

Nonprofits in Urban America

**Policy Studies Organization publications issued with
Greenwood Press/Quorum Books**

International Agricultural Trade and Market Development in the 1990s
John W. Helmuth and Don F. Hadwiger, editors

Comparative Studies of Local Economic Development: Problems in Policy
Implementation
Peter B. Meyer, editor

Ownership, Control, and the Future of Housing Policy
R. Allen Hays, editor

Public Administration in China
Miriam K. Mills and Stuart S. Nagel, editors

Public Policy in China
Stuart S. Nagel and Miriam K. Mills, editors

Minority Group Influence: Agenda Setting, Formulation, and Public Policy
Paula D. McClain, editor

Problems and Prospects for Nuclear Waste Disposal Policy
Eric B. Herzik and Alvin H. Mushkatel, editors

American Indian Policy
Lyman H. Legters and Fremont J. Lyden, editors

Presidential Leadership and Civil Rights Policy
James W. Riddlesperger, Jr. and Donald W. Jackson, editors

Social Security Programs: A Cross-Cultural Comparative Perspective
John Dixon and Robert P. Scheurell, editors

International Organizations and Environmental Policy
Robert V. Bartlett, Priya A. Kurian, and Madhu Malik

Unions and Public Policy: The New Economy, Law, and Democratic Politics
Lawrence G. Flood

Nonprofits in Urban America

EDITED BY

RICHARD C. HULA
CYNTHIA JACKSON-ELMOORE

A Policy Studies Organization Book



QUORUM BOOKS

Westport, Connecticut • London

Library of Congress Cataloging-in-Publication Data

Nonprofits in urban America / edited by Richard C. Hula, Cynthia Jackson-Elmoore.
p. cm.

A Policy Studies Organization book.

Includes bibliographical references and index.

ISBN 1-56720-376-0 (alk. paper)

1. Urban policy—United States. 2. Nonprofit organizations—United States.
3. Community development—United States. 4. Associations, institutions, etc.—United States. I. Hula, Richard C., 1947– II. Jackson-Elmoore, Cynthia, 1965–
HT123.N653 2000

361.7'63'0973091732—dc21 00-037267

British Library Cataloguing in Publication Data is available.

Copyright © 2000 by Richard C. Hula and Cynthia Jackson-Elmoore

All rights reserved. No portion of this book may be reproduced, by any process or technique, without the express written consent of the publisher.

Library of Congress Catalog Card Number: 00-037267

ISBN: 1-56720-376-0

First published in 2000

Quorum Books, 88 Post Road West, Westport, CT 06881

An imprint of Greenwood Publishing Group, Inc.

www.quorumbooks.com

Printed in the United States of America



The paper used in this book complies with the Permanent Paper Standard issued by the National Information Standards Organization (Z39.48-1984).

10 9 8 7 6 5 4 3 2 1

Contents

Illustrations	vii
Introduction: An Overview of Emerging Roles of Nonprofits in Urban America <i>Cynthia Jackson-Elmoore and Richard C. Hula</i>	1
1. Nonprofit Organizations in Urban Politics and Policy <i>Steven Rathgeb Smith</i>	7
2. The Quality of Mercy: The Capacity of the Nonprofit Emergency Food System in Detroit <i>Peter Eisinger</i>	25
3. Nonprofit Human Service Providers in an Era of Privatization: Organizational Adaptation to Changing Environments in Three Policy Arenas <i>Joseph Cordes, Jeffrey R. Henig, and Eric C. Twombly</i>	41
4. Rethinking the Partnership Model of Government-Nonprofit Relations: The Case of Community Development <i>Todd Swanstrom and Julia Koschinsky</i>	65
5. The Role of Institutions in Community Building: The Case of West Mt. Airy, Philadelphia <i>Barbara Ferman and Patrick Kaylor</i>	93

6. Nonprofit Organizations, Minority Political Incorporation, and Local Governance <i>Richard C. Hula and Cynthia Jackson-Elmoore</i>	121
7. Baltimoreans United in Leadership Development: Exploring the Role of Governing Nonprofits <i>Marion Orr</i>	151
8. Black Church–Affiliated Community Development Corporations and the Coproduction of Affordable Housing in New York City <i>Michael Leo Owens</i>	169
9. Governance Tasks and Nonprofit Organizations <i>Susan E. Clarke</i>	199
Concluding Comments <i>Cynthia Jackson-Elmoore and Richard C. Hula</i>	223
Index	225
About the Contributors	233

Illustrations

TABLES

2.1	Sources of Food and Cash	29
2.2	Institutionalization and the Ability to Gather Sufficient Resources	31
2.3	Staffing and Program Outputs	32
2.4	Volunteer Morale	33
2.5	The External Help Network for Street-Level Food Programs	35
5.1	Selected Characteristics for West Mt. Airy, Philadelphia, and the United States, 1990	95
8.1	Program Areas and Activities of Nine Black Church-Affiliated Community Development Corporations in New York City	181
8.2	Sources of Funding for Nine Black Church-Affiliated Community Development Corporations in New York City	182

FIGURE

3.1	Conceptual Model of Economic and Political Response to Environmental Change	44
-----	---	----

Introduction: An Overview of Emerging Roles of Nonprofits in Urban America

*Cynthia Jackson-Elmoore
and Richard C. Hula*

Nonprofit organizations and voluntary associations have a long and varied history in American society. Their leadership roles in service delivery, policy advocacy, and social movements have been well documented both by scholars and insightful popular observers. We would argue, however, that nonprofit organizations have assumed an increasingly complex and important set of roles in American society that is not well documented and that demands greater scrutiny. These shifting roles are driven, in part, by important social and political changes in society. A key example is the reduction of public social programs at all levels of government in the United States. These reductions are often associated with widespread expectations that nonprofit organizations can and should “make up” some portion of an expected shortfall in such services. The result has been a significant increase in the demand for the services nonprofit organizations typically provide in the community. Beyond efforts to expand traditional capacity, some nonprofit organizations have embraced a more proactive stance by implementing efforts that do not simply respond to political and social change, but actually try to initiate and guide it. These organizations attempt to sculpt the landscape of urban policy and political action rather than simply react or adapt to it. It is important to know when and where such efforts are effective, and when and where they are not. We are curious about the potential of such activities, as well as the limitations. Each chapter in this book explores these and related questions. Variation in theme and focus across the chapters reflects the diversity and complexity within the nonprofit sector itself.¹

Nevertheless, each chapter simultaneously presents an emerging political or policy role of nonprofit organizations and voluntary associations, and a theoretical context in which such behavior can be understood.

The book begins with Smith's review of changing roles played by nonprofit organizations in American cities. In particular, his discussion links examples developed in succeeding chapters to the broad issue of sector change and evolution. The next three chapters consider the impact of the changing political environment in which nonprofit organizations must operate. Eisinger examines the response of Detroit area charitable organizations to an increased demand for food distribution to the needy. He documents how these organizations have been able to meet increased demands, but cautions that this ability is far from unlimited. The next two chapters by Cordes, Henig, and Twombly, and Koschinsky and Swanstrom discuss how the federal political context influences how nonprofits behave, who benefits, and possible implications. Both chapters point to the critical but often subtle effects of changing public policy, particularly noting that increased demands for "production" may generate indirect pressures that can divert nonprofit organizations from their traditional community focus. The remaining chapters explore in some greater detail the efforts of nonprofit organizations to serve as change agents. Sometimes this change agenda is essentially a side effect of other activities. For example, the Ferman and Kaylor chapter highlights how nonprofit organizations and voluntary associations build social capital in neighborhoods, largely operating apart from both city politics and government. However, the two chapters by Hula and Jackson-Elmoore, and Orr look at a set of specific voluntary associations and nonprofit organizations whose agenda is explicitly targeted to political change. The chapter by Owens explores the growing role of faith-based institutions both in providing specific goods and services, and facilitating social and political change in urban communities. This chapter reminds us that the distinction between service provider and change agent is often not as clear as our analytic distinction would suggest. The volume concludes with a chapter by Clarke that reminds us of the important limits facing nonprofits that are seeking to affect change in local governance structures. Each chapter highlights emerging roles of nonprofit organizations and voluntary associations.

Given the diversity of nonprofit organizations explored in this volume, it is hardly surprising that there is a good deal of variation in the specific conceptual arguments used to frame individual chapters. Nevertheless, some common themes can be identified. For example, each chapter considers some aspect of how local collective decisions are made and implemented. Each case reveals a community decision structure composed of private, public, and nonprofit institutions that are linked together within a complex and relatively stable set of relationships. What is striking about these networks is an absence of a clear hierarchy of authority. Rather, the capacity of these networks is largely a function of their ability to sustain joint action by a dis-

parate set of institutions and actors. This is not to suggest, of course, that all political interests are represented in local institutional networks. Quite the opposite is true. Many coalitions are structured in ways that restrict access of others to scarce resources. Others promote more general access to the local political agenda. However, the empirical evidence suggests that nonprofit organizations can serve as a platform for efforts to expand these local institutional networks. Such an expansion results in an increase in the capacity of local government to address a variety of social and political issues.

Trying to understand these emerging roles of nonprofit organizations leads one to reconsider why a nonprofit sector even exists at all. Obviously this has long been a fundamental issue for those interested in nonprofit organizations. Salamon (1992) has persuasively argued that the development of nonprofit organizations is actually driven by several broad social forces including historical and societal development, market failure, and government failure.² He traces some elements of the contemporary nonprofit sector to early voluntary associations that were created to resolve community problems even before the advent of formal government institutions. Another force promoting the nonprofit sector emerges from popular dissatisfaction with the failure of markets to allocate resources efficiently. Such failures are widely thought to occur because of the attributes of public goods or as the result of market information asymmetries. Service delivery is sometimes taken up by government, and at other times by the nonprofit sector, in response to such market failures. An important attraction of the nonprofit sector in such cases is that it permits elements of a market system to be retained while simultaneously establishing a new set of public responsibilities. Another factor driving the expansion of the nonprofit sector is a social response to perceived government failure. Here the public believes the operation of government to be unresponsive, cumbersome, and inefficient in the production of some good or service. Since there is often no viable market alternative to the production and distribution of such goods and services, nonprofit organizations are often seen as the most likely alternative.

Without question this traditional explanation of the growth of the nonprofit sector offers valuable insights. However, we believe that it significantly underestimates the importance of nonprofit organizations as active agents of change. Nonprofit organizations do not simply react to market and political failures; but they can actively work to restructure the environment in which they operate. Specifically we argue that the nonprofit sector provides a key link between the notion of civil society and urban governance. Swanstrom (1997) argues that rather than just inserting the nonprofit sector into an unbalanced equation, it is more important to reformulate our concepts of how society functions. If the market represents exchange and the government represents authority, then it is appropriate to think of the nonprofit sector as a mechanism for cooperation. To the extent that local institutional networks rest on patterns of cooperation, the potential role of

nonprofit organizations in the local political process becomes clearer. The argument here is not that nonprofit organizations can somehow replace formal government. Rather, we would argue that all three sectors are necessary to the satisfactory initiation, development, and implementation of public policies. The chapters in this book illustrate this general point by highlighting the interaction between nonprofit organizations and the political arena in which they exist.

This argument becomes somewhat more concrete if we consider the roles that nonprofits are playing in urban governance. History and practice show that nonprofit organizations have long been “politically active.” Common examples include implementing public-private partnerships, delivering social services, and lobbying and engaging in other interest group behavior. Indeed, a number of such cases are discussed in this volume. However, these are not the only political activities that nonprofits pursue. Even nonprofits engaged in relatively traditional activities are implementing efforts to bring about a more fundamental restructuring of the local political system. Some innovative and entrepreneurial nonprofits have begun to build coalitions to empower citizens and neighborhoods to affect proactive change and embrace diversity. Others have taken up the reins of policy initiation and formulation on issues ranging from education, to economic development, to strategic and regional planning. Still other nonprofit organizations have begun to find new, innovative ways to respond both economically and politically to the dynamic environment in which they exist. Unmistakably, critical local and regional decisions are increasingly being influenced by nonprofit organizations that have taken on quasi-governmental (and at times a quasi-market) functions. What these activities share is a commitment to expand the capacity of local communities to address some set of social or political issues. These organizations and their actions present a key opportunity to learn more about the nonprofit sector and its relevance to the ability of communities, neighborhoods, and regions to cope with dynamic social, economic, and political forces.

NOTES

1. The nonprofit sector is made up of a number of organizations that vary in size, structure, scope, mission, and activities. The U.S. nonprofit sector includes all formally incorporated organizations that are exempt from federal corporate income taxes under sections 501(c)–(f) or 521 under Title 26 of the United States Tax Code. Some of the more commonly known examples include religious, charitable, educational, scientific, and literary organizations; business leagues and chambers of commerce; civic leagues and social welfare organizations; labor and agricultural organizations; and private foundations. The nonprofit sector also includes community-based organizations, neighborhood associations, social movement organizations, and other voluntary associations that are not formally incorporated. See Hodgkinson et al. (1993) and Salamon (1992) for illustrative discussions of the var-

ious types of formally incorporated organizations that make up the nonprofit sector and Smith (1997) for a discussion of grass-roots associations.

2. Salamon (1992) also discusses issues of pluralism and solidarity as they relate to the existence of the nonprofit sector.

REFERENCES

- Hodgkinson, V. A., M. S. Weitzman, C. M. Toppe, and S. M. Noga. 1993. *Nonprofit Almanac 1992–1993: Dimensions of the Nonprofit Sector*. Washington, D.C.: Independent Sector.
- Salamon, L. 1992. *America's Nonprofit Sector: A Primer*. New York: The Foundation Center.
- Smith, D. H. 1997. "The Rest of the Nonprofit Sector: Grassroots Associations as the Dark Matter Ignored in Prevailing 'Flat Earth' Maps of the Sector." *Nonprofit and Voluntary Sector Quarterly* 26: 115–131.
- Swanstrom, T. 1997. "The Nonprofitization of Housing Policy: Slipping Between the Horns of Policy Dilemmas." Paper presented at the annual meeting of the Urban Affairs Association, Toronto, Canada. April 1997.

1

Nonprofit Organizations in Urban Politics and Policy

Steven Rathgeb Smith

Nonprofit organizations are central to the current debate on the future of American urban policy and politics. Nonprofits are regarded by a broad range of citizens and policymakers as critical to fostering citizen participation, grass-roots democracy, more responsive, effective urban governance and services, and a more satisfied citizenry. Nonprofits are also viewed as an opportunity to bring people together and build community and social capital, to use Robert Putnam's (1993a) popular term for trust and cooperation among citizens. By "building community," nonprofits will achieve the twin goals of involving a broad cross-section of neighborhoods, city blocks, or a city in the governance of their own affairs, and in the process, more successfully addressing pressing urban problems. Many people also like nonprofits because they are envisioned as an alternative to government. In this view, nonprofits can limit the growth of the state, provide flexible services without the constraints of government regulations and oversight, and devise solutions to social problems that do not require government intervention (Glazer 1989; Berger and Neuhaus 1977; Meyer 1982; Schambra 1997). Government contracting with nonprofit organizations may also help improve the efficiency of urban services by spurring competition among nonprofit (and for-profit) organizations for public funds (Savas 1982).

The broad, bipartisan appeal of nonprofit organizations to help solve urban problems and improve the governance of urban institutions is apparent in the many contemporary urban policy and program initiatives that are led by nonprofit organizations or require extensive volunteer involvement and

citizen participation. Good examples include the following: the Atlanta Project, designed to revitalize distressed parts of the city; the Low Income Housing Tax Credit (LIHTC), established to promote the development of low-income housing by nonprofit developers; the support for greater reliance on faith-based organizations to provide public services; the growth of community partnerships and coalitions to solve a variety of problems facing urban America; and the restructuring of decisionmaking in urban communities to incorporate a greater role for neighborhood associations and groups in the planning and oversight of municipal services.

As is often the case though, the implementation of these new nonprofit programs has outpaced our thinking about the consequences for public policy and the citizenry. As a result, the excellent chapters in this volume are timely and important. Collectively, they cover a very broad range of programs and policies in urban communities in the United States. The chapters identify and discuss key issues facing policymakers and the public as nonprofit programs increase in prominence and popularity. Especially welcome is their focus on the implications of the new and more diverse roles of nonprofit organizations in urban governance and services on democracy and citizen participation.

