (UN (United Nations), 2004). The Council of Europe has created an institutional presence for nonprofits through its INGO Conference, one of the four pillars in “quadrilogue” that constitutes its decision-making process (Council of Europe, 2013, 2003).

There are considerable variations between countries and institutions in the characteristics and outcomes of these initiatives, but they mostly appear to have helped nonprofits to gain a stronger footing and develop more horizontal relations with governments and international intergovernmental instrumentalities and have allowed these to require more accountable service delivery and policy inputs from nonprofits. The first paragraphs from the foreword of the original English Compact illustrate the principles and objectives embodied in these agreements (Home Office, 1998, p. Foreword):

“"The voluntary and community sector has a vital role in society as the nation’s ‘third sector’, working alongside the State and the market. Through its engagement of volunteers, the services it provides and the support it gives to individuals and groups, its contribution to community and civil life is immense, invaluable and irreplaceable.

This Compact is aimed at creating a new approach to partnership between Government and the voluntary and community sector. It provides a framework to enable relations to be carried out differently and better than before.”

Compacts are high-level, formal enabling instruments that define the institutional relationship between government and nonprofits, but they are only the “tip of the iceberg” of the much wider base of multiple formal and informal processes that have emerged in the context of the tendency to strengthen deliberate relations.

As Kendall (2003) and Fyfe (2005) note, the creation of compacts in England and other jurisdictions in the U.K. was integral to the Blair Labour government’s Third Way political philosophy, but, as noted throughout this book, such rapprochement between nonprofits and governments and the mainstreaming of nonprofits as service providers and participants in policy...
negotiations has not been unique to the U.K. nor restricted to fellow travelers of Third Way philosophies. New collaborative partnerships between governments and nonprofits are embedded in the various national variants of New Public Management and governance approaches to the management of public goods and services (Casey and Dalton, 2006; Kendall, 2003; Osborne and McLaughlin, 2002).

These dynamics reflect the desire for collaborative coproduction and relational governance that marks much of contemporary government-nonprofit relations in industrialized democracies. The U.K Compact set the standard and provided the template for subsequent policy documents in other countries, and it is possible to plot their adoption through policy diffusion and convergence transnationally (e.g. from the U.K to other countries) and intranationally (e.g. between jurisdictions in the same country) (Butcher et al., 2012; Elson, 2011; Reuter et al., 2012). Most compacts have emerged in jurisdictions governed by center-left political parties, reflecting the tendency for the constituencies of these parties to overlap with those of progressive nonprofits, and their shared interest in ‘joined-up’ approaches to governance. At the same time, conservative or center-right political parties have also employed partnership rhetorics promoted the development of new structures of deliberate relations, even though they tend to be defined in more instrumental and contractual terms.

**Deliberate Relations Around the World**

The emergence of more deliberate relations in different countries and jurisdictions has been the result of both independent development processes and policy convergence. The origins of most compacts and other deliberate relations processes can be traced back to the early 1990s, based on a common theme of the need to address tensions arising from the purchaser-provider model and the need to create a new culture of collaboration that can better harness the expanding roles of nonprofits (Casey et al., 2010). At the same time, compacts are symptomatic of international policy transfers and convergence among nonprofit sectors, with almost all post-1998 processes making some reference to the U.K., which continues to be the benchmark by which other jurisdictions measure their own processes (Johansson and Johansson, 2012; Reuter et al., 2012).

So is it valid to assert that the written agreements and related processes of deliberate relations, in different countries can all be considered analogous? There is always the danger of falling under the spell of the “golden hammer maxim” (i.e. when all you have is a hammer, every problem becomes a nail), but there appear to be evident parallels between the worldwide evolution of these relations. The efforts to establish more deliberate relations in industrialized countries is credited by some with the potential to transform the relationship between governments and nonprofits, but others caution against under-estimating the challenges of redressing the inherent imbalances in the existing purchaser-provider agency relations. Some compacts appear to have helped develop more horizontal relations, but others fail to live up to initial expectations and may even entrench skepticism amongst the nonprofit partners (Casey et al., 2010; Elson, 2006; Kendall, 2009; Lyons and Dalton, 2011).