The diversity of the nonprofit sector is evident in the chapters. Richard Hula and Cynthia Jackson-Elmoore focus on “governing nonprofits,” drawing upon their empirical research on two prominent governing nonprofits in Detroit, New Detroit and Detroit Renaissance. Barbara Ferman and Patrick Kaylor concentrate on the many neighborhood associations and voluntary groups and organizations in the Mt. Airy neighborhood of Philadelphia. And Marion Orr presents very important research on a “governing nonprofit,” Baltimoreans United in Leadership Development (BUILD), that has been involved in many critical policy issues such as school reform in Baltimore in the last 25 years.

By contrast, Susan Clarke; Peter Eisinger; Joseph Cordes, Jeffrey Henig, and Eric Twombly; Todd Swanstrom and Julia Koschinsky; and Michael Leo Owens tend to focus on nonprofit agencies that provide an actual service to the community. Clarke’s chapter exemplifies the interconnections between nonprofit agencies as service providers for the welfare state and their roles in governance, citizen participation, and building social capital and community. Eisinger reports on a fascinating study of food banks and soup kitchens in metropolitan Detroit. Cordes, Henig, and Twombly address the implications of privatization on nonprofit human service providers. Koschinsky and Swanstrom analyze the complicated political and organizational issues raised by the dramatic expansion of nonprofit, low-income housing organizations during the 1980s and 1990s, fueled in part by federal policy including the Low Income Housing Tax Credit. And Michael Leo Owens examines the prominent role of faith-based community development corporations in the building of affordable housing in New York City.

Despite the different approaches and themes in the following eight chapters, they all address the increasingly complicated relationships between government and civil society—the term often used today to refer to the nongovernmental, nonmarket aspects of society (Cohen 1999; Smith 1999; O’Connell 1999). Consequently, the chapters provide insight not only into the changing landscape of urban policy and politics but also into new directions for the American welfare state. In the following pages, I discuss these eight chapters in more detail and place them in the context of a broader examination of nonprofits in urban communities and the American welfare state.

NEW ROLES FOR NONPROFIT ORGANIZATIONS IN URBAN GOVERNANCE AND SERVICES

The vision of nonprofits as builders of community and enhancers of citizen participation in the governance of public affairs, especially in urban areas, has deep roots in American history, dating to the 1800s and before (Bellah 1985; Morone 1990). More recently, in the 1960s, the federal government and the Ford Foundation supported the creation of nonprofit community action agencies (CAAs) to facilitate the empowerment of the disadvantaged in the cities.¹ CAAs were required to have a majority of their boards of directors comprised of community residents. Through community control, it was hoped that CAAs could give the disadvantaged greater political voice and lead to changes in the governance and structure of urban public services (Marris and Rein 1982; Morone 1990; Stone 1999).

In practice, many CAAs fell victim to local politics. City officials were often opposed to the agenda of their local CAAs (which was often deliberately confrontational) and did their best to undermine the stability and viability of CAA programs. Over time, many CAAs dropped their political advocacy and reformist character as they were forced to become service providers for various poverty-related government programs in order to survive. However, many CAAs offered an avenue for greater political participation for community residents and many leading African Americans (Spiegel 1969; Browning, Marshall, and Tabb 1984); but CAAs were generally unable to attain their goal of greater involvement of community residents in the governance of local public services or provide more efficient, effective services to the local citizenry (Marris and Rein 1982; Morone 1990).

In the late 1960s and 1970s, federal policy tended to shift away from community participation and planning for the poor and disadvantaged to more professionalized services. Federal funding for social and health services skyrocketed in this period. Social services spending went from \$812 million in 1965 to \$8.7 billion in 1980 (Bixby 1990, 20). Medicare spending increased from \$7.1 billion in 1970 to \$34.9 billion in 1980 (Bixby 1990, 18). A large percentage of this money was provided as grants or reimbursements

to nonprofit community service agencies or health care institutions, especially in urban areas. Nonprofit social and health organizations grew rapidly in numbers and size during this period as federal grants encouraged new agency formation as well as the expansion of existing programs (Smith and Lipsky 1993).

In 1981, though, President Reagan reversed course and implemented federal-funding cutbacks in some social policy areas (Gutowksi and Koshel 1984), which led to the decentralization of many federal programs and the privatization of public services (Savas 1982). Rather than community planning and citizen participation, the Reagan administration promoted competition among service providers and less federal control and oversight of publicly funded programs as the way to improve policy effectiveness and efficiency.

By the late 1980s, the limits of privatization started to become apparent. Privatization had led to increased contracting between government and private nonprofit and for-profit providers but a byproduct was program fragmentation and perceived inefficiencies in the organization of services. But perhaps more importantly, the country faced many urgent public problems that appeared beyond the capacity of existing public and private institutions to remedy. Drug abuse, especially cocaine use, was regarded as reaching epidemic proportions. Maternal and child health care needed big improvements. Economic development in disadvantaged areas seemed to defy conventional development strategies. And poverty and associated societal ills continued to be very prevalent.

The perception of ongoing and increasingly serious social and health problems coincided with a declining faith in traditional governmental solutions especially those initiated by the federal government. The growing distrust of government encouraged people to once again consider community-based responses to urban problems of poverty, economic development, housing, and crime. Several commentators from across the political spectrum called for decentralized, community approaches to social problems. For example, John P. Kretzman and John L. McKnight published an important book entitled *Building Communities from the Inside Out: A Path toward Finding and Mobilizing a Community's Assets* (1993). Therein, they take issue with what they term the prevailing "needs-driven" problem-based approach to social ills. They strongly argue for an "assets-based" approach emphasizing the many strengths and resources available even in distressed communities. At the heart of their critique is a deep dissatisfaction with existing professional services delivered by public and nonprofit agencies. To them, professionals had transformed the country into "a nation of clients" that did not even recognize their own strengths (McKnight 1995; also Kretzman and McKnight 1993). Their solution was to focus on community assets and engage local community institutions and residents in solving social problems. A central aspect of this community assets approach is the cre-

ation of community partnerships and coalitions comprised of representatives of community organizations and institutions as well as community residents.

Another example of the growing popularity of community organizations is the work of Lisbeth Schorr, who in two influential books, *Within Our Reach* (1989) and *Common Purpose* (1997), argues that public programs could be effective if some basic principles and proven strategies were followed. One key strategy was a neighborhood or community-based strategy that relied upon nonprofit organizations and citizen participation and involvement.

This general theme was echoed in many other works. On the left, Frances Moore Lappe and Paul Martin Du Bois (1994) contend that a wholesale restructuring of human services is needed to transform people from “client to citizen” (chap. 7). The existing service model is professionally driven while their preferred alternative, “the Living Democracy Model,” is “citizen/client driven” (156). Professionals should be in partnership with citizens with the emphasis on collaboration and shared decisionmaking (146–147). Self-help approaches are endorsed rather than professionally directed services. Harry Boyte (1989, 5) lamented “the eclipse of the citizen” and suggested several strategies to promote the importance of “public life, community and active citizenship.” Citizen coalitions, partnerships, and community organizations are an essential part of his vision of citizen democracy. Daniel Kemmis, the two-term Democratic mayor of Missoula, Montana, echoed similar sentiments in his book, *The Good City and the Good Life: Renewing the Sense of Community* (1995). Like Lappe, Du Bois, and Boyte, Kemmis is very supportive of a more active citizenship and specifically identifies public-private partnerships as a viable strategy to solve social problems (82–90). He also speaks approvingly of the “Healthy Cities” movement that has been supported by the National Civic League, based in Denver. To movement supporters, traditional approaches to city governance and management tend to look at each aspect of city life in isolation. By contrast, the Healthy Cities movement emphasizes collaborative problem solving and participation of various stakeholders in “inter-sectoral” planning groups and task forces to solve city problems (Healthy Cities 1995). Similarly, Berry, Portney, and Thomson (1993) emphasize the value of neighborhood groups and associations to “urban democracy” and citizen participation in urban governance.

During the 1980s and 1990s, the longing for “community” and the attraction for programs based in communities was noted by many scholars and commentators. The major theme of a widely popular 1985 bestseller, *Habits of the Heart*, by University of California sociologists Robert N. Bellah and his colleagues was the strong pull of the idea of community to American citizens, in part due to the alienating influence of American individualism. People need to connect with each other; and community and community organizations fulfill this impulse.

The perceived loss of community in the late twentieth century was the theme of many books and articles. For instance, Alan Ehrenhalt, author of

The Lost City: The Forgotten Virtues of Community in America (1995), argues that the 1950s were characterized by much more tight-knit communities where people were connected and took care of each other, even to the extent of violating people's individual privacy rights and prerogatives. Community played a vital social control function that reduced the likelihood of inappropriate behavior, thus lessening the severity of social problems such as drug use and teenage pregnancy.

Ehrenhalt's perspective can be characterized as "communitarian": community plays an integral, intermediate role between the state and the individual. The community also sets norms of behavior that can transcend and overcome what communitarians regard as the excessive focus on individual rights in contemporary American society (see Etzioni 1993; Brinkley 1996). Community organizations, partnerships, and coalitions are vital to the communitarian agenda because they can promote new social norms and more active citizenship. For instance, a community partnership to prevent substance abuse could bring people together in a neighborhood to discuss prevention strategies. As an outgrowth of these discussions, new social norms could emerge.

For many conservatives, the appeal of community and community organizations was captured in the book *To Empower People* by Peter Berger and Richard Neuhaus (1977). They contend that community organizations and neighborhoods were mediating institutions between the state and the individual, promoting diversity, pluralism, and individual freedom. These themes were expanded upon by Glazer (1989), Meyer (1982), and many others including William A. Schambra (1999, 117; also Schambra 1997), who suggested that the future of American society and democracy lay with "grassroots leaders who are rebuilding strong families, vigorous neighborhoods, and powerful churches and voluntary associations." From this perspective, community organizations and coalitions can be forms of mutual self-help that provide more effective solutions to social problems and avoid the problems attendant to a professionalized bureaucracy. This theme found strong resonance in Washington, D.C., many state capitals, and city halls, as conservative politicians gained political power in the 1980s and 1990s.

The attraction of community and community organizations is also reflected in the ongoing discussion of the state of civil society in America and the concern about the decline in social capital. Robert Putnam (1993a) popularized the term "social capital" to describe networks of cooperation in a local community. To him, cooperation and trust can be developed through the repeated interaction of individuals involved in long-term relationships reinforced by supportive institutions. Over time, cooperation becomes a learned behavior. Voluntary associations grow and flourish, providing opportunities for leadership training and citizen participation. Social capital is produced as a byproduct of participation by citizens in voluntary associations.

Putnam's (1993a) work draws upon many classic works on urban communities. Jane Jacobs (1961) observes that community groups and organizations such as PTAs, churches, and neighborhood associations can connect people in a neighborhood to other people and leaders elsewhere in the city. She calls these connections "hop-skip" links to indicate that they were not tight bonds of ethnicity but rather looser relationships that allowed the exchange of information and bonds of trust to form over time (134). Mark Granovetter (1973) builds upon the pioneering work of Jacobs in his widely known article, "The Strength of Weak Ties." He argues that neighborhood residents with weak ties between themselves and residents in other neighborhoods were more likely to successfully mobilize and resist negative outside pressures and forces. Neighborhood associations were critical to creating the opportunity for these weak ties to develop. In the same vein, Rachele and Donald Warren (1977) argue that neighborhoods can be conceptualized as "social organizations" arrayed along a continuum comprised of six categories—from integral (e.g., active participation in activities of the larger community) to "anomic" (e.g., disorganized with little capacity of citizen mobilization). The differences in types of neighborhoods reflects substantive differences along three dimensions: interaction among residents, identity (i.e., sense of common destiny with others), and linkages to outside groups and individuals (94–97).

To Putnam, social capital is created through the interaction of individuals participating in voluntary associations. To the extent that individuals trust their neighbors, they will be more likely to cooperate and participate in community affairs. His social capital is a relational concept that promotes citizen participation and ultimately more effective government and public services. He is also concerned about the decline in social capital in America due to falling participation rates of citizens in voluntary organizations (1995).

One of the important questions raised by Putnam's research on social capital as well as earlier research on neighborhoods and communities is how social capital is created. Putnam suggests that local public and private institutions are important in building social capital (1993b). Gerald Gamm (1999) concurs in his recent book, *Urban Exodus: Why the Jews Left Boston and the Catholics Stayed*. Therein, he argues that Catholic institutions in Boston neighborhoods during the 1920s and 1930s were much better positioned to support local trust and cooperation among Catholics than were comparable Jewish organizations. Institutions, in short, are critical to community-building activities and the health and vitality of urban neighborhoods.

This is the same theme of the chapter in this volume by Barbara Ferman and Patrick Kaylor. They argue that "neighborhood institutions can maintain the key ingredients of community such as: a sense of belonging; an identity; positive ways to interact with others; shared events and activities; common values; and loyalty." In their detailed analysis of the Mt. Airy neighborhood of Philadelphia, they demonstrate that local nonprofit associations and

groups such as the Northwest Interfaith movement, West Mount Airy Neighbors, and the Unitarian Society of Germantown helped with informal and formal network building. Over time, these network ties facilitate the formation of cooperative social ties, that is, social capital, that “build community.” Their work also provides valuable new information and insights on the linkages between the Mt. Airy neighborhood and the larger community through “bridging capital,”² which helps “leverage resources, in the form of information, expertise, and foundation funding, as well as capital.” And somewhat counter-intuitively, their research indicates that bridging capital—which is a network tie between a geographic neighborhood and the surrounding community—can reinforce and enhance a sense of identity to the geographic area.

Marion Orr in his article also directly addresses the “social capital” and community-building potential of community organizations. His focus is a citywide organization, Baltimoreans United in Leadership Development (BUILD). This organization does not represent just one neighborhood but rather strives to serve African Americans throughout the city. It creates network ties among people who might not otherwise be in contact with each other. BUILD creates bridging capital through its ongoing activities, which focus on urgent problems facing the city of Baltimore such as school reform, low-income housing, and bank redlining. This organization has mobilized the key leaders of the African-American community and many community residents. Through this mobilization and its talented leadership, BUILD has become an influential political force in Baltimore. Its input is sought for many key “governance” questions in the city. In addition, BUILD has tangible programmatic accomplishments including the creation of a “Child First Authority” to provide after-school programs and the Baltimore Commonwealth, an alliance between corporate leaders and community residents to improve the public schools and the job opportunities of school graduates. These initiatives would not have occurred without the ongoing support and encouragement of BUILD.

But the experiences of BUILD underscore some of the dilemmas involved with these “governing nonprofits.” In order to keep members involved, BUILD, like other nonprofit organizations dependent primarily on volunteer participation, tends to focus on specific, tangible program accomplishments such as Child First Authority. Without BUILD’s support, Child First Authority would not have been established. But in the process, BUILD may inadvertently make the overall governance of schools more complicated.

BUILD also demonstrates the interrelationship between nonprofit advocacy and local government. There exists a two-way dynamic between BUILD and government. BUILD mobilizes its political supporters and pressures local and state government for action on its program agenda; yet, BUILD would not enjoy this political success or sustained participation of city residents without supportive public and private leaders.³ Nonprofits and government need each other to be successful. Government provides legiti-

macy, resources, and executive and legislative support for policy change. Nonprofits, for their part, mobilize citizens and private resources on behalf of social reform.

Richard Hula and Cynthia Jackson-Elmoore share Orr's interest in "governing nonprofits." They are particularly concerned with the capacity of nonprofit organizations to further political integration, especially of under-represented groups and individuals. Their investigation of New Detroit and Detroit Renaissance indicates these organizations have been central to the creation of "bridging capital" between community residents and political and business leaders in Detroit. And like the experience of BUILD, the presence of a supportive, responsive local government has allowed these two major nonprofit organizations in Detroit to grow and sustain themselves.

Nonetheless, the impressive accomplishments of these two organizations in creating cooperative social networks among different groups in Detroit have not easily translated into specific programmatic achievements. As they note, the Detroit school system is still plagued with poor performance. Poverty and a deteriorating housing stock remain serious problems. New Detroit and Detroit Renaissance have certainly put these persistent problems on their agenda; but it is probably asking too much of nonprofit organizations—even organizations enjoying widespread popular and political support—to solve complex social problems, especially in a relatively short period of time.

While Hula and Jackson-Elmoore, Orr, and Ferman and Kaylor vividly demonstrate the possibilities of community building by nonprofits, the two chapters by Cordes, Henig, and Twombly, and Koschinsky and Swanstrom suggest that other types of nonprofit agencies may encounter difficulties in building community and contributing to political incorporation due to the political and organizational imperatives faced by these agencies. In these chapters, the authors provide evidence that many nonprofit service agencies face an extremely difficult dilemma: they can remain faithful to their historical mission at a risk of financial instability, downsizing, and even closure, or they can pursue new government contracts and foundation grants that may take them away from their community roots and connections. Cordes, Henig, and Twombly point out the irony in this complicated situation. Privatization was used in the 1980s as a strategy to improve efficiency and local control. Subsequently, the enthusiasm for "reinventing government" (Osborne and Gaebler 1992) prompted many state and local governments to increase their contracting out of public services to nonprofit and for-profit organizations, hoping to increase the efficiency and effectiveness of their public services.⁴ Part of the reinventing government platform included more customer-friendly services and greater responsiveness to customer needs. Further, many governmental jurisdictions have been expanding their use of vouchers for public services in areas such as elementary and secondary education, child care, and housing, promoting the competition between

nonprofit recipient organizations for voucher income. In education, charter schools are proliferating as a means to give parents greater control over their child's education. Some charter school advocates view them as injecting competition into public education.⁵

This movement to empower customers and citizens extends to the United Way and to a lesser extent to foundations. The United Way, the federated fund-raising organization that disburses grants to local nonprofit organizations, has adopted "donor choice," allowing donors to the United Way to designate the service organization to receive their donations. The effect though is to make the United Way a less secure source of funds for nonprofits, creating anxiety and the search for new sources of funds (Gronbjerg and Smith 1999). In addition, government and foundations are demanding that nonprofits pay greater attention to the outcomes of their services, even conditioning funding on specific performance targets.

This emphasis on efficiency, outcome measures, and more competition has pushed nonprofits to behave more like for-profit, market organizations. This may have positive benefits (Cordes, Henig, and Twombly, and Koschinsky and Swanstrom, this volume), especially given the long-standing inattention to outcomes and efficiency considerations on the part of many nonprofits. Yet, the push for efficiency may have a long-term cost for the community and the nonprofit organization. For example, Eisinger (this volume) found that food banks in Detroit could be divided into two broad categories: a few large providers such as the Salvation Army and many very small food banks, often affiliated with local churches. But the pressure on food banks for greater efficiency may lead to greater concentration in food assistance with a corresponding decline in the role of grass-roots food banks.

In addition, Cordes, Henig, and Twombly worry that privatization risks "further depletion of the role of purposive mission" and a "deemphasis of need" in favor of programs that meet a market test. By shifting functions away from the public sector, they express concern that privatization may actually produce a "reduced role of public deliberation, oversight, and democratic control" (this volume). Koschinsky and Swanstrom urge community-based housing organizations (CBHOs) to avoid chasing every new grant opportunity; instead CBHOs should maintain a commitment to the original vision of these organizations—to be a voice for "progressive housing policy."

In both chapters, the authors are concerned that the reformist, progressive character of many community-based organizations will be compromised as nonprofit service agencies such as CBHOs are forced to seek more and more funding. Part of the problem is that nonprofits, in seeking more money, may become overly concerned about offending potential funders and thus they may mute or alter their reformist agenda. Moreover, nonprofits may unwittingly become instrumentalities of the government policy that they oppose. For instance, the federal government has almost completely abandoned its direct financing role for new public housing. The numbers of housing

vouchers for low-income people are far below the demonstrated need. But the expansion of CBHOs, in part through federal tax credit financing, may indirectly send messages that federal housing policy is fine and does not need to be changed.

The complexity and delicacy of the government-nonprofit relationship is underscored by Hula and Jackson-Elmoore. One agency in their study, New Detroit, suffered greatly in terms of effectiveness and prestige when it was perceived as being too closely associated with the failed policies of Mayor Coleman Young. To Hula and Jackson-Elmoore, nonprofits are most effective as vehicles for change and political inclusion when they can maintain a supportive relationship with government, yet at the same time pursue their own agenda. In a similar vein, Ferman and Kaylor discuss the social justice mission of many community organizations and groups in Mt. Airy. These organizations are not service agencies dependent on the continued flow of grants and contracts but rather they are local social and religious organizations that view social justice as a central part of their mission.

Michael Leo Owens also addresses this complicated government-nonprofit relationship in his study of faith-based community development corporations (CDCs) rooted in the black churches of New York City. He notes that these CDCs have been quite successful in garnering public resources to build affordable housing for black residents of New York. And, these CDCs have become a political force in shaping local development policies. In the coming years, the political evolution of these CDCs should be quite fascinating and relevant to the concerns of many urban policymakers. By accepting government funds and acting on behalf of city government, these faith-based CDCs have transformed themselves into agents of city government. What are the implications on the political voice and advocacy functions of these CDCs and their affiliated churches? Are they silent on city policies with which they disagree? Do they oppose the Giuliani administration as it seeks to impose very restrictive and stringent social policies on the homeless and individuals on welfare? Do they serve as a political power base for the black community, as the community action agencies (CAAs) did in an earlier era, or do CDCs become isolated politically as service providers? The answers to these questions will be quite revealing about the capacity of CDCs to build the "civic infrastructure" of local neighborhoods in New York City and elsewhere.

Collectively, these chapters suggest that the image of nonprofit community organizations as advocates for the poor and disadvantaged needs to be reconceptualized. As Orr and Jackson-Elmoore and Hula observe, many nonprofit organizations do in fact act as political advocates for the poor. But many service providers tend to focus political work on their own programs (which of course may directly or indirectly benefit the poor). Moreover, many smaller nonprofit service agencies such as the food banks described by Eisinger rarely do any advocacy whatsoever. Nonetheless, nonprofits are

expected to be more active politically even as they face greater scrutiny from government regulators and politicians.

Susan Clarke puts the new roles and responsibilities for nonprofits in the context of the restructuring of the welfare state. To her, three different, non-mutually exclusive reasons help explain the rising prominence of nonprofit organizations in governance and service delivery, especially in urban settings. First, nonprofits are an efficient societal response to legitimacy and control problems of the state. Privatization (for example, the contracting with nonprofit organizations) has emerged to compensate for government failure (Clarke, this volume; also Salamon 1987). A second possible explanation is that nonprofits can come to the fore under a variety of scenarios including both retrenchment and expansion of the welfare state. Thus, nonprofits can be viewed as the product of strategic choice by public and private actors pursuing specific policy goals and objectives (Clarke, this volume; Smith and Lipsky 1993). A third possibility is that nonprofits are becoming part of a new type of politics characterized by decentralization, a demand for more citizen participation, interdependence, and greater uncertainty.⁶ This is reflected in the growth of coalitional governance with nonprofits and public organizations entering into public-private partnerships and the participation of a wide array of public and private individuals in coalitions such as BUILD or New Detroit.

Like the other authors, Clarke is especially attracted to the possibilities of nonprofits as sites for greater citizen participation and empowerment, but she also recognizes that the restructuring of the state may undermine the potential of nonprofits to fulfill this role. In particular, she worries that the delegation of public responsibilities to nonprofits can have negative distributional consequences on the disadvantaged, and the risk exists of a loss of public accountability and control.

Clarke's fine insights force us to wrestle with the subject of why nonprofits exist at all—a topic also squarely and creatively discussed by Koschinsky and Swanstrom. Like Koschinsky and Swanstrom, Burton Weisbrod (1975) contended that nonprofits are an efficient response to market failure; they provide an outlet for the satisfaction of the demand for public goods by minority interests. This perspective is attractive since many nonprofits do indeed represent minority interests. Block associations and ethnic-based service agencies are two good examples.

Lester M. Salamon (1987) built upon Weisbrod's work when he argued that nonprofits emerge as a result of government failure rather than market failure. Salamon agrees with Weisbrod that nonprofits offer important public goods but instead suggests that nonprofits actually pioneer in offering public goods. However, the problems faced by nonprofit organizations in offering public goods (such as resource scarcity) lead to a takeover by government of service activities initially started by nonprofits (or government will fund these activities and the provision will remain nonprofit). Thus, Salamon

argues that nonprofits and government work in “partnership” by compensating for each other’s weaknesses: government has the much greater resources while nonprofits can provide greater service flexibility. For this reason, government and nonprofits have grown together in the twentieth century as the welfare states in advanced industrialized countries have expanded.

The partnership model is quite appealing, especially given the substantial dependence of nonprofit service agencies including community-based housing organizations (CBHOs) on government funds. Indeed, many CBHOs (and other service agencies) employ the partnership rhetoric when they seek more government funds or regulatory changes. However, the partnership model has the same explanatory difficulties as the Weisbrod market failure model: it cannot explain the simultaneous presence of nonprofits, for-profits, and government in the same industry such as hospitals, home care, and child welfare; and it cannot explain why nonprofits “took off” in the 1960s when extensive, severe government and market failures had existed in social and health policy for decades.

The other conceptual weakness of these models (which, as Koschinsky and Swanstrom point out, is rooted in a functional analysis paradigm) is that it places a primacy on efficiency, market failure, and public goods; thus it moves to the margins the role of nonprofits as opportunities for citizen participation and empowerment. As an alternative theoretical model, Koschinsky and Swanstrom offer a “political approach” that seeks to explain the emergence and growth of nonprofit organizations as the product of political interests. In any given community, then, the organization of nonprofit agencies will reflect the characteristics of the prevailing urban regime.

This perspective fits well with the other chapters. Ferman and Kaylor provide extensive documentation of the valuable and enduring contributions of community organizations in Mt. Airy to the civic infrastructure and the overall sense of neighborhood identity. But this rich mix of civic organizations reflects the specific institutional characteristics of the Mt. Airy neighborhood and the city of Philadelphia. Hula and Jackson-Elmoore and Orr offer very instructive examples of citywide, governing nonprofits whose express purpose is greater citizen involvement in municipal affairs. The faith-based CDCs described by Owens reflect the political constellation of interests in New York City, and its boroughs and neighborhoods.

Koschinsky and Swanstrom also propose an alternative justification for the existence of housing and community development agencies: to them the goal of housing and community development policies is the reduction of “place-based inequalities” that limit the ability of people to reach their full potential. The market and government failure models imply that nonprofit CBHOs will, almost by definition, remedy poverty and economic distress. However, the political approach suggests that the actual impact of CBHOs in a community is contingent on the local urban regime. By offering a different rationale for CBHOs, Koschinsky and Swanstrom hope to shift terms

of the debate on CBHOs and encourage greater scrutiny of the public and nonprofit agencies involved in low-income housing development.

These eight chapters illustrate an important theoretical and policy dilemma raised by the expansion of nonprofit organizations in recent decades. All of the authors embrace the Tocquevillian idea of nonprofits as opportunities for citizen participation in urban politics and policy. They hope nonprofits can fulfill this role. Yet they recognize that nonprofits exist in a complex political environment. Nonprofits are dependent on external resources, creating the possibilities of co-optation by government and more generally control by outside public and private funders. But for at least some of the authors, citizen participation is not enough. Koschinsky and Swanstrom suggest that nonprofits that are market driven and not focused on eliminating “placed-based” inequalities should not be considered as “true” nonprofits. Likewise, Cordes, Henig, and Twombly, and Clarke are concerned that privatization and changes in the welfare state are forcing nonprofits to be too driven by the need to obtain outside grants, diminishing their commitment to a unique mission. The discussion of faith-based CDCs by Owens raises the question of how the competition for public and private grants affects the mission of CDCs. Hence, the legitimacy problem faced by nonprofits arises: if they are too market driven should they be entitled to their tax-exempt status, especially if they are not providing specific services to the poor and disadvantaged? Other scholars of the nonprofit sector have addressed this dilemma including Hansmann (1980). The following chapters should further contribute to the debate on this subject.

The chapters by Owens and Koschinsky and Swanstrom illustrate in dramatic fashion the “hybrid” character of many nonprofits today. CDCs and CBHOs receive grants and contracts from federal, state, and local governments, funds from private investors through the Low Income Housing Tax Credit program, and grants and donations from corporations. Donations from individuals comprise a very small portion of their revenues. They are also largely staff rather than volunteer agencies. They are accountable to the IRS and private investors as to how they spend their money and who qualifies as a tenant in their tax credit-financed programs. These organizations are not the classic volunteer nonprofit service agencies, like the food banks detailed by Eisinger or the largely volunteer citizen groups of BUILD and New Detroit. The differences in these organizations create quite distinct political imperatives: the CBHOs need to make sure they are competitive for public grants and contracts while the food banks and citizen groups are always faced with keeping volunteer involvement and overcoming the generalized reluctance of many volunteers to become politically active.

Another political challenge faced by nonprofits is effectiveness. As noted by Paget (1990) and others, nonprofits tend to be small and fragmented, and they lack substantial resources for political mobilization. Eisinger (this volume) worries that many food banks in Detroit do not have the organiza-

tional capacity to provide high-quality services and raise sufficient resources. Many nonprofits, even in the same policy field, are reluctant to cooperate with each other. The examples of BUILD, New Detroit, and Detroit Renaissance offer a note of optimism that broad-based nonprofits can be effective and foster enhanced social capital and governmental effectiveness. But it is an ongoing challenge and even in these cases, the nonprofits are dependent upon the responsiveness and popularity of local government to help push their policy agenda.

Overall, the chapters underscore the complexity and diversity of the nonprofit sector. Easy generalizations about the place of nonprofit organizations in urban policy and politics are impossible. Hence, there is a need to look beyond untested assumptions about the nonprofit sector. Whether or not nonprofits build social capital, stimulate citizen participation in civic affairs, or provide services to the disadvantaged is an empirical question. The chapters of this book are also a cautionary tale on the effects of the restructuring of the welfare state on urban communities and nonprofit organizations. Many nonprofit organizations have grown substantially despite cutbacks in some federal programs and the devolution of federal authority to states and localities. Even food banks have been able to roughly keep pace with demand, despite sharp changes in federal policy (Eisinger, this volume). But the effect of this growth on the equity in the distribution of welfare state programs, the advocacy role of nonprofit organizations, and the accountability of nonprofit organizations for the expenditure of public funds is still unfolding.

What appears certain is that nonprofits will continue to increase their involvement in the provision of urban public services and in urban governance. In the process, the distinctions between public and nonprofit will further erode. Consequently, we will need to rethink conventional ideas of nonprofit management and governance as well as our approaches to public management and policy analysis. In a mixed system of public and nonprofit (as well as for-profit agencies), traditional governance approaches may no longer be appropriate. If we want nonprofit organizations to foster citizen participation and increased governmental effectiveness, we will need to develop new ways of strengthening the nonprofit infrastructure without unduly compromising the effectiveness and mission of nonprofit community organizations.

NOTES

1. Community action agencies also existed in rural areas. But the high-profile examples of community action agencies in the 1960s were in the cities.

2. In this sense, bridging capital is similar to the “weak ties” noted by Granovetter (1973) and the “hop-skip” links of Jacobs (1962). This concept is also addressed by Roland Warren (1978), who observes that we need to think of community as comprised of horizontal and vertical relationships, not just a geographically defined space.

3. The influence of political leaders and their institutions on political mobilization is noted by Putnam (1993a and b) in his discussion of the formation of social capital. This is consistent with the arguments of the “new institutionalism” perspective that emphasizes the links between institutions and the incentives they create for political participation. Also, see Steinmo, Thelan, and Longstreth (1992); Powell and DiMaggio (1991).

4. The goal of greater efficiency through contracting may prove elusive. See Smith and Lipsky (1993).

5. Indeed charter schools can be viewed as a form of vouchers since at least some states require that charter schools receive a certain per-student allocation that would have otherwise gone to the regular public school that the child attended.

6. Clarke and others call this new politics post-Fordist, referring to the shift away from mass production to new, more flexible forms of production and greater individual control over the circumstances of work. Also see Handler (1996).