Moreover, in almost every country there appears to be an “aspiration gap” – the structures of deliberate relations and compacts aspire to embrace the widest possible definition of the nonprofit sector, but the nonprofits that are active and engaged participants in the compact processes tend to be more restricted in scope. Whichever term is used to describe nongovernment compact partners in any jurisdiction, it is generally the nonprofits providing social and human services that are most engaged in the compact processes, as the focus tends to be on improving procurement procedures
and service outcomes in these areas. Nonprofits outside this ambit tend to have less interest in compacts, except when they involve possible changes to regulatory frameworks or tax structures.

Even within the social and human services, some organizations are more engaged than others. One of the consequences, intended or unintended, of the development and implementation of compacts appears to be a certain bifurcation of the nonprofit sector into a “compact (sub)sector” that works in close relationship with the government and the “non-compact (sub)sector” that remains more remote (Fyfe, 2005). While this split may be currently defined by the interest and capacity of nonprofits to engage in contemporary compact processes, a similar dynamic that divided the “insiders” that benefit from their close relationships with legislators and bureaucrats from the “outsiders” that work from the margins has long been identified as a feature of government-nonprofits relations (Grant, 1995).

Deliberate relations within democratic regimes generally seek to strengthen nonprofits and guarantee their independence, but authoritarian and illiberal governments are generally seeking to achieve the opposite: to weaken and control this nascent nongovernment sector, which is regarded with suspicion by ruling elites. A number of countries have in recent years imposed top-down “agreements” or adopted laws that constrain the formation and operation of nonprofits and give significant oversight discretion to governments (International Center for Not-for-Profit Law, 2013b). While the purpose is control, they paradoxically still serve as an acknowledgement of the growing role of nonprofits. The 2012 Defending Civil Society Report (World Movement for Democracy, 2012) by the World Movement for Democracy and the International Center for Not-for-Profit Law documents the recent crackdowns and articulates principles for an independent civil society. These include the right of individuals to form and join nonprofits; the right to operate to without state interference; the right to free expression; the right to communication with domestic and international partners; and the right to seek and secure resources internally and externally.

**Deliberate Relations in the U.S.**

In June 2010 the Nonprofit Sector and Community Solutions Act (H.R. 5533) was introduced into the U.S. 111th Congress. According to its principal sponsor, Representative Betty McCollum (D-MN), the aim was “to improve the relationship between the federal government and nonprofits … by making the federal government a more productive partner with nonprofit organizations” (McCollum, 2010). Among other measures, the Act sought to establish a cross-sector Council on Nonprofit Organizations and Community Solutions that would bring together representatives from government, nonprofits and business, and a federal government Interagency Working Group on Nonprofit Organizations that would evaluate recommendations from the new Council and coordinate policymaking relating to nonprofits. The proposed bill was the latest salvo in a long history of efforts to recalibrate the relationship between the government and nonprofit sectors in the U.S. The growing salience of the nonprofits in the last decades has outstripped the capacity of existing structures to manage the interactions between the sectors, and the relations between governments and nonprofits have been characterized as being poor, ambiguous, and in need of new paradigms of interaction (Aspen Institute, 2002; Grønbjerg and Salamon, 2012; Young, 2006).

There are numerous contracts and other agreements between governments and specific organizations, or between governments and small groups of organizations, to pursue specific goals such as the provision of adult literacy education or the regeneration of a neighborhood. But there
are no broader, sector-to-sector agreements that would be the direct equivalents of the compacts\textsuperscript{2} that have emerged in numerous other countries (Casey, 2011). Government matters less to the collective organizational psyche of U.S. nonprofits than to nonprofits in other, more State-centric, polities and less energy has been spent in the last decades in the “feed and care” of the relationship between government and nonprofits. This has been particularly true in the economic boom times when the focus was primarily on increasing philanthropic donations, developing business venturing and stimulating social entrepreneurship.