REFERENCES

- Bellah, R. N., R. Madsen, W. M. Sullivan, A. S. Widler, and S. M. Tipton. 1985. *Habits of the Heart: Individualism and Commitment in American Life*. New York: Harper.
- Berger, P., and R. Neuhaus. 1977. *To Empower People: The Role of Mediating Structures in Public Policy*. Washington, D.C.: AEI Press.
- Berry, J. M., K. E. Portney, and K. Thomson. 1993. *The Rebirth of Urban Democracy*. Washington, D.C.: Brookings.
- Bixby, A. K. 1990. “Public Social Welfare Expenditures, Fiscal Years 1965–87.” *Social Security Bulletin* 53, no. 2 (February): 10–26.
- Boyte, H. 1989. *Commonwealth: A Return to Citizen Politics*. New York: The Free Press.
- Brinkley, A. 1996. “Liberty, Community and the National Idea.” *The American Prospect* 29 (November–December): 53–59.
- Browning, R. P., D. R. Marshall, and D. H. Tabb. 1984. *Protest Is Not Enough: The Struggle of Blacks and Hispanics for Equality in Urban Politics*. Berkeley: University of California Press.
- Cohen, J. 1999. “American Civil Society Talk.” In *Civil Society, Democracy, and Civic Renewal*, edited by R. K. Fullinwider, 55–85. Lanham, MD: Rowman and Littlefield.
- Ehrenhalt, A. 1995. *The Lost City: The Forgotten Virtues of Community in America*. New York: Basic Books.
- Etzioni, A. 1992. *The Spirit of Community: Rights, Responsibilities, and the Communitarian Agenda*. New York: Crown.
- Gamm, G. 1999. *Urban Exodus: Why the Jews Left Boston and the Catholics Stayed*. Cambridge, MA: Harvard University Press.
- Glazer, N. 1989. *The Limits of Social Policy*. Cambridge, MA: Harvard University Press.
- Granovetter, M. S. 1973. “The Strength of Weak Ties.” *American Journal of Sociology* 78, no. 6: 1360–1380.
- Gronbjerg, K. A., and S. R. Smith. 1999. “Nonprofit Organizations and Public Policies in the Delivery of Human Services.” In *Philanthropy and the Non-*

- profit Sector*, edited by C. T. Clotfelter and T. Ehrlich, 139–171. Indianapolis: Indiana University Press.
- Gutowski, M. F., and J. J. Koshel. 1984. "Social Services." In *The Reagan Experiment*, edited by J. L. Palmer and I. V. Sawhill, 307–328. Washington, D.C.: Urban Institute Press.
- Handler, J. 1996. *Down from Bureaucracy: The Ambiguity of Privatization and Empowerment*. Princeton, NJ: Princeton University Press.
- Hansmann, H. 1980. "The Role of the Nonprofit Enterprise." *Yale Law Journal* 89: 835–901.
- Healthy Cities. 1995. "What Is the Healthy City/Community Concept?" Conference paper.
- Jacobs, J. 1961. *The Death and Life of Great American Cities*. New York: Vintage.
- Kemmis, D. 1995. *The Good City and the Good Life: Renewing the Sense of Community*. Boston: Houghton Mifflin.
- Kretzman, J. P., and J. L. McKnight. 1993. *Building Communities from the Inside Out: A Path toward Finding and Mobilizing a Community's Assets*. Evanston, IL: Center for Urban Affairs and Policy Research, Northwestern University.
- Lappe, F. M., and P. M. Du Bois. 1994. *The Quickening of America: Rebuilding Our Nation, Remaking Our Lives*. San Francisco: Jossey-Bass.
- Marris, P., and M. Rein. 1982. *Dilemmas of Social Reform: Poverty and Community Action in the United States*. 2nd ed. Chicago: University of Chicago Press.
- McKnight, J. 1995. *The Careless Society: Community and Its Counterfeits*. New York: Basic Books.
- Meyer, J., ed. 1982. *Meeting Human Needs: Toward a New Social Philosophy*. Washington, D.C.: American Enterprise Institute.
- Morone, J. 1990. *The Democratic Wish*. New York: Basic Books.
- O'Connell, B. 1999. *Civil Society: The Underpinning of American Democracy*. Hanover, NH: University Press of New England.
- Osborne, D., and T. Gaebler. 1992. *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*. New York: Penguin.
- Paget, K. 1990. "Citizen Organizing: Many Movements, No Majority." *The American Prospect* 2 (Summer): 115–128.
- Powell, W. W., and P. DiMaggio, eds. 1991. *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.
- Putnam, R. D. 1993a. *Making Democracy Work*. Princeton, NJ: Princeton University Press.
- . 1993b. "The Prosperous Community: Social Capital and Public Life." *The American Prospect* 13 (Spring): 35–42.
- . 1995. "Bowling Alone: America's Declining Social Capital." *Journal of Democracy* 6: 65–78.
- Salamon, L. M. 1987. "Partners in Public Service: The Scope and Theory of Government-Nonprofit Relations." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 99–117. New Haven: Yale University Press.
- Savas, E. S. 1982. *Privatizing the Public Sector: How to Shrink Government*. Chatham, NJ: Chatham House.
- Schambra, W. A. 1997. "Local Groups Are the Key to America's Civic Renewal." *The Brookings Review* 15, no. 4 (Fall): 20–22.

- . 1999. "Is There Civic Life Beyond the Great National Community?" In *Civil Society, Democracy, and Civic Renewal*, edited by R. K. Fullinwider, 89–126. Lanham, MD: Rowman and Littlefield.
- Schorr, L. B. 1989. *Within Our Reach: Breaking the Cycle of Disadvantage*. New York: Anchor.
- . 1997. *Common Purpose: Strengthening Families and Neighborhoods to Rebuild America*. New York: Anchor.
- Smith, S. R. 1999. "Civic Infrastructure in America: The Interrelationship between Government and the Voluntary Sector." In *Civil Society, Democracy, and Civic Renewal*, edited by R. K. Fullinwider, 127–150. Lanham, MD: Rowman and Littlefield.
- Smith, S. R., and M. Lipsky. 1993. *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press.
- Spiegel, H.B.C. 1969. *Citizen Participation in Urban Development v. IIC Cases and Programs*. Washington, D.C.: NTL Institute for Applied Behavioral Science.
- Steinmo, S., K. Thelan, and F. Longstreth, eds. 1992. *Structuring Politics: Historical Institutionalism in Comparative Analysis*. New York: Cambridge University Press.
- Stone, C. 1999. "The Dilemmas of Social Reform Revisited: Putting Civic Engagement in the Picture." Paper presented at the annual meeting of the American Political Science Association, Atlanta.
- Warren, R. L. 1978. *The Community in America*. 3rd ed. Boston: Houghton Mifflin.
- Warren, R. L., and D. I. Warren. 1977. *The Neighborhood Organizer's Handbook*. South Bend, IN: University of Notre Dame Press.
- Weisbrod, B. A. 1975. "Toward a Theory of the Voluntary Nonprofit Sector in a Three Sector Economy." In *Altruism, Morality, and Economic Theory*, edited by E. S. Phelps, 171–195. New York: Russell Sage.

2

The Quality of Mercy: The Capacity of the Nonprofit Emergency Food System in Detroit

Peter Eisinger

Most Americans have long been committed to the notion that private charitable organizations have an important role to play in the provision of social and welfare services. Some even go so far as to evince the belief that nonprofit organizations are superior to government as providers of social services. Perhaps it was no surprise that Governor George W. Bush, a son of the author of the famous phrase, “a thousand points of light,” could mount a presidential campaign in which he promised to “look first to faith-based organizations, charities, and community groups” to fight poverty (Bush 1999). In recent years confidence in the capacity and efficacy of nonprofit organizations has apparently spread, embracing even those sympathetic to some sort of public welfare. Thus, Al Gore, born and bred in a New Deal household, spoke in his presidential campaign of the unique power of faith-based organizations and the need for government to help sustain “the quiet revolution of faith and values” in combating social problems (Gore 1999).

The role of the nonprofit charitable sector is particularly prominent in the provision of food to the needy. Although the federal government spends approximately \$38 billion on public food assistance, compared to the estimated \$2–\$2.5 billion worth of privately donated food, private feeding programs seem to reach a substantially larger number of people.¹ The single largest source of charitable food in the United States, the Second Harvest network, distributes almost one billion pounds of food annually, through more than 94,000 street-level soup kitchens, food pantries, and shelters, to approximately 26 million people each year (Second Harvest 1998). This

1997 client estimate compares to the Food Stamp program, which served 22.9 million in the same year.² Second Harvest food programs represent only a portion of the charitable feeding community. The Bread for the World Institute estimates on the basis of its own surveys that there exist at least 150,000 food pantries sponsored by religious congregations (Hoehn 1993, 12). Some unknown number of these are undoubtedly affiliated with Second Harvest and thus included in the 94,000 figure; but many are not, and they could easily account for several million additional clients.

Not only are private food pantries and soup kitchens important for helping to feed a large number of people, but they are often the only source of help. They tend to reach a clientele that for one reason or another does not or cannot participate in federal food assistance programs. For example, well over half (58.6%) of the clients of Second Harvest food programs are not enrolled in the Food Stamp program, and fewer than one-third (30.6%) of Second Harvest households with small children receive WIC benefits.³ Thus, charitable food programs clearly fill a niche—indeed, an extremely large niche—that public food assistance does not reach.

Since the passage of welfare reform legislation in the summer of 1996, there are increasing signs that the burden on the charitable food sector has grown. The Personal Responsibility and Work Opportunity Reconciliation Act not only ended the Aid to Families of Dependent Children welfare program, but it also reduced the value of the average food stamp allotment and restricted eligibility.⁴ Scattered evidence suggests that many of those who once were able to feed their households with the help of food stamps have been drawn to the charitable food sector, either to supplement an increasingly inadequate allotment or to compensate for losing eligibility altogether.⁵ A critical issue, therefore, is whether the nonprofit charitable food sector is equal to the growing task. As public welfare programs wither, can the nonprofit food sector provide an adequate safety net as client burdens and competition for resources grow? To what degree does the nonprofit charitable food sector exhibit attributes of flexibility and adaptability in the face of a changing and increasingly demanding environment? *In short, what is its collective capacity?*

ASSESSING CAPACITY

At the simplest level, capacity is a function of the ability of the nonprofit food sector to acquire and distribute sufficient quantities of food to meet demands. Using this standard, the long-term outlook for charitable food programs is not good. A study by researchers at Tufts University calculates that Second Harvest food pantries and soup kitchens would have to increase their food acquisition by 425% over their 1995 stocks by 2002 in order to cover both routine shortfalls and the deficit caused by the reduction in food stamp benefits (Cook and Brown 1997). Since the annual rate of growth in food acquisition was running at about 5% annually in the early 1990s, the

likelihood that food programs can close the acquisition gap is not good. The projections are supported by survey evidence: a report by the U.S. Conference of Mayors (1998) finds that over half (53%) of the 30 cities surveyed said that emergency food providers were not able to meet demands, and 60% said that food programs had had to reduce the quantities of food they handed out. There is also little prospect that federal commodity programs that supply bulk foods to food pantries and soup kitchens can help to meet increased demands: budget allocations for these programs fell from \$172 million in 1997 to an estimated \$145 million in 1999.⁶

The charitable food sector has a record of remarkable growth and ingenuity, however, and it draws on great depths of religious and moral commitment by the American public. Polls indicate that as many as four-fifths of all Americans claim to have donated food for the needy or worked in a soup kitchen or food drive (Eisinger 1998, 110). Not only do charitable food programs command the efforts of enormous numbers of volunteers (Second Harvest estimates that its programs are staffed by about 830,000 unpaid workers), but the number of nonprofit food programs has grown virtually exponentially since the early 1980s (Second Harvest 1993). Furthermore, charitable food organizations have been extremely innovative in fund raising, developing novel techniques, such as supermarket checkout counter add-on donations, and new partnerships, such as those with major corporate underwriters of food drives like American Express and Northwest Airlines. Thus, to assess its capacity simply by projecting additions to its collective food stocks perhaps ignores the adaptive qualities of this charitable sector. Capacity also involves the ability to respond successfully to new or growing external challenges.

The “capacity” of an organization may be defined generally as the ability to carry out its mission by adjusting its operations and resources to its environment.⁷ High capacity organizations not only adapt to a static environment but to a changing one as well. We are particularly interested in how emergency food providers respond to an environment in which demands are increasing and resources are becoming scarce. Thus, for example, as demands rise, capable organizations seek to increase resources and broaden their resource base, anticipate problems and opportunities through planning, and mobilize more help in order to maintain that resource base, all the while managing various stresses, such as staff morale and internal conflict. By assessing organizational attributes of a sample of emergency food providers, such as resource and personnel mobilization, planning, and stress levels, we can judge the collective capacity of the nonprofit safety net.

THE SETTING OF THE STUDY

This investigation is based on a survey of directors of street-level emergency food programs in the Detroit tri-county region conducted during the winter and early spring of 1999. The director sample yielded 92 completed

interviews, drawn from a total of 157 emergency food providers actually in existence in the winter of 1999.⁸ The programs range widely in size, with food pantries serving from fewer than a dozen to approximately 7,000 people a month (median=138) and the soup kitchens from 35 to 2,500 (median=835). Approximately 54,000 people visit these 92 emergency food providers every month. Nearly two-thirds of the providers (n=59 or 64%) are faith based. Of these, 45 are associated with a single religious congregation, while the remainder of the faith-based operations are sponsored by larger denominational organizations or religious charities such as St. Vincent de Paul.

The pool of food programs from which the completed director interviews were drawn provides about half the free food in the metropolitan area. The other half of charitable food provision in the Detroit area is dominated by three large institutions: the Salvation Army at several different sites, a large Capuchin soup kitchen that operates at two huge feeding sites, and Focus Hope, a combination job training, child care, adult education, and food pantry center. Separate interviews were conducted with these larger providers, but they are not included in the following analysis.

ORGANIZATIONAL CAPACITY

The organizational capacity of nonprofit street-level entities is a function, at least, of (1) the supply and range of expendable resources; (2) the institutional ability to maintain those resources and allocate them efficiently through effective planning and management; (3) a level of staffing sufficient to deliver services; (4) the morale of its staff; and (5) the breadth and quality of the external help network.⁹

Resource Supply and Sources

Just over two-thirds of the emergency food providers in the Detroit area reported that their client burden had risen in the prior year. Nevertheless, half of all food pantries and soup kitchens said that their food donations had also increased in this period, and another 28% said that donations had at least remained stable. For most providers, donations and demand achieved a sort of equilibrium: more than half the sample of Detroit area providers (58%) said that they were able to meet client demands with what they had. Size of the program made no difference: providers with large clienteles were just as likely as smaller programs to say they were able to serve their clients.¹⁰ Faith-based providers were somewhat more likely to say they were able to keep up than lay organizations, but the difference was not statistically significant. The initial impression of this emergency food network, then, is that although some providers apparently struggle to provide food to everyone who asks for it, the emergency food sector as a whole is not

mired in a state of deep crisis. Most organizations are able to collect enough food to distribute it to a growing clientele.

Most food providers rely on more than one source of donations, and some of these are strong, stable public or private entities, including the federal government. It is true, as Table 2.1 shows, that individuals are the most common source of food donations. Individual generosity, often mobilized through religious congregations, tends to fluctuate seasonally, but Americans seem to be habituated and responsive to food drives over the long term. Nevertheless, Detroit providers have clearly diversified their portfolios: just over half draw on federal commodity or cash donations, and slightly under half receive food from food banks, such as Gleaners. The food banks themselves serve as middlemen in the food donation system, gathering surplus farm products, seconds and surpluses from industrial food processors, and government commodities. A significant number of street-level organizations go directly to food processors and to the hospitality industry to gather surplus prepared foods. Table 2.1 also shows that no single source of donations completely dominates the charitable food system. Food banks are the most important, but they are the primary source for only 29% of the food providers.

If organizational capacity of the charitable food sector is judged partly on the basis of the collective ability to meet client demands, the Detroit-area food providers do fairly well. Most have increased or maintained a stable donation stream during a period when client demands are increasing.

Table 2.1
Sources of Food and Cash

Percentage of emergency food providers that receive food/cash donations from:

Individuals	77%
Federal government	52%
Food banks	46%
Wholesale food processors	32%
Restaurants, clubs, hotels	23%
Churches	18%
Hunger Action Coalition	10%
State or local government	4%

Primary source of donations:

Food banks	29%
Individuals	24%
Churches	15%
Federal government	11%

Providers rely on a diversified donor base. Yet organizational capacity is more complex than simply possessing adequate resources. It inheres as well in the ability to *maintain and use efficiently* a steady resource stream. Certain types of organizations are likely to do this better than others.

Institutionalization

At the level of daily operations, the street-level food programs show a high level of institutionalization. That is to say, the use of certain formal management protocols is common, particularly for the purpose of keeping track of demands. For example, 76% do formal intake interviews with new clients, and 75% keep written files on clients in order to determine how frequently they visit the program. The effort to determine the total monthly client visits is nearly universal: all but three of the 92 programs say they collect such data on a regular basis. Not only do most food providers try to manage and keep track of their client load, but they also maintain regular internal communication channels: 76% hold regular staff meetings. Faith-based and lay organizations exhibit virtually identical patterns in all these respects.

These management activities suggest a focus on the present rather than the future, however. When the directors were asked if they had engaged in any sort of strategic planning, the numbers fall off sharply. Only 42% ($n=39$) of the food providers say that they have engaged in strategic planning. This activity is associated with the size of the program: the correlation (r) between the number of clients served each month and planning is .36 ($\text{sig.} < .01$). But even among the bigger food providers, planning is hardly a standard activity. Of the 12 programs that serve at least 1,000 clients per month, five say that they have never done strategic planning. Planning is significantly less common among smaller programs. Of those 19 providers that serve 100 or fewer clients per month, only four have done a plan. Faith-based groups are slightly less likely than lay providers to engage in planning. Some of the modest difference (it is not statistically significant) may be due to the presence of a number of small storefront church providers with few staff resources. Programs that do formal planning are also more likely to have regular staff meetings. This combination suggests not simply a capacity for internal communication but also for deliberation and organizational self-examination.¹¹

Planning and formal deliberative procedures constitute a level of institutionalization that may indicate some ability on the part of the organization to deal systematically with the external environment by anticipating challenges, envisioning the future, and mobilizing staff resources. *Indeed, programs that say they have planned and that they gather their staff for regular meetings are slightly more likely to report that their food donations are meeting or exceeding demands*, as Table 2.2 shows. Sixty-six percent of those programs that exhibit both indicators of institutionalization gather

Table 2.2
Institutionalization and the Ability to Gather Sufficient Resources

	Donations meet or exceed demands	Donations fall short of demands	N ¹
Program plans and holds regular staff meetings	66% (23)	34% (12)	100% (35)
Program does one or neither activity	45% (25)	55% (30)	100% (55)
Chi sq. 4.874, Sig. < .087			

1. Two cases are missing.

enough food to meet or exceed demands; only 45% of those that show only one or neither of these indicators can satisfy demands. In short, high organizational capacity is indicated not simply by the fact that a program has adequate resources but also that it has the institutional means to maintain those resources. Only 23 of the 92 programs fall into this category.

Staffing

Charitable food provision at the street level is overwhelmingly a volunteer domain. Only 33 programs have any paid staff, and the average number of paid workers per organization is only 1.6. In seven of these programs the paid staff are only part-time workers. Only 18 programs use a professional nutritionist to advise them on the composition of food baskets or meals. In contrast, every one of the 92 programs draws on volunteer labor, on average 11 people per month. Thirteen of the programs use at least 20 volunteers every month.¹² The cumulative averages add up to a volunteer monthly labor force of slightly over 1,000 in these 92 programs. The ratio of paid and volunteer staff per 100 clients ranges from .19 all the way to 60 with a median of 3.44.

How effectively staff are being used, however, is not clear. Ordinarily, we would judge an organization with a higher ratio of staff to clients to be high capacity, and we would expect this capacity to produce additional outputs or to serve clients better. Under these circumstances, each staff person with responsibilities for face-to-face client interaction would have a smaller case-load, and each client could expect more personal attention. Staff without client interaction responsibilities could perform jobs such as packing food boxes and picking up donations, thus freeing other staff for client services.

But there is scant evidence that such effective application of the work force occurs among street-level food programs.

Directors of programs with staff/client ratios above the median were somewhat more likely (57%) than those who ran programs with ratios below the median (44%) to say that they had enough volunteers. But more volunteers per client do not seem to translate into higher levels of output. One output measure is whether food donations are meeting or failing to meet demands, but there is no statistical relationship between this and the ratio (Table 2.3). In organizations with a higher staff-to-client ratio (that is, more staff per 100 clients) we might also expect more services. Interviewers asked directors if the program ever *encouraged* clients to apply for federal food assistance, if they ever actually *helped* them to apply, or if they did not make any such efforts at all. We would expect a greater proportion of high capacity organizations, measured by high staff-to-client ratios, to provide more help. But in fact programs whose ratio falls below the median (low ratio and thus poorly staffed programs) were just as likely (18%) to offer help as those that fell above (17%) the median. Low ratio programs, however, were somewhat more likely to offer neither help nor encouragement (43% as opposed to 30% of the programs above the median ratio).

As the number of clients served per month rises, the staff-to-client ratio falls ($r = -.34, < .01$). Staff in programs with heavy client burdens are likely to be stretched thin. Smaller programs, on the other hand, tend to mobilize proportionately larger numbers of volunteers. One possible explanation for the greater number of volunteers per client population among smaller programs is that the smaller organizations are disproportionately sponsored by

Table 2.3
Staffing and Program Outputs

Volunteer/100 client ratio	Greater than Median	Less than Median
Would you say that your food donations are currently		
Meeting the needs of your clients	51%	54%
Falling short	49%	46%
Do you ever encourage or actually help clients apply for federal food assistance, like food stamps, WIC, and so on?		
Encourage	52%	39%
Actually help	18%	17%
Do neither	30%	43%

Median ratio=3.44 staff per 100 clients.

Table 2.4
Volunteer Morale

	Yes	No	
“Do you ever see ‘burnout’ among your volunteers, that is, a person feeling that the problems are so overwhelming, frustrating, or exhausting that it’s hard to go on giving his or her time and energy?”	26%	74%	
	Decreased	Same	Increased
“Compared to a year or so ago, would you say that morale among the volunteers has increased, decreased, or stayed about the same?”	3%	64%	33%
“Has the number of volunteers increased, decreased, or stayed about the same in the last year or so?”	5%	52%	43%

storefront or neighborhood churches. The mobilization of volunteers, drawn from a single congregation, may be made easier by the availability of a ready pool of congregants motivated by religious commitment or feelings of neighborly obligation. In contrast, larger organizations may have to draw their volunteer labor from a more fragmented, less easily reached pool. But the ratio is in fact unrelated to whether an organization is lay or religious. The mean ratio of staff-per-100 clients for faith-based organizations is 7.8, while for lay organizations it is 8.3.¹³

Taken together, these patterns suggest that there is little self-conscious effort to use staff labor efficiently. The size of the emergency food work force is haphazard, and there is no evidence of personnel allocation strategies that result in increased effectiveness. Staffing patterns do not reflect high organizational capacity, for programs do not seem to translate greater staff resources into outputs.

Morale

Morale among volunteers in the Detroit area food programs is relatively high. Table 2.4 shows that there is little perception among directors of volunteer burnout; there is virtually no erosion of volunteer morale; and the

number of volunteers is generally increasing or holding steady. Yet this fortunate situation does not seem to be the product of self-conscious personnel management strategies: high morale seems impervious to internal operations. Nor does it seem to be affected by the magnitude of the task at hand.

The study of Detroit food programs did not survey volunteers, but it is reasonable to infer that the volunteer world appears to be driven by internal factors, most likely by personal commitment to social justice or religious zeal.¹⁴ This, at least, is a plausible explanation for the absence of relationships between morale factors and external or organizational factors that might affect them. For example, we might expect to find low morale or high burnout where the program is failing to satisfy the demands on it. But neither burnout nor changes in morale are related to whether food donations are currently meeting client needs or falling short. (In fact, a slightly higher, though not statistically significant, proportion of directors in programs whose donations are falling short say that morale has *increased* over the past year.)

To test whether operations of the programs affected morale, interviewers asked directors whether volunteers had any input in making rules governing client eligibility, frequency of use or hours of operation of the pantry or soup kitchen, or other such rules. Only 26% of the directors said volunteers had any such role, but ability to participate in internal administration did not seem to affect morale or burnout. In programs where volunteers had input regarding rules of operation, 27% of the directors said they saw burnout. This compares to the 24% of directors who reported burnout in programs where volunteers do not participate at all in rule making.

We might also expect that morale and burnout would be higher in those programs where the workload is more pressing. This is presumably a function in part of lower staff-to-client ratios: too many clients, too few staff. There is no relationship, however, between the staff-to-client ratio and morale or burnout. Directors in programs with low staff-to-client ratios were just as likely to report that morale had increased or stayed the same over the past year as directors in programs with high staff-to-client ratios. High morale among workers is an important element of organizational capacity. Presumably, happy workers are more effective workers. We would expect them to be more dedicated, cheery, and committed over the long term. But what is striking about these data is that there is little indication that the organizations themselves have much to do with creating high levels of morale or low levels of burnout. In this sense, the street-level food programs are the fortunate beneficiaries of a committed work force, but this appears to be a function of the self-selection of people drawn to this sort of volunteer work by some moral or religious motivation rather than any deliberate efforts by the programs to produce a working environment conducive to high morale. This suggests two possible conclusions about the capacity of charitable food programs to engage in active and effective personnel management. One is that because morale is typically high and self-

sustaining, organizations have no incentive or need to seek to adjust internal operations or working conditions to affect morale. The other possible conclusion is that without the need to change conditions to boost morale, the capacity to manipulate internal operations to keep the work force happy has most likely atrophied. In either case, deliberate personnel management strategies are not strong parts of the administrative skills portfolio of street-level food programs.

External Help

One measure of capacity is the density and quality of an organization’s helping network, and in this regard, the emergency food sector seems well endowed. Emergency food providers are willing and able to seek different sorts of help from a set of larger social service institutions in the Detroit metropolitan area. Not only do the street-level programs have a variety of places to turn to for help, but there appears to be a sort of division of labor among those larger institutions. Each seems to specialize in slightly different forms of assistance.

Table 2.5 shows that most of the programs seek assistance from the Hunger Action Coalition (HAC), a United Way agency in the metropolitan area. Food programs that seek help from the HAC say they ask mainly for cash. For food rather than cash more than half the programs go to Gleaners, a major food bank. Gleaners itself is well off: its director reported that their incoming food donations had increased in the last year and that they are able to meet the demands made on them by street-level programs. Gleaners could, in fact, supply even more food, but limited storage and trucking facilities among the street-level providers is a constraint.

United Way is a source of help for about one-third of the programs. United Way provides primarily technical assistance (for example, help in grant writing), and it serves as a liaison between the street-level programs

Table 2.5
The External Help Network for Street-Level Food Programs

Percentage of food programs seeking help from:

Hunger Action Coalition	85%	(78)
Gleaners	59%	(54)
Churches, synagogues	45%	(41)
United Way	34%	(31)
Focus Hope	21%	(19)
Other	33%	(30)

and the Federal Emergency Management Agency. The latter is a major source of cash for food pantries through the federal Emergency Food and Shelter Program. Focus Hope—a large, combination job-training and food distribution organization—has a special food program targeted at senior citizens. About one-fifth of the food pantries and soup kitchens in the sample seek help from Focus Hope for their own senior programs. Finally, almost half the street-level programs ask for help in the form of money, food, and volunteers from churches and synagogues.

The help network is relatively dense. Its institutions are reasonably well off themselves. The nature of the help network makes it clear that the street-level programs are not left entirely to their own devices. They are part of a community of organizations.

CONCLUSIONS

There is little question that street-level charitable food programs in the Detroit metropolitan area are under high stress. Unemployment in the city was running at 7.0% in 1998, well above the national average, and 33.1% of the city's population lived below the poverty line in 1995. Several of Detroit's inner-ring suburbs—Hamtramck, Inskster, Highland Park—had poverty levels that ranged as high as 45.9% (U.S. Department of Housing and Urban Development 1999). In this metropolitan area of 4 million people, perhaps as many as 180,000 people a year actually visit a food pantry or soup kitchen.¹⁵

Yet the nonprofit food programs appear to be meeting the challenge of this considerable burden, at least in the short term. Most report that their resources are increasing or holding steady, and a majority say that they are able to meet the demands placed on them. Many seem to have mastered the administrative routines to keep their programs running on a daily or weekly basis—tracking client burdens, maintaining files on individual clients, holding regular staff meetings. Most also have a sufficient number of volunteers, and these workers exhibit high levels of morale. Finally, the network of institutions on which the street-level providers can call for help is dense, well endowed, and specialized. It is reasonable to conclude that short-term organizational capacity at least is high.

Long-term capacity, however, is another story. Few food programs engage in any sort of strategic planning, which makes it more difficult for programs to adapt easily to marked changes in the environment, such as major cuts in federal food assistance. Reliance on volunteer labor far outweighs reliance on paid staff, which raises concerns about organizational continuity and the depth of expertise. Although morale among volunteers is high, there is little evidence that these programs have put in place a set of personnel management skills. Morale seems independent of both the external and the organizational environment. Furthermore, there is no evidence that administrators

of these programs are able to use their labor force to increase outputs or affect operations.

It is noteworthy that the system of charitable food assistance manages as well as it does. Even as demands have risen, the street-level food programs have been able in most cases to keep up. But what is of concern finally to the policy community is that this adaptability will encourage government to turn over more and more responsibility for social safety net functions to the charitable emergency food system. As a supplemental supplier of assistance in a larger system of food aid dominated by federal programs, the emergency food system works well. Its shortcomings are masked and its virtues are accentuated when food pantries and soup kitchens bear only a partial burden. But the institutional infrastructure of street-level pantries and soup kitchens is too weak and too rudimentary ever to become the primary source of food assistance. They are best suited to remain junior members in the public/private partnership that still dominates the provision of social services in American cities.

NOTES

This research was supported by the Aspen Institute's Nonprofit Sector Research Fund Grant No. 98-MI-NSRF-02. I am grateful to the Hunger Action Coalition of Detroit for helping me to get access to emergency food providers in the Detroit area and to the Center for Urban Studies at Wayne State University for its assistance in conducting the survey on which this work is based.

1. The estimated budget for federal food assistance programs in 1999, including program administration, was \$38.5 billion. Estimates of the value of private food donations from all sources—individuals, wholesalers, food processors, grocery stores, farmers, hotels, and restaurants—come from Second Harvest (Eisinger 1998, 109).

2. Food stamp enrollment has plummeted sharply since 1994, when 27.5 million people participated in the program. By 1999 enrollment was down to 18.5 million. Food stamp participation has fallen much faster than the poverty rate.

3. WIC is the Special Supplemental Food Program for Women, Infants, and Children. Participation by eligible pantry clients even in the widely available School Lunch and Breakfast programs is relatively low: only 63.9% of Second Harvest respondents with school-age children say they use these programs.

4. Modifications in the Food Stamp program affected by welfare reform are discussed in detail by Eisinger (1999). In summary form the law restricted the eligibility of able-bodied adults between 18 and 50 without dependents who were not working or enrolled in job training and ended the eligibility of certain classes of legal immigrants. In addition, the value of the maximum food stamp benefit was reduced and certain standard deductions from income were frozen.

5. A survey of selected member cities by the U.S. Conference of Mayors not only found rising demand on nonprofit food providers but also the widespread belief that welfare reform changes were the cause. Eighty percent of the respondents in this survey of 34 cities said that welfare reform was either the primary factor or

as important as any other factor in explaining the growing demand (U.S. Conference of Mayors 1997).

6. The USDA purchases foods that are then donated or sold at a discount to charitable feeding programs through the Soup Kitchens, Food Banks, and the Emergency Food Assistance programs.

7. The notion of capacity as the ability to meet rising demands is implicit in the concerns of a number of observers of welfare reform. Grigsby (1998, 20), for example, worries that “nonprofit providers . . . overburdened by the requests for assistance will not be able to find additional resources to meet the increased needs of those who have exhausted their welfare benefits.” De Vita and Capitani (1998) wonder about the ability of nonprofit providers to increase and sustain volunteer efforts to take on the role of social safety net.

8. The original sample numbered 95, drawn from a list of 170 (55.8%). When repeated efforts to contact a director failed, that name was replaced through a random draw from the remaining 75 program directors. In all, there were 27 replacements to make up for refusals, programs that had terminated or disappeared (accounting for the final total population of 157 programs), or directors who repeatedly failed to meet their appointments. The world of street-level emergency food providers is both tenuous and turbulent. Lists of providers are out of date as soon as they are printed.

9. These categories are adapted from a study of the capacity of community development corporations by Walker and Weinheimer (1998, 43).

10. The correlation (r) between “food donations meeting the needs of your clients” and the monthly client burden was only .02.

11. The Chi square test (two-sided) is significant at the .048 level.

12. The range of the average volunteer work force is 1 to 115, with a median of 6.

13. There is no correlation between the staff-to-client ratio and religious or lay status, nor is the difference of means statistically significant.

14. Neither burnout nor morale fluctuations vary by whether the food program is faith-based or lay: for example, 32% of directors of faith-based programs say morale has increased, as did 35% of directors of lay programs.

15. The figure is based on the client survey that accompanied the director survey. That survey indicates that approximately 36,000 clients are present in the emergency food system because of changes in the Food Stamp program brought about by welfare reform. This 36,000 figure represents about 20% of the total client burden—hence the total of 180,000. See Eisinger (1999) for a full discussion of the derivation of this estimate.