The following intersecting dynamics appear to have militated against the development of closer institutional ties between government and nonprofits in the U.S.:

- The dominant political and cultural norms continue to be the independence of private endeavors and “small government”. The nonprofit sector is regarded as a paragon of private and voluntary initiatives, and there is a strong vein of distrust of any attempts to strengthen ties to government.
- A long history of privatization and marketization of service delivery has meant that nonprofit organizations are more accustomed to functioning under marketplace rules and competing with private for-profit providers, and they have not necessarily sought to demarcate a privileged relationship for nonprofits.
- Federal structures, and the resulting multi-layered national, state and local funding streams and oversight responsibilities makes it hard to determine which levels of government should be parties to cross-sector agreements. States are the most likely candidates, but in most states the Governor, who directs line agencies, and the Attorney-General, who regulates nonprofits, are separately elected and so have different, and often conflicting, political bases and agendas. 
- The size, diversity and complexity of the nonprofit sector makes it difficult to identify interlocutors that would represent nonprofits.
- Private philanthropy plays a more prominent role in funding nonprofits than in most other countries, so much of the focus and energy of nonprofits is spent on cultivating relationships with corporations, foundations and individual donors.
- The structure of philanthropy has created intermediary organizations, such as community foundations and the United Way, which function as both donor organizations (they collect donations from the public and corporations and give grants to nonprofits) and peak coordinating organizations (they represent the interests and promote the work of nonprofits). The dual role of such organizations further complicates the demarcation of the possible roles of the various stakeholders in sector-based agreements.

While these factors may explain why there have not been sector-wide agreements, they should not be interpreted as evidence that U.S. exceptionalism has provided alternative pathways to resolve the concerns that have emerged in other countries. On the contrary, the Aspen Institute (2002, p. 4) noted that “the relationship between government and the nonprofit sector has grown without a great deal of attention or focus” and that ambiguity exists about how their relationship should best evolve. Grønbjerg and Salamon (2012) decried the poor state of relations between the sectors and recommended a new paradigm of government-nonprofit interaction in which nonprofits acknowledge the legitimate performance requirements of government, and government

\textsuperscript{2} The word compact is widely used in the U.S., but most often refers to agreements between universities and local stakeholders that seek to promote closer links between universities and the communities that surround them. “Campus compacts” are often touted as evidence of universities meeting their social responsibilities.
acknowledges the advocacy responsibilities of nonprofits and its own obligation to provide greater stability in public funding for nonprofits. Representative McCollum in various speeches in support of her proposed legislation has claimed that despite the tremendous significance of the nonprofit sector, the federal government largely ignores it and nonprofits lack institutional presence within the federal administration (McCollum, 2010).

The response to these concerns is a rewriting of the social pact between the sectors (Young, 2006) at national, state and local levels. At the national level, the need for better relations tends to be couched in terms of policy input, while at state and local levels, where there is a more coalface relationship concerning service delivery, the push for better relations are framed more as the need to ensure more effective and efficient government contracting process and nonprofit compliance with performance criteria. The mutual dependence between the sectors has resulted in dynamics that increasingly favor more horizontal, collaborative relations, but hierarchical structures continue to be central, particularly in times of budget shortfalls when public managers have less discretion to negotiate policy and programmatic decisions (Saidel, 2011).

The genesis of most of the current U.S. initiatives are in dynamics that began before the financial crisis, but the upheavals since 2008 appear to have heightened the sense that nonprofits should be paying more attention to their relationship with government. During the economic bubble, nonprofits focused their energy on private philanthropy and entrepreneurial initiatives, but now more attention is being given to what government can provide and to government policies that impact constituencies. In response to the American Recovery and Reinvestment Act of 2009 (which enabled the fiscal stimulus finds), the National Council of Nonprofits urged nonprofits to again assert their “historic role as champions of the common good” by helping monitor government operations and ensuring accountability (National Council of Nonprofits, 2009). This shift in attitude in response to the financial crisis has served to reinforce earlier initiatives in favor of more collaborative relations with government, and they are significantly altering policy agendas. There continue to be contradictory dynamics -- budgetary crises at federal, state and local levels have seen many administrations retreat into more control and command modes, and there is pushback from those concerned about developing too close a relationship with government -- but the appears to continue to push to more interdependency between the sectors.

Government regulation and other oversight of the operations of nonprofits is increasingly accepted by the nonprofit sector as the price to be paid for funding opportunities and fiscal advantages, as well as a response to possible security concerns generated by post 9-11 scrutiny. Recent changes in IRS regulations, which extended at least minimal tax reporting requirement to all nonprofits, considerably reduced the number of registered organizations as inactive ones failed to meet submission deadlines and so lost their nonprofit status. In most other areas of nonprofit operations, external oversight is increasing through the pressure for performance measurement and transparency as well as through the more aggressive pursuit of malfeasance in nonprofits. Many localities are also seeking a greater financial contribution from large nonprofits that are exempt from most taxes, but still consume considerable local resources. A number of cities are negotiating payments-in-lieu-of-taxes (PILOTs) from large health, education and social service nonprofits.