REFERENCES

- Bush, G. W. 1999. “The Duty of Hope.” Speech delivered in Indianapolis. July 22.
- Cook, J. T., and J. L. Brown. 1997. “Analysis of the Capacity of the Second Harvest Network to Cover the Federal Food Stamp Shortfall from 1997 to 2002.” Center on Hunger, Poverty and Nutrition Policy, Tufts University, Boston. July.
- De Vita, C., and J. Capitani. 1998. “Michigan Nonprofits and Devolution: What Do We Know?” Nonprofit Sector Research Fund Working Paper Series. Washington, D.C.: Aspen Institute. Summer.

- Eisinger, P. 1998. *Toward an End to Hunger in America*. Washington, D.C.: Brookings.
- . 1999. “Food Pantries and Welfare Reform: Estimating the Effect.” *Focus* 5 (Summer/Fall): 1–6.
- Gore, A. 1999. “Faith-based Organizations and the Politics of Community.” Speech delivered in Atlanta. May 24.
- Grigsby, J. E. 1998. “Welfare Reform Means Business as Usual.” *Journal of the American Planning Association* 64 (Winter): 19–21.
- Hoehn, R. 1993. “Feeding People—Half of Overcoming Hunger.” In *Hunger, 1994*. Silver Spring, MD: Bread for the World Institute.
- Second Harvest. 1993. *1993 National Research Study*. Chicago: Second Harvest.
- Second Harvest. 1998. *Hunger 1997: The Faces & Facts*. Chicago: Second Harvest.
- U.S. Conference of Mayors. 1997. *Implementing Welfare Reform in America’s Cities*. Washington, D.C.: USCM.
- . 1998. *A Status Report on Hunger and Homelessness in American Cities*. Washington, D.C.: USCM.
- U.S. Department of Housing and Urban Development. 1999. *The State of the Cities, 1999*. Washington, D.C.: HUD.
- Walker, C., and M. Weinheimer. 1998. *Community Development in the 1990s*. Washington, D.C.: Urban Institute.

Nonprofit Human Service Providers in an Era of Privatization: Organizational Adaptation to Changing Environments in Three Policy Arenas

*Joseph Cordes, Jeffrey R. Henig,
and Eric C. Twombly*

The broad institutional venues within which nonprofit human service providers operate underwent some fairly dramatic shifts during the twentieth century, with behavioral consequences. One shift, generally coincident with the era of progressive reform around the beginning of the century, spurred a process of *professionalization* within the human service provider community. A second major shift, generally coincident with the War on Poverty, was marked by an explosion of the national government's role and what some labeled the *federalization* of the nonprofit sector. With each shift, some of the changes have been celebrated. But at the same time, some voices have expressed regret.

The past two decades have seen the development of a third broad structural shift: *privatization*. While sometimes framed simply as a rejection of the growth of the federal government, this shift partially represents a call for a return to a *status quo ante*, but it also has some new elements. In its emphasis on decentralization and "intermediary groups," such as social clubs and churches, privatization hearkens to the turn-of-the-century image that is pre-professionalization. But the central and defining theme is a call to grant market forces a much more prominent role in deciding how human services are allocated. This, for the most part, represents uncharted territory.

This chapter seeks to put the privatization movement in historical perspective and to explore its possible consequences. We begin by laying out a simple theory about institutional venues and organizational response, and applying that perspective to the first two structural shifts in human service

delivery. We then consider the new trend toward privatization in three manifestations: (1) the expanding use of vouchers in welfare reform; (2) charter schools—a popular policy innovation that poses nonprofits and for-profits as alternatives to traditional public education; and (3) donor choice—the evolution of traditional “community chest” organizations from an orientation of collectively allocating funds toward increased deferral to the desires of individual donors. While informed by ongoing research by the authors, this chapter does not pretend to offer summative judgment about privatization in any of these manifestations. Rather, based on our preliminary research and theoretical model, we aim to sharpen some questions for future research and public deliberation. In particular, we raise the following questions:

- How does changing the broad institutional venue in order to give a sharply increased role to market forces alter the incentive structure within which nonprofit human service providers operate?
- What changes in the behavior of nonprofits might result?
- What are the possible implications of these changes for meeting social needs *and* exercising democratic oversight?

A SIMPLE THEORY

The phenomenon we wish to understand—our dependent variable if you will—is organizational response to changing environments. In particular, we focus on two broad choices that organizations face when confronted by sharp changes in their funding and regulatory environments. One choice is between *inside- versus outside-oriented responses*. Inside-oriented reforms comprise various internal management changes intended to make the organization generally more efficient or more flexible. Outside-oriented reforms are meant to change the organization’s relationship to the funding and regulatory regime in which it operates. We draw on resource-dependency theory to inform our discussion of this inside versus outside choice. Resource dependency theorists suggest that organizations will adopt new resource strategies to address uncertainty, and to heighten the prospects of organizational survival, stabilize relations with actors in their environment, and reduce over-dependence on specific sources of funding (Pfeffer and Leong 1977; Aldrich 1979; Pfeffer and Salancik 1978; Provan, Beyer, and Kruytbosch 1980; Bielefeld 1990). We elaborate on that base by making a distinction between two types of external response. Groups that opt to change their relationship to the external environment, we suggest, face a second critical choice. Groups effectively may choose between responding as *economic versus political actors*. Organizations may adapt to changing environments, as microeconomic theory predicts, by altering their product mix, diversifying funding sources, increasing marketing activity,

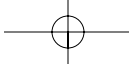
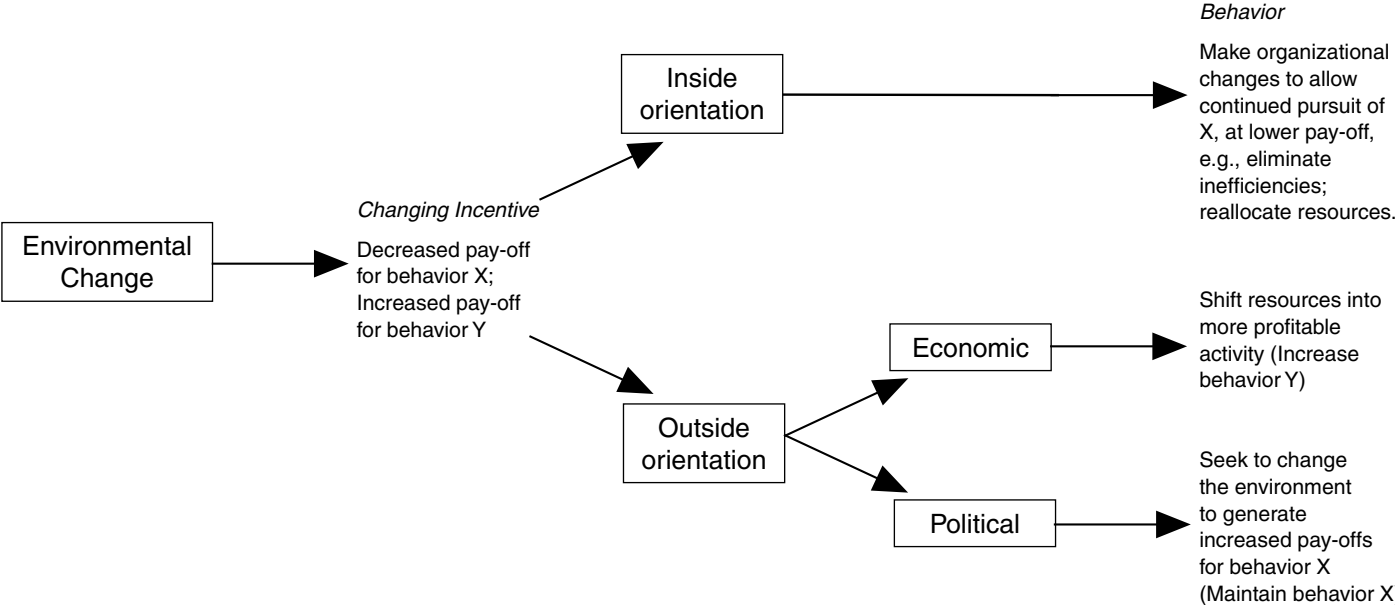
and the like. But groups also have the option to respond proactively—to seek to alter the institutional regimes rather than just adapt to them—by behaving as political interest groups that use political strategies (lobbying, mobilization, campaign contributions) in ways favorable to their existing interests. We also elaborate on resource-dependency theory by introducing a consideration of the ways in which various types of organizations may differ in the problem-definitions and favored solution-sets that they bring to bear on these two choices.

Figure 3.1 presents a schematic that illustrates our conceptual model. A causal sequence is initiated by a change in the organizational environment. For the present time, we make no distinction between incremental and non-incremental changes, although such distinctions may prove to be important as we elaborate on our ideas. While our ultimate interest is in nonprofit social service providers, the framework is presented in more general terms so that organizational type (nonprofit versus for-profit) can be considered as a variable. The environment alters the incentive structure within which nonprofit groups operate. In the figure, this shift is presumed to decrease the relative gain that the organization can anticipate from engaging in “behavior X” (say, pursuing corporate support) and to increase the relative gain from engaging in “behavior Y” (for example, targeting resources on the most needy service recipients).

We posit that some groups under some circumstances will respond by engaging in internal reforms intended to help them continue their current activities, but in a more efficient manner. This may allow them to continue engaging in behavior X despite the environmental change. Such behavior is not necessarily irrational. It may make sense, for example, if the environmental shift is regarded as temporary, if the costs of redirecting behavior are very high, or if the organization places a premium on values it associates with behavior X.

Alternatively, some organizations under some circumstances will respond by restructuring their relationship with the environment. One obvious choice is to shift resources in the more profitable direction by doing more of Y and less of X. This response is predicted by microeconomic theories of private firms, and there is no a priori reason to assume that nonprofit organizations will behave markedly differently (but see below). Resource dependence theory posits that such efforts directed toward the management of external factors may be of greater utility than time spent on internal management functions (Aldrich and Pfeffer 1976; Bielefeld 1990; Gronbjerg 1993). Indeed, Gronbjerg (1993) notes that resource strategies that increase the predictability and continuity in funding will improve a nonprofit’s ability to plan the allocation of resources, staff, space, and activities. Moreover, theory suggests that resource diversification strategies to reduce dependence on singular sources of revenue, such as government funding, will accompany changes to established service regimes.

Figure 3.1
Conceptual Model of Economic and Political Response to Environmental Change



But an organization may be unable to diversify its resource base to reduce organizational uncertainty to manageable levels, particularly in more competitive funding environments. Indeed, environmental characteristics, such as the design of the program and the extent to which certain delivery mechanisms are used, can differentially affect the efficacy of management choices (Kimberly 1975; Rowan 1982; Hall 1987; Gronbjerg 1993). Thus, strategic management theory suggests that organizations will engage in new internal management activities to address changes in service and funding systems. Strategies such as the use of consultants and board members to strengthen linkages to the funding and program community are vitally important as organizations seek to increase their responsiveness to communities' and funders' needs and priorities, and to position themselves to act on emerging funding opportunities. Internal management strategies also allow organizations to utilize effectively staff expertise and board resources, and to reduce the costs associated with building new exchange relationships. Nonprofit human service providers may also use more business-like strategies, such as marketing and outreach campaigns or collaborative ventures with other groups, to attract potential funders and publicize their services to clients.

We introduce a sharp distinction between externally oriented behaviors intended to adopt and respond to shifting incentive structures and externally oriented behaviors intended to induce public policy interventions that will alter relevant environmental parameters in ways that are more conducive to the skills, resources, and learned behaviors of the organization. Rather than "exit" from those behaviors associated with the previous incentive structure, organizations might exercise what Hirschman (1979) refers to as "voice"—attempting to alter the funding and regulatory regime that has posed the new environmental challenges. By virtue of their tax-exempt status, most nonprofit organizations are more constrained than other organizations from lobbying or engaging in direct political action.¹ Nevertheless, legal restrictions do not entirely strip them of political options. Moreover, our model assumes that direct or indirect efforts to exercise political influence will sometimes represent the most logical course of action.

Which option groups pursue—inside-oriented reforms, external-economic adaptation, or external-political influence—depends on numerous factors, some particular to the organization and some to the contemporaneous environmental context. Among the organization-specific factors likely to be relevant is the group's formal status as a nonprofit or for-profit entity, because of the legal dimensions noted above. Strategic responses may also differ, based on less formal organizational characteristics related to their established norms and habits. Most groups, for example, may have a bias toward behaviors with which they are familiar and comfortable, and which have worked successfully in the past. Because these behavioral patterns have the prospect of allowing the organization to continue operating in much the same way as before, one may expect a general bias toward inside-oriented

reforms. Yet some groups will resist even this form of response; in environments where change is real and long lasting, such rigidity will lead to organizational stress or decline.

In addition, we anticipate that some nonprofits are more “mission oriented” than others. These organizations will favor strategies that allow them to pursue their traditional behaviors (X in Figure 1); when inside-strategies are not sufficient, we might expect these groups to favor political over economic outside-oriented responses. Nonprofit organizations, especially those traditionally dependent on volunteers and motivated by purposive goals, might be expected to be more mission oriented than for-profit organizations.

Of course, organizational characteristics may interact with environmental characteristics to shape organizational response. Some institutional venues are more conducive to certain types of action than others. Drawing on Kirp (1982), we posit that there are five broad ways of examining—and responding to—policy issues. According to Kirp, a given policy question may be best settled by recourse to professional expertise, political judgment, legal norms, bureaucratic standards, or market forces. While different policy questions may be susceptible to several or even all of these standards simultaneously, the institutional venues in which organizations operate often favor one over the others. As we suggested in our introduction, broad shifts have occurred in the institutional milieu within which nonprofit social service providers operate, and these have led to changes in the way organizations are encouraged to think about their goals and weigh their strategies.

EVOLVING VENUES: PROFESSIONALIZATION AND FEDERALIZATION OF SOCIAL SERVICE DELIVERY

The first shift, which can be traced to the era of progressive reform, stimulated a process of professionalization within the human service provider community. This shift marked the gradual decline of highly localized, donor-based providers, and the rise of larger, more formal nonprofit organizations. At the start of the twentieth century, distrust of government perpetuated a set of popular beliefs about the superiority of voluntary social service agencies, and groups such as the Charity Organization Societies helped to restrict government to a residual social service function (Kramer 1987). Indeed, the prevailing assumption was that government had only a modest responsibility for social problems (Smith and Lipsky 1993). Yet funding for human service nonprofits from states and localities grew during the first half of this century, particularly in the fields of child welfare and mental health and in older urban centers. This shift helped to stimulate an era of professionalization within the human service provider community.

With more substantial and reliable sources of financial support available through the public sector, coupled with the legitimation of social work as an academic discipline, serving those in need through charitable organizations

developed as a viable career option. What had been an avocation became more of a vocation. Dominant norms of voluntarism and charity and moral redemption were slowly eroded by emerging standards of neutral competence and organizational efficiency.

The professionalization of social service delivery was celebrated for decreasing parochialism and discrimination in service systems, simulating more uniformity and basic care standards, and developing professional providers as a “voice” for the otherwise dispossessed. But that same professionalization has been decried by some for having led to a more distant and paternalistic relationship between providers and clients. Moreover, some have argued that the emergence of the social work profession contributed to the undermining of self-help and personal capacity among the poor (McKnight 1995).

The second major shift, associated with the War on Poverty, consisted of the federalization of social service provision. In part reflecting concerns over the quality of care in some private social service areas, such as mental health and privatized adoption placement, federal funding and experimentation in a myriad of human service areas began to rise significantly in the 1960s. Several important legislative initiatives, such as the 1962 amendments to the Social Security Act, the Community Mental Health Centers Act of 1963, and the Economic Opportunity Act of 1964, spurred the development of new federally funded social services (Smith and Lipsky 1993). The Office of Economic Opportunity, which was charged with the administration of the War on Poverty, proved pivotal in distributing federal funds to expand social service programs. In its most controversial forms, federal officials developed direct funding relationships between the national government and local nonprofit and community-based organizations (Moynihan 1969). Less dramatic, but ultimately of much greater scale and consequence, the federal government delegated its influence to state and local governments through intergovernmental grants and federal “partnership” programs like AFDC and Medicaid. This arrangement allowed government to control some of its personnel costs and overhead expenses while maintaining discretion and control of social welfare programs (De Vita 1999).

In combination with other political and social changes, the growing federal role “altered the landscape of nonprofit service organizations” (Smith 1993, 203). The expanding federal role greatly increased the amount of resources available for human service delivery at the local level, and allowed some nonprofits to extend existing operations or move into new service fields. At the same time human service recipients obtained better defined and well-protected access to services. This change in status was a function of governmental sponsorship, a broad cultural shift toward seeing the citizen/governmental link as being defined by legal “rights” (Glendon 1991), and the concurrent development of governmentally funded legal service organizations dedicated to representing the rights of the economically disadvantaged. Moreover, because resource allocation decisions were made by public

officials, the federalization of service delivery extended, at least potentially, its susceptibility to political judgment and democratic control. During this period, nonprofits developed new roles as incubators of political leadership in minority communities and as sources of employment and economic development in inner-city communities.

But the growing federal role in funding local service providers was also marked by a degree of politicization as human service nonprofits became more dependent upon public grants and contracts and more responsive to the political currents that controlled the flow of those dollars. Political organizer Saul Alinsky (1965) characterized the War on Poverty programs as “political pornography” due to what he deemed as their tendency to co-opt and tame community-based initiative, which would otherwise promote power and independence among previously disenfranchised groups.

As they became more dependent upon governmental revenues, nonprofit human service organizations developed new associations to represent their interests (and presumably those of their clients) in federal and state policy circles. To many conservative analysts and politicians, this politicization of the nonprofit community represented a powerful and illegitimate lobbying arm for the expansion of the state. Other observers, more sympathetic to the interests of the low-income groups dependent upon social services, saw a more complex and paradoxical development; they portrayed federalization and politicization as a Faustian bargain in which nonprofit organizations were forced to exchange their autonomy and commitment to a redistributory agenda in return for greater security and a “voice” at the decision-makers’ table (Smith and Lipsky 1993). With the growing federal role, too, came a further enmeshing of human service nonprofits in a web of hierarchical, top-down, and regimented bureaucracies that, some observers argue, systematically drained them of their passion and flexibility.

THE NEW ERA OF PRIVATIZATION

The 1980 election of Ronald Reagan provides a useful symbolic marker of the third broad shift in the institutional venue. Privatization is an elusive concept that can take on different meanings in different contexts. In Western Europe and in much of the developing world, privatization typically refers to the sale of state-owned enterprises. In the United States, the term has been used to encompass a much wider range of activities, including the contracting of publicly funded service delivery, imposing of users’ fees for public services, providing publicly funded vouchers to enable individuals to purchase needed goods or services in the private sector, and deregulation. Privatization efforts may be intended to systematically shrink the role and authority of public institutions, or they may represent pragmatic efforts to employ market forces to make government more effective in pursuing its traditional agenda (Feigenbaum, Henig, and Hamnett 1998).

In this chapter, we use the term “privatization” to refer to efforts that broadly expand the use of market forces to pursue social goals. We leave as an open, empirical question whether these efforts will or will not systematically weaken public institutions for democratic deliberation, decisionmaking, and collective action.

That we portray privatization as being of recent vintage reflects the relative and directional connotation of the term as we employ it. That social goals may be addressed by an array of public and private entities, often in formal or informal partnerships, in itself is nothing recent or new. Indeed, as just described, the broad trends that characterized the first two-thirds of the twentieth century marked a movement away from a system characterized by an even more extensively private network for delivering social services. Even in the midst of the Great Society, which some consider to be the apotheosis of governmental displacement of private initiative, the rhetoric and reality of public-private partnership were pronounced. The privatization that we associate with the onset of the Reagan era, then, is best understood as a reversal of direction—an attempt to insert or reassert market forces into domains previously dominated by governmental institutions.

In this section we offer three sketches of privatization as it affects nonprofit organizations engaged in human service delivery. Because of its heavy reliance on the market metaphor, privatization tends to focus attention on *for-profit* firms as vehicles for meeting social needs. Yet to give this call greater credibility in terms of feasibility, and perhaps to incorporate a broader political constituency, specific privatization proposals often include the nonprofit sector in explicit terms. Rather than acting as *agents* of public authorities—a model associated with the expansion of the welfare state—the privatization model views nonprofits as operating under far less governmental influence, and often in competition with for-profit providers. Even in domains that for-profit firms eschew, the market model envisions an environment restructured to encourage nonprofits to behave more like businesses, social service recipients to behave more like consumers, and charitable donors to behave more like investors.

Vouchers and Welfare Reform

Vouchers, which represent a powerful tool by which government finances the provision of social services, have been used in several public programs for many years. In the area of housing assistance, Section 8 certificates have been used for about 25 years to promote access to better residential areas for lower-income Americans. In addition, the Pell grant program, which provides financial support to low-income college students, has existed since 1972; Pell grants can be applied to tuition costs at a wide array of accredited academic institutions chosen by the consumer. But the privatization of the social service sector² has brought vouchers to the forefront in policy arenas

where they once had limited impact, including government-subsidized child care and employment and training services.

The federal government began to heavily encourage the use of vouchers in publicly subsidized child care with the 1990 Child Care Development Block Grant (CCDBG), in which all states were required to provide vouchers to eligible individuals as a program option. Nearly a decade later the use of vouchers in certain forms of child care is a standard financing mechanism. The enactment of the Workforce Investment Act in 1998 made the use of vouchers mandatory in the employment and training service field. Prior to the passage of this legislation, vouchers were used only on a limited basis (Employment and Training Administration 1998).

Voucher programs are predicated on the interplay of two important factors: choice for consumers and competition among producers (Steuerle 1998). The availability of consumer choice is based on the economic principle of utility maximization. Service delivery may vary across producers with respect to quality, cost, and other factors. In this environment, some have argued that clients rather than government should be the judges of which social service providers best match their individual needs. Vouchers also theoretically increase competition in social service systems. The privatization movement has embraced competition because it can reduce marginal production costs, increase the overall quality of services, and drive inefficient producers from the market.

The introduction of consumer choice and increased competition through the use of vouchers may have substantial implications for nonprofit organizations. For instance, in service regimes that provide many choices to consumers, nonprofit human service providers will compete for direct voucher funds from clients. In this case, the organizational focus must shift from the needs of government as a primary funder to the concerns of many individual payers (clients). Nonprofits may need to develop a greater market orientation, using outreach strategies to attract clients. Competition may also increase for the remaining government service contracts. In service areas where vouchers are replacing existing contractual arrangements, causing the number of government service contracts to decrease, human service nonprofits may experience greater difficulty in securing funds directly from government. Operating costs may rise as organizations attempt to maintain relationships with government, while also becoming more market oriented.

Gronbjerg (1993) discusses three key aspects of funding stability for nonprofit organizations: continuity, predictability and controllability. Continuity is the actual experience of stability in funding; predictability is the degree of likelihood of future funding stability; and controllability is the extent to which the nonprofit can enforce future funding stability (Gronbjerg 1993).

Under a newly implemented voucher system, there is a likelihood that all three areas will change for human service nonprofits. Social service nonprofits experience greater stability through government funding than from

other sources, but the movement away from a system of grants and contracts may alter its predictability. Under choice-oriented voucher programs, such as the child care system discussed above, it may be more difficult for human service nonprofits to estimate the degree of funds that vouchers will supply. Through the use of vouchers, funding continuity may change, although the direction of the change is not predictable. Some organizations that are able to capture voucher funds may experience increases in their budgets, while others may see sharp declines. Finally, providing choice to service recipients may change the degree of control over funding, because organizations are faced with a greater number of individual funders and potential competition from other service agencies. Taken together, changes to the service and funding regimes may increase the financial risk and uncertainty for nonprofit human service providers.

Theory suggests that the potential changes in continuity, predictability, and control of funding, and the associated organizational risk and uncertainty, will cause nonprofit human service providers to aggressively seek alternative sources of funding. Organizations may place more emphasis on attracting corporate or individual contributions, foundation support, commercial revenues, and unsubsidized service fees paid by clients. With voucher program implementation changing the established exchange relationships, board members may be called upon to build new linkages to other funders. In addition, nonprofit human service providers may adapt new internal strategies to minimize organizational risk. Human service nonprofits may diversify or redefine organizational missions, move into service areas that have greater resources or more stable sources of funding, and embrace marketing strategies to attract new clients.

Some nonprofit human service providers will act as rational economic actors as vouchers are introduced into service systems. However, other groups may use political pressure to respond to or even promote system change. Instead of reacting to change through resource diversification or internal management strategies, as economic models would predict, nonprofits may attempt to alter the institutional or regulatory structure in which they operate. For instance, nonprofits may form alliances with other providers or use prominent board members to exert pressure on policymakers or welfare administrators to change the degree of consumer choice or competition in service systems. By lobbying for barriers to entry into service fields through licensing requirements, nonprofits can significantly reduce the organizational uncertainty caused by heightened competition in voucher systems. Human service nonprofits may also circumvent statutory limitations on political activity by appealing to corporate donors and foundations to advocate for their position in the policy process.

The impact that the implementation of vouchers has on nonprofit human service organizations depends on many factors, including the amount of consumer choice and number of eligible providers. Organizational theory

suggests that these groups will attempt to alter the ways in which they do business. Faced with increasing competition and destabilized funding sources, human service nonprofits are likely to become more market oriented and commercial, which may fundamentally alter how services are provided to those in need. Despite legal restrictions on advocacy and lobbying activities, nonprofits have political influence, and they may exert pressure on service systems through individual or collective means. But the extent to which organizational change—either economic or political—has occurred as a result of voucher use, and the success of these efforts, has not been well documented. Clearly there will be winners and losers in the new service regimes, but what this means for the quality, quantity, and equitable allocation of social services under voucher plans is unclear.

Charter Schools

Probably the single most dramatic, recent policy intervention in the area of education is the charter school concept. Charter schools are deliberately designed to straddle the line traditionally distinguishing public from private schools—that is, they are officially public schools, but the charter concept envisions them to be quite independent in their management. While the laws governing charter schools differ from state to state—sometimes substantially—some attributes are emerging as general characteristics. Charter schools receive public funding on a per-student basis, are often responsible for achieving educational outcomes defined by their chartering body, and are subject to public oversight. Charter schools typically are barred from charging tuition over the public per-pupil allocation, but are free to pursue other forms of supplementary support from donors, foundations, or corporate sponsors. Charter schools must observe certain baseline regulations, such as prohibitions on discrimination and the provision of safe environments. But the intent is to exempt them from many of the rules and regulations that bind regular public schools to specific standards and procedures.

Charter schools are wildly popular. It was only in 1991 that the first charter school legislation was enacted (Minnesota was the leader), and as recently as 1993–94 there were only an estimated 32 charter schools actually in operation (RPP International and the University of Minnesota, 1997). By 1999, 36 states plus the District of Columbia had charter laws in place, and approximately 1,682 charter schools were serving roughly 350,000 students (Center for Education Reform 1999).

The theory behind the charter school movement is deeply and self-consciously rooted in the market model and a more general movement toward the expansion of school choice. Economic theory predicts that well-functioning markets will tend to bring supply into line with demand. If more families are given the means to exercise choice, existing schools should find themselves competing more aggressively to serve their customers' needs, and

sharp-eyed entrepreneurs should be ready to fill the gap if they fail to do so or charge excessive costs to consumers. At the extreme, the movement for school choice typically is expressed as a demand for publicly funded vouchers that parents can use toward tuition at private nonprofit or for-profit schools. But charter schools have proven to be politically a much more marketable product than vouchers. While voucher proposals have suffered multiple defeats in both the courts and the ballot box, charter schools are perceived to be a safer compromise. At least on the face of it, charter schools raise fewer constitutional issues, because they do not directly involve public funding of parochial schools. They also raise fewer political objections because they are portrayed as an adaptation—rather than a rejection—of public schools (Kemerer and Sugarman 1999).

While charter school proponents are sometimes quite sophisticated in recognizing and exploiting the political forces that have caused the policy to be so rapidly diffused, the models they depend upon for predicting the consequences of charter schools rely exclusively on demand- and supply-side assumptions about economic actors, not political ones. If a charter school fails to attract or retain sufficient students, the economic model predicts such responses as altering the product, increasing advertising, or lowering production costs. Similarly, charter school proponents contend that unleashed market forces will generate reform impulses within the traditional public school sector, as its administrators find themselves exposed to market signals via the risk of losing “paying customers” to their charter competitors.

But what can we expect if, instead of responding to market signals as rational economic actors, charter schools act politically to alter the institutional framework within which the markets are defined? Faced with insufficient revenues, a political interest group model predicts quite a different array of responses on the part of charter schools and their supporters. Rather than alter the curriculum to make it more attractive to potential customers, charters-as-interest-groups might lobby behind the scenes to increase the per-pupil allocation to which they are entitled. Rather than adopt technology in the classroom to enable them to reduce labor costs, charters-as-interest-groups might mobilize a constituency to demand public subsidy of their capital expenditures. Rather than institute innovative research and evaluation techniques to better monitor and enhance academic performance, charters-as-interest-groups might work to de-legitimize and overturn existing requirements that hold them accountable for bringing about promised improvements in performance and standardized test scores. Rather than join existing private schools as an additional competitive spur to the traditional public sector, charters-as-interest-groups might ally with existing public school interests to pressure chartering authorities to raise the bar of admission. In other words, charter schools may use their political muscle to create regulatory barriers to new competitors, as the political science literature on “captured agencies” and “iron triangles” predicts.

It is too early in the institutional evolution of charter schools to determine the extent to which their ultimate consequences will be determined by economic or political responses. Preliminary indications suggest, however, that political strategies *will* be within the charter schools' repertoire. In a number of jurisdictions, for example, charter proponents have begun lobbying aggressively for increased public support, often focused on the issue of capital needs (Henig et al. 1999). This does not at all imply that charters will fail in their mission to improve the quality of American education. It does suggest, however, that some of the projections of reduced costs based on greater efficiency will prove to be overly rosy. It is also possible that, as in the areas of donor choice and welfare reform, the pressures of marketization in some instances may have the unanticipated side effect of eroding norms of professionalism and bureaucratic mission that have served positive functions. For example, there have been indications of unscrupulous or profiteering behavior in some new charter schools. While traditional public schools can hardly be said to be immune from such occurrences, their extent may be held in check by professional norms and bureaucratic procedures that are not so well ingrained within the entrepreneurial environment of charter school education.

Most significant in our minds is the potential that political behavior by charter schools and their allies might lead to a snowballed unraveling of public authority and the democratic controls that exist to articulate the goals of public education and, at least nominally, ensure that the experiment with marketization really does deliver the collective benefits that proponents foresee.

Donor Choice

In the cases of social services vouchers and charter schools, changes in the broad environment are prompting movements toward privatization in the sense in which the term is most commonly understood, that is to say, some element of decisionmaking and service delivery previously handled by government is being shifted toward the private sector. In the case of donor choice in charitable giving, the situation is somewhat different. There, government has never been a big part of the picture. What we describe, then, involves a shift fully contained within the private sector, but one that entails a growing emphasis on market models and discrete donor interests in an arena traditionally conceptualized in reference to collective institutions and the "common good."

Donations, which are an important source of revenue for nonprofit human service providers, may be raised in several ways: applications for grants from philanthropic foundations, appeals to individual members of the community for individual donations, and participation in traditional "community chest" organizations, such as the United Way. These umbrella groups conduct fund-raising drives, often through places of employment, on behalf of a collection of nonprofits and then oversee the distribution of funds raised among those groups "under the umbrella."

Some of the largest and most well known umbrella groups are the local United Way organizations. Nonprofits in communities across the nation participate in United Way campaigns and share in the funds raised by those campaigns to supplement or complement their own individual fund-raising drives. Throughout this decade, the manner in which many local United Way campaigns are conducted and funds are distributed has undergone significant change.

In traditional campaigns, donors made contributions to the local United Way, which then distributed the funds raised among its member organizations. Gradually, however, many local United Ways began experimenting with allowing “donor choice” or “donor designation” (hereafter, “designation”) by allowing donors to earmark their contributions for a particular organization, including those that were not regular member agencies. An early move in this direction occurred in the late 1970s, when some local United Ways responded to donor interest by making large and popular health-related organizations, such as the American Heart Association and the American Cancer Association, eligible for designations. In November 1993, the *Wall Street Journal* noted the increasing propensity of donors to attach strings to their United Way contributions, reporting that about 35% of local United Ways allowed for designation (Sebastian 1993). Our own research has considered this movement as manifested in the Washington-area United Way campaign.³

The United Way of the National Capital Area has long been at the forefront among local United Ways in expanding the degree of choice available to individual donors. The Combined Federal Campaign (CFC) led the way in the early 1980s. According to current United Way officials, family and friends of federal workers saw and liked the range of choice offered within the CFC, and began to ask why they were not afforded the same options in United Way campaigns offered in their places of work.