There is a greater interdependence in funding issues. The fiscal stimulus funds meant that nonprofits again focused on government as a key source of funds, but perhaps the biggest impact of the financial crisis has the increasing tendency towards direct funding and subsidization by the nonprofit sector of government initiatives (as opposed to private donors funding purely nonprofit initiatives). One of the Obama administration’s flagship initiatives for nonprofits, the Social Innovation Fund combines Federal government appropriations with some $50 million in
foundation and other philanthropic contributions to fund projects in nonprofits and government – recipients in the first round of funding announced in July 2010 included the Mayor’s Fund for the City of New York and the Barren River District Health Department in Kentucky. In Washington DC, a Schools Chancellor, Michelle Rhee, sought to fund performance pay for public school teachers partly through private foundation grants.

Nonprofits also appear to be re-asserting their right to advocacy, parlaying their greater proximity to government and increased public profile into a more active participation in the policy process. However, it is seen as necessary to provide some explicit protection of the right to advocate in order to avoid the possible “chilling effect” of the fear of losing government funding (even when the nonprofits are using other, nongovernment, funding for advocacy). As the Aspen Institute notes (Aspen Institute, 2002, p. 8), “nonprofit organizations operating in partnership with government must be permitted to pursue their privately supported advocacy activities… [as] active participation in the policy process is a fundamental function of the non-profit sector in a democratic society and one that must be encouraged.” From the foundation sector there appears to be a renewed interest in funding advocacy, as attested by the recent publication of “how to” guides (GrantCraft, 2005) and calls for the lifting of the existing restrictions (Sherlock and Gravelle, 2009).

The increasing interdependence means that there are diminishing domains of truly separate activity for the two sectors. What was once the domain of government is increasingly being outsourced to, or subsidized by, nonprofits and what was once the domain of private nonprofit initiative is increasingly funded and regulated by government. While these initiatives appear to have widespread support in government and the nonprofit sectors, some commentators scorn the “fawning” between the sectors and question whether the relationship is becoming “too close for comfort” (Hudson Institute, 2010; Paletta, 2010). However, such initiatives appear to have a certain bipartisanship – three of the 22 cosponsors of the 2010 proposed Act were Republicans, and Republican Governors and Mayors such as Schwarzenegger and Bloomberg have been early advocates of more collaborative relations.

An interest in strengthening relationships between governments and nonprofits has (re)surfaced over the past few years in the U.S. Government agencies have more explicitly recognized the contributions that nonprofit organizations make to society and have increased their efforts to promote the sector and to build nonprofit capacity. Industry associations and leadership organizations in the nonprofit sector have been gaining momentum as they build connections, cohesion, and capacity within the sector. With both governments and nonprofits coming to the table with renewed energy and a clearer focus, there appears to be a greater willingness to work collaboratively and to leverage their collective capacity. There have been past attempts at creating closer cooperation, but lack of interest and political will, particularly in economic boom times, as well as the absence of clear institutional pathways appear to have hampered their development and restricted efforts to relatively isolated and smaller scale initiatives.

**National Initiatives**

There have been numerous efforts by advocates for closer ties between the sectors to create more deliberate relations at a national level. In the 1970s, the Filer Commission recommended that Congress create a permanent commission on nonprofits, with the following mission (Filer Commission, 1975, p. 5):

“To study in depth the existing relationships between government and the
nonprofit sector; to seek ways of encouraging and improving existing relationships in a spirit of cooperation while preserving the effectiveness and independence of the sector and the private initiative which gives it life; and to serve actively in close consultation with government as an ombudsman in the protection of the interests of the private nonprofit sector.”

While the hopes of the advocates for this new commission were thwarted in the transition to the Carter administration and it never materialized, the work of the Filer Commission led to the creation in 1980 of the first sector-wide nonprofit industry association, the Independent Sector (Hall, 2010), and the push for new coordination structures has never left the policy agenda. The Filer recommendation for a permanent commission has resurfaced periodically, often in the form of calls to create a federal agency for nonprofits that would match the work done by the Small Business Administration created in 1953 to “aid, counsel, assist and protect the interests of small business concerns” (McCollum, 2010; Sherlock and Gravelle, 2009).

On the campaign trail, then Senator Barack Obama proposed creating a Social Entrepreneurship Agency, which he envisaged as residing in the Corporation for National and Community Service, and after his victory, he created a new White House Office on Social Innovation and Civic Participation to identify and scale up successful nonprofit initiatives by developing partnerships between the government and nonprofits, businesses, and philanthropists, and by promoting greater civic participation and national service. Meanwhile, in November 2009, the Congressional Research Service issued a report, An Overview of the Nonprofit and Charitable Sector, which canvassed the need to increase funding to nonprofits and again broached the possibility of creating a federal oversight agency along similar lines to the Small Business Administration (Sherlock and Gravelle, 2009), and the proposed Nonprofit Sector and Community Solutions Act calls for a new cross-sector Council and federal cross-agency Working Group.

For the nonprofit sector, a key component in advocating on behalf of the sector and for better relationships with government has been the development of state-level associations, modeled in large part on the for-profit chambers of commerce. While the first such association was created in New York in 1927, most of them have been established in the last two decades and they are now present in 35 states. The first national meeting of such associations in 1989 (only 12 existed then) resulted in the creation of the National Council of Nonprofit Associations (now the National Council of Nonprofits) which in its first major public policy statement in 1992 requested a White House conference to “forge a stronger partnership between nonprofits and government,” as well as for a complete re-examination of government funding and contracting practices, for tax policies to encourage private giving, and for the protection of nonprofits’ right to lobby.

In recent years there have been various national initiatives to develop a stronger voice for nonprofits and sector-wide principles for collaborating with government, including the Aspen Institute’s The Nonprofit Sector and Government: Clarifying the Relationship (Aspen Institute, 2002) (and the Declaration for America’s Nonprofit and the Nonprofit Constitution sponsored by the National Council of Nonprofits (Nonprofit Congress, 2007). In March 2009, a “call to action” signed by more than 400 nonprofit CEOs and academics was published as the Forward Together Declaration (JHUCCS, 2009). The Forward Together Declaration states that it is time to “renew the compact” with the nonprofit sector (note that compact is used here in the conceptual sense and does not refer to a specific past document), and calls for the establishment of a Commission on Cross-Sector Partnerships and the development of a set of Partnership Principles. The text of the Forward Together Declaration invokes many of the same discourses that have fostered the
establishment of new structures of deliberate relations in other countries. It states (JHUCCS, 2009, p. 9):

“America’s nonprofit organizations have been left to fend for themselves in the face of a variety of recent challenges: lack of public understanding, declining government support, inadequate growth of private giving, unequal access to investment capital, difficulties recruiting and retaining talented staff, and an imperfect capital market for scaling up promising innovations. To remedy these and related problems and allow our citizen sector to make the contributions to our national well-being of which it is capable, America needs to renew its compact with the citizen sector. This will involve a variety of steps.”

The first step it recommends is to “improve government-nonprofit partnerships—at all levels”, and calls for “a permanent institutional presence for the nonprofit sector at all governmental levels” (JHUCCS, 2009, p. 3).

Are these initiatives harbingers of a new era of sector-to-sector government-nonprofit relations in the U.S.? Or will the Council on Nonprofit Organizations and Community Solutions proposed in the Act or the Commission on Cross-Sector Partnerships for America’s Progress proposed in the Forward Together Declaration go the way of the hapless permanent commission recommended by Filer in the 1970s?

The Act languished in a House Committee and died there at the end of the 2010 111th Congress. The National Council of Nonprofits in its 2011 Public Policy Agenda continued its call for the enactment of the “critical and essential elements” of the proposed 2010 Act in order to make the federal government a more productive partner with nonprofit organizations. The meantime, President Obama established in December 2010 a White House Council for Community Solutions to engage prominent business and nonprofits leaders in “cross-sector collaborations”, with Michelle Obama as the Honorary Chair. The process of establishing the new Council appropriated much of the language of the 2010 Act and established a stronger symbolic presence for nonprofits within the Obama administration, but “cross-sector” was defined as involving the “nonprofit, philanthropic and private sectors” and the only direct representation of the administration is through the Executive Director of the Council secretariat. Other national initiatives appear to be flagging: the Nonprofit Congress website was discontinued and the annual meeting of the Nonprofit Congress was cancelled in 2009 and substituted with a lobbying day in Washington, because of budgetary considerations and because sector support shifted to lobbying in support of the proposed Act; and there appears to have been little activity in support of the Forward Together Declaration since the first months after its launch in 2009.