As early as the 1993 campaign, the United Way of the National Capital Area permitted designation; that year seven of every 10 dollars were designated (Spayd 1993).⁴ Undesignated funds continued to be allocated among participating groups by the United Way according to the traditional community chest concept, in which donors delegate responsibility to United Way for identifying worthy causes and worthy groups.

In January of 1994, the United Way of the National Capital Area announced significant changes in its methods of funds distribution. Under the new plan, participating agencies increased from 270 to 694; arts groups and other charities previously not eligible were allowed to apply for funds and receive donor designations (Spayd 1994). In addition, a major change was made in the process for allocating undesignated contributions that essentially removed any distinction between United Way member agencies, which until that point were the only nonprofits with a claim on undesignated contributions, and the newly eligible participating agencies. All organizations, including United Way member agencies, were required to apply for grants

on a competitive basis in order to receive some portion of undesignated distributions (Spayd 1994). Moreover, receiving undesignated funding in one year did not assure receipt of such funds in the following year.

Although United Way funding comprises a modest share of the total operating budgets of many human service nonprofits, the traditional United Way campaign has been one of the more institutionalized and stable sources of funding for social service providers (Brilliant 1990; Gronbjerg 1993). Thus, the structural shifts in the Washington-area United Way campaign created an environment of increased fiscal and organizational pressure for nonprofits as many scrambled to make up lost ground.

The movement toward donor choice appears to have produced three “market-like” responses among nonprofits affected by the change. First, most organizations recognized the need to compete for charitable dollars. Responses to a survey administered to Washington-area nonprofit social service providers offered many examples of the ways in which they were increasingly channeling their energies toward the pursuit of donations.

- 81 percent increased time spent preparing grant applications; 51% greatly.
- 76 percent increased funding appeals to past donors; 27% greatly.
- 86 percent of all groups increased efforts to enlist new donors; about 44% greatly.
- 73 percent increased efforts to stress the importance of designated campaigns; 37% greatly.
- 54 percent increased expenditures on advertising and public relations; 18% greatly.
- 66 percent increased mailings highlighting their group’s accomplishments; 23% greatly.
- 85 percent increased efforts to obtain corporate funding; 39% greatly.
- 86 percent increased efforts to obtain foundation support; 43% greatly.

Second, some nonprofits found themselves commercializing their operations in an effort to broaden their revenue base.

- Three out of 10 groups reported that they increased their involvement in the sale of products as a means of raising revenue—more than 10 times as many as reported that they had reduced such efforts.
- More than half of all groups indicated they had increased fees. Nearly four in ten increased fees charged to their own clients, despite the fact that about half of their clients are poor or nearly poor.
- More than 40 percent reported that they increased their responsiveness to external funding opportunities, such as government grants and foundation incentives. Other organizations sought out ways of changing their operations to enable them to “do more with less.”
- More than six out of 10 groups increased their use of volunteers.

- More than two out of every three increased collaborative activities with other nonprofits.
- Just over one in three increased their use of consultants to evaluate organizational operations.

In one sense, these adaptations were successful. A majority of the organizations that experienced funding cutbacks as a result of the United Way's move toward donor choice nonetheless maintained or even increased the services provided in the face of a net overall reduction in United Way support.

Yet behaving in a more market-like fashion could also have decidedly mixed effects. For example, increased competition among human service nonprofits for donations causes more resources to be invested in activities such as fund raising, outreach, and advertising that could instead be used to meet the needs of service recipients. From the perspective of the community, the question is whether or not total giving increases by an amount greater than the extra resources devoted to seeking donations. If it does, then greater competition spurred by donor choice can actually have the beneficial effect of increasing the net amount of resources available for meeting social needs. It is an open question, however, if greater competition for donations among nonprofits significantly increases the amount of total giving, or instead causes a largely fixed pool of charitable dollars to be redistributed among existing organizations. In the latter case, the main effect of competition prompted by donor choice may be to create a beggar-thy-neighbor environment that community chest campaigns without donor choice were intended to eliminate.

There are also potential tensions between behaving in a more business-oriented manner and continuing to meet the core mission of the organization. For example, social service organizations might be tempted to reduce services to "needy" but expensive-to-serve clientele, to seek out clients who were more able to pay fees for services provided, or to orient their activities toward areas that would attract government or foundation support.

On the one hand, human service nonprofits seemed to be aware of this conflict and responded by seeking changes that, at least in the short run, had a minimal impact on activities relating to their primary mission. For example, asked whether they had increased or decreased the extent to which they target their efforts on populations with greatest need, 39% of respondents to the survey indicated they had actually increased targeting on the poor, while only 15% reported less targeting.

At the same time, the affected nonprofits recognized that some of these changes will buy immediate but not long-term relief, and that continued funding pressures will eventually force them to make more painful trade-offs. Some groups, they fear, have managed to maintain service levels by shrinking or deferring the kinds of expenditures that are necessary for their long-term vitality and institutional integrity. The survey found that many groups—even those with stable funding—cut professional staff. An

implication is that remaining staff members have had to spend more time in shoring up past funding sources and pursuing new channels for support.

Is something vital being neglected in the process? Some respondents indicated that items such as internal information systems, accounting services, research and evaluation, and professional development absorbed the brunt of the recent cutbacks. In the near term, this strategy may allow groups to maintain their previous levels of service provision. But, like aging central cities that defer maintenance on bridges, roads, and sewage systems, it is possible that nonprofit human service deliverers have mortgaged their future in order to maintain service levels.

The shift to donor choice in the Washington, D.C., region has exacted financial costs on some human service nonprofits. Many in turn responded to the changing donor environment through rational and economic means. Yet the movement toward donor choice may spark responses that are more political than economic in scope. For instance, there is some indication that nonprofit providers will form or strengthen alliances, and seek to define and act on common programmatic and organizational interests. At least initially, the shift in United Way policy appears to have spurred collective action by large human service nonprofits that had previously received favored treatment as member agencies. The Metropolitan Washington Human Services Coalition worked to present a unified front to United Way and other funding agencies in seeking to mitigate the effects of donor choice. However, in the longer term, the increased pressure to compete for donors in the giving “market” is likely to heighten the difficulty for nonprofits to collaborate in funding environments that appear to exhibit zero-sum characteristics.

The need to compete in an environment defined by individual donor priorities might have additional consequences of a political sort. Generally, nonprofits run the risk of having to predict and then respond to a more volatile environment, one in which changing public whims declare a “charity of the day” that attracts eager donors, while groups that cater to endemic problems and less appealing clients fall out of fashion. More specifically, our research found some evidence—perhaps time-bound—that nonprofits serving teenagers and those that define themselves as “advocacy” organizations were more negatively affected by the shift toward donor choice (Cordes, Henig, and Twombly 1997).

IMPLICATIONS FOR SERVICE DELIVERY, REDISTRIBUTION, AND DEMOCRATIC CONTROL

Our review in this chapter is meant to frame issues for further analysis—not as a platform for grand pronouncements. Nonetheless, we believe that there are some broad implications that warrant emphasis.

Before speculating about the implications of a broad shift toward privatization, however, it is worthwhile to consider whether such a shift is pre-

ordained or perhaps already nearly complete. The parallel diffusion of market models into such disparate areas as welfare reform, education policy, and donor choice suggests that a structural realignment is indeed well under way. Yet we suggest that the shape and permanence of that realignment are malleable and undetermined. Privatization comes in several forms, only one of which entails a systematic diminution of the authority and capacity of public institutions and democratic controls (Feigenbaum, Henig, and Hamnett 1998). Instead, privatization can be “tactical,” whereby political interests selectively seek to turn previously public responsibilities into private ones as a means of attracting allies, rewarding supporters, or achieving short-term objectives such as balancing the budget. Tactical privatization reallocates what government does without necessarily altering the broad balance between the public and private sectors. Privatization can also be pragmatic, whereby government selectively introduces market forces in order to achieve public ends more efficiently or effectively; this form of privatization can actually expand the range and potency of public control (Feigenbaum, Henig, and Hamnett 1998, chap. 2).

Whether we are entering an era of systemic privatization, in which nonprofits and for-profits will substantially displace public institutions as the definers and enforcers of the collective good, is a question that is still under contention, and one on which we hazard no predictions. But even if the shift toward systemic privatization *is* genuine and lasting, our framework suggests that the consequences for nonprofit organizations and social service provision cannot be predicted in any formulaic fashion. Organizations can respond to changing environments in a myriad of ways, such as internal or managerial reconstitution, economic adjustment, or political mobilization and lobbying. As we demonstrate throughout this chapter, each of these modes opens up a wide array of conditional outcomes.

Yet in the pattern of change, as we see it emerging, there are some developments worthy of concern. First, there is a risk of *further depletion of the role of purposive mission*. Organizations may hold their members through incentives that are material, solidary, or purposive. Purposive incentives “derive from the sense of satisfaction of having contributed to the attainment of a worthwhile cause” (Wilson 1973, 34). Nonprofits that are grounded in purposive incentives have less flexibility in shifting their goals to meet changing conditions. By the same token, these groups are more focused and committed, less swayed by changing fashions, and under less pressure to divert internal resources to recruit and hold their members. Purposive mission, in the world of nonprofit human service delivery, has enabled nonprofits to identify and ally with their clients even when rational calculations of organizational members point in different directions. But by emphasizing economic responsiveness to market signals, privatization risks converting nonprofits into more material-based organizations. This, in turn, may lead to internal demands for higher salaries, more variable and unreliable organizational

goals, and diminished legitimacy—in the eyes of the broader community—as a voice on behalf of the politically under-mobilized.

Second, there is a *risk of deemphasis of need* in favor of ability to pay or popular attractiveness in determining who receives help. As traditionally conceived, nonprofit social service providers were intended to be profoundly resistant to market signals, and for good reason. Markets, on their own, tend to reinforce existing socioeconomic inequalities; market-oriented policies for the poor can work only if there exists powerful institutional mechanisms for equalizing information and mobility, protecting rights, and redistributing wealth. But the political viability of such institutions is uncertain in an era of systemic privatization. Without those institutions aggressively altering incentives to reward organizational assistance to the needy, service providers may have little choice but to reshape their “product” to appeal to paying customers or the priorities of donors.

Third, the weakening role of bureaucracy and legalism, which has been much celebrated in many quarters, carries a *risk of growing parochialism, favoritism, inconsistency, and discrimination*, based on the characteristics of providers and supplicants. For all of its frustrating flaws, bureaucracy serves desirable functions as well, a fact noted long ago by Max Weber and not quite so long ago by Pressman and Wildavsky. “If one wishes to assure a reasonable prospect of program implementation,” Pressman and Wildavsky observed, “he had better begin with a high probability that each and every actor will cooperate” (1973).

The purpose of bureaucracy is precisely to secure this degree of predictability. Many of its most criticized features, such as the requirement for multiple and advance clearances and standard operating procedures, serve to increase the ability of each participant to predict what the others will do and to smooth over differences. The costs of bureaucracy—a preference for procedure over purpose or seeking the lowest common denominator—may emerge in a different light when they are viewed as part of the price paid for predictability of agreement over time among diverse participants (Pressman and Wildavsky 1973, 133).

Similarly, the costs of enmeshing service delivery in a web of legalisms, including a defensive wariness about drawing distinctions in “worthiness” and an undermining of “responsibility” as a counterweight to claims of rights (Glendon 1991), might seem worth paying if the alternative is retreat to unmediated biases and ad hoc decision rules.

Finally, we suggest that there is a *risk of a reduced role for public deliberation, oversight, and democratic control*. With few exceptions, contemporary treatments of privatization frame the comparison between public and private institutions solely in terms of their role as service delivery mechanisms. Contemporary debates about public policy frequently are espoused in terms of the choice between public versus private institutions. But by comparing these simply as *service delivery mechanisms* they offer a

one-dimensional analysis that is biased in favor of the private sphere. Public institutions are important also (perhaps more so) as vehicles for deliberation, debate, and decisionmaking, and it is here that their real advantages lie. As we break away from dualist notions that proclaim institutions to be either public or private, and recognize the many senses in which America's policies and social conditions are shaped in the somewhat amorphous and complex venues that flit around the boundary between government and nongovernment, we also must think about how organizations are directed by and held accountable to democratically defined objectives—not simply how well or efficiently they pursue self-defined goals.

NOTES

1. Nonprofits that gain tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code are generally prohibited from lobbying, campaigning, and engaging in advocacy-related activities. Most human service nonprofits incorporate as 501(c)(3) organizations. Nonprofits may form under other subsections of Section 501(c) that allow them to conduct more direct political activities, but do not provide tax deductions to donors on financial contributions.

2. For the purpose of this chapter, we limit our definition of the nonprofit human service sector to include only organizations that provide income and benefits supports, such as child care, work force development, and transportation. Thus, nonprofits that supply health-related services, qualifying them for Medicare and Medicaid reimbursements, are not the focus of this discussion.

3. For fuller descriptions of the research reported here, see Cordes et al. (1997) and Cordes et al. (1999).

4. Designation had been allowed earlier in the Combined Federal Campaign.

REFERENCES

- Aldrich, H., ed. 1979. *Organizations and Environments*. Englewood Cliffs, NJ: Prentice-Hall.
- Aldrich, H., and J. Pfeffer. 1976. "Environments and Organizations." *Annual Review of Sociology* 2: 79–105.
- Alinsky, S. 1965. "The War on Poverty—Political Pornography." *Journal of Social Issues* 21 (January).
- Bielefeld, W. H. 1990. "Nonprofit Response to Resource Environment Change." Ph.D. diss., University of Minnesota, Minneapolis.
- Brilliant, E. L. 1990. *The United Way: Dilemmas of Organized Charities*. New York: Columbia University Press.
- Center for Education Reform. 1999. *Charter School Highlights and Statistics*. URL: <http://edreform.com/pubs/chglance.htm>
- Cordes, J. J., J. R. Henig, J. L. Saunders, and E. C. Twombly. 1997. *Human Service Delivery in a Changing Funding Environment*. Washington, D.C.: Center for Washington Area Studies, George Washington University.

- Cordes, J. J., J. R. Henig, and E. C. Twombly, with J. L. Saunders. 1999. "The Effects of Expanded Donor Choice in United Way Campaigns on Nonprofit Human Service Providers in the Washington, DC, Metropolitan Area." *Nonprofit and Voluntary Sector Quarterly* 28, no. 2: 126–150.
- De Vita, C. J. 1999. "Nonprofits and Devolution: What Do We Know?" In *Governments and Nonprofits: Conflict or Collaboration*, edited by E. T. Boris and E. Steuerle. Lanham, MD: The Urban Institute Press.
- Employment and Training Administration. 1998. *Implementing the Workforce Investment Act of 1998: A White Chapter*. Washington, D.C.: United States Department of Labor.
- Feigenbaum, H. B., J. R. Henig, and C. Hamnett. 1998. *Shrinking the State: The Political Underpinnings of Privatization*. London: Cambridge University Press.
- Glendon, M. A. 1991. *Rights Talk: The Impoverishment of Political Discourse*. New York: Free Press.
- Gronbjerg, K. A. 1993. *Understanding Nonprofit Funding: Managing Revenues in Social Services and Community Development Organizations*. San Francisco, CA: Jossey-Bass.
- Hall, P. D. 1987. "A Historical Overview of the Private Nonprofit Sector." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell. New Haven, CT: Yale University Press.
- Henig, J. R., M. Moser, T. T. Holyoke, and N. Lacireno-Paquet. 1999. *Making a Choice, Making a Difference? An Evaluation of Charter Schools in the District of Columbia*. Washington, D.C.: Center for Washington Area Studies, George Washington University.
- Hirschman, A. O. 1979. *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge, MA: Harvard University Press.
- Kemerer, F., and S. Sugarman. 1999. *School Choice: Politics, Policy and Law*. Washington, D.C.: Brookings Institution Press.
- Kimberly, J. R. 1975. "Environmental Constraints and Organizational Structure: A Comparative Analysis of Rehabilitation Organizations." *Administrative Science Quarterly* 20, 1–9.
- Kirp, D. L. 1982. "Professionalization as a Policy Choice: British Special Education in Comparative Perspective." *World Politics* 82: 137–174.
- Kramer, R. M. 1987. "Voluntary Agencies and the Social Services." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell. New Haven, CT: Yale University Press.
- McKnight, J. 1995. *The Careless Society: Community and Its Counterfeits*. New York: Basic Books.
- Moynihan, D. P. 1969. *Maximum Feasible Misunderstanding: Community Action in the War on Poverty*. New York: The Free Press.
- Pfeffer, J., and A. Leong. 1977. "Resource Allocation in United Funds: Examination of Power and Dependency." *Social Forces* 55: 775–790.
- Pfeffer, J., and