State and Local Initiatives

The federal architecture of the U.S. polity make national solutions difficult, if not impossible, so much of the negotiation over policy and the majority of contracting process take place at subnational levels. At state and local levels there have also been the same trend towards more horizontal governance, as evidenced by recent initiatives by both governments and the nonprofit sector to create new liaison structures and processes. In 2003, Governor Granholm of Michigan established the Michigan Office of Foundation Liaison to broker strategic partnerships between the state and foundations, and in 2008 Governor Schwarzenegger of California appointed a Secretary for Service and Volunteering to improve coordination of volunteer efforts between the state's agencies (both states claim in various press releases and descriptions of the offices that theirs
was the first cabinet-level position for nonprofits in the nation). There is no accurate documentation of the number of such positions that have been created throughout the U.S. but they continue to appear, including the January 2011 creation of the new Connecticut State cabinet position of Nonprofit Liaison and head of the Community Nonprofit Human Services Cabinet, and the January 2014 appointment of a Nonprofit and Faith-based Manager for the City of Pittsburgh.

From the nonprofit sector, a number of state associations are creating new processes to unite the sector and strengthen its capacity to negotiate with government. These include The California Association of Nonprofits which developed Ensuring Nonprofit Integrity, an assessment tool for accountability that seeks to “reframe the public discussion about nonprofit practice and the role nonprofits play in society” (California Association of Nonprofits, 2007), and The Alliance of Arizona Nonprofits which published One Voice Arizona: A Nonprofit Agenda that promotes a common vision of the nonprofit sector based on strategies such as “speak with one voice” (Alliance of Arizona Nonprofits, 2008).

However, at the state and local levels, the push for better relations is framed primarily in terms of the need to ensure a more effective and efficient government contracting process and nonprofit compliance with performance criteria. The Illinois Donors Forum, the association of nonprofits in that state, published the Fair and Accountable: Partnership Principles for a Sustainable Human Services System (Donors Forum, 2010), which has subsequently been adopted in whole or part by other states working on contracting reform.

Vertical or top-down structures continue to be central, particularly in times of budget shortfalls when public managers have less discretion to negotiate policy and programmatic decisions. However, nine states have begun to promote more horizontal relations through the creation of State Government-Nonprofit Task Forces on contracting reform. Task Forces have been established in Connecticut, Hawaii, Illinois, Maine, Maryland, New Jersey, New York, North Carolina and Texas (Miltenberger et al., 2014). No two are exactly alike in their composition, goals and operations, but all the Task Forces convene representatives from state government agencies and nonprofit organizations to coordinate discussions on contracting reforms. The National Council for Nonprofits is providing guidance and support to the state Task Forces on the presumption that they potentially provide the mechanism to establish more collaborative relationships based on trust, respect, and shared values (National Council of Nonprofits, 2013).

The Task Forces have been established through different pathways – legislation, executive order, executive agency, or Attorney General (Table 1).

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Source: Miltenberger et al. 2014

The various Task Force Reports contain similar recommendations, which include the establishment of more permanent liaison structures, increased communication between agencies in the design of contracting and evaluation process and in the sharing of good practices, and the creation of new structure for dialogue between government agencies and nonprofits. The Task Forces established through legislation or by executive order have the endorsement and support of high level officials and therefore a stronger perception of authority and accountability. In contrast,
the report by Task Force established by the New York Attorney General (Leadership Committee for Nonprofit Revitalization, 2012) has resulted in new legislation that reforms governance of nonprofits, an issue directly related to the work of the Attorney General, but has had less impact on the contracting relationship between line agencies and nonprofits.

Other initiatives are taking place at the city level. One of the most comprehensive examples of the development of new structures and process of deliberate relations has been in New York City, where a series of coordinated initiatives is being launched that are fundamentally restructuring the relationship between the city administration and nonprofits. There are 42,000 registered nonprofits in New York City, 2,500 of which contract with city government for the delivery of services. The previous New York City administration, led by Mayor Michael Bloomberg, instituted a number of programs to strengthen its relations with nonprofits, particularly those with city contracts. These programs, collectively referred to as the Mayor’s Nonprofit Initiative, included:

- An online portal for assisting nonprofits.
- A Chief Services Officer to promote service to the community (like Michigan and California, press releases from the Mayor’s Office claim that the appointment is the first in the country!).
- A Nonprofit Contract Facilitator in the Mayor’s Office of Contracts Services.
- A Memorandum of Understanding with the nonprofit Human Services Council that guarantees Cost of Living Adjustments in city contracts.
- A Standard Contract to be used by all city agencies.
- The Health and Human Services Accelerator, a new unit that will focus on increasing efficiency and transparency in the relationship between government and the 1,300 nonprofit providers that have contracts with 12 city human services agencies, but will also gather data on the nonprofit sector in the city and provide capacity building programs to nonprofits.
- The Mayor’s Office of Contract Services and the Fund for the City of New York offer bridge loans through the Returnable Grant Fund, so the City is not only the contractor but also in effect the guarantor during cash flow difficulties. Other city-sponsored fiscal programs to assist nonprofits in weathering the fiscal crisis through lines of credit and group purchasing.

These initiatives were coordinated through a series of working groups convened by the Office of the Deputy Mayor for Health and Human Services that included city agency and nonprofit representatives as well as academics, consultants and representatives from private philanthropy. The initiatives were introduced with relatively little fanfare and there was no overarching formal agreement; yet the density of the new deliberate relations created by these initiatives in effect functioned as a “de facto” compact between the city administration and nonprofits and herald a new era of cooperation.

It should be noted that the relationship between New York City government and nonprofits in the Bloomberg era was also marked by the reality that the Mayor himself was the city’s richest man and largest philanthropist, giving over $40 million annually in grants through the Bloomberg Family Foundation and many millions more through other charities and foundations. The complex nature of the interplay between the Mayor’s roles as the City’s chief executive and its chief philanthropist became even more evident in March 2010 when he appointed Patricia Harris, the First Deputy Mayor in the city administration, as the chief executive and chairwoman of the Bloomberg Family Foundation, positions she held in conjunction with her city responsibilities.
Since leaving government at the end of Bloomberg’s final term in 2013, many former senior city executives have gone to work for the Bloomberg philanthropies.

At the time of writing of this chapter, the new de Blasio administration, had yet to fully define its relationship with nonprofit or to establish its cross-sector liaison structures. But there are indications that working groups similar to the Bloomberg era will be reconvened. In late 2013 a group of prominent social services nonprofit executives developed a report *A Covenant for Success* (Convening Committee for the NYC Social Service Leadership Summit, 2014) which recommends a new structure for the interface between government and nonprofits. Some of the participants in the workshops that developed the *Covenant* were subsequently appointed to senior positions in the de Blasio administration.

**Conclusion**

Government-nonprofit relations around the world in the last decades have been marked by the search for new forms of coordination and liaison between the sectors. While some argue that they are symptomatic of the “best of times” for nonprofits as they have never been so central to service delivery and policymaking, others argue that these processes may represent the “worst of times” and that the new relations have led only to a loss of nonprofit autonomy and a concentration of power in government hands (Casey and Dalton, 2006; Craig et al., 2004). The new structures and process are seen as heralding a new era in the evolving relationship between governments and nonprofits, but also as necessary peace treaties between sectors that have been at odds due to previous excesses of the contracting and competitive tendering approaches, or because of a history of mutual distrust and political rivalry, and as much needed coordination mechanisms for interactions potentially beset by fragmentation and inefficiencies.

Changes in government often derail specific initiatives, but the various forms of deliberate relations and compacts are likely to continue as a central feature of government-nonprofit relations around the world in years to come. While they may have positive short-term process outcomes (e.g. they improve the relationships between those negotiating the documents), the challenge continues to be in embedding longer-term structural impacts. There is evidence that many of the new structures and framework agreements have helped create stronger partnerships between governments and nonprofits, but others have simply become empty gestures that have had little enduring impact on relations between the sectors.

Whatever the future holds for any individual initiative, they are all still strong indicators that momentum continues for new policy agendas that swing the pendulum towards cross-sector partnership and collaborative paradigms. The increased intensity of transactions between the sectors continues to create institutional pressure for processes and structures that can reduce uncertainties.

**References**


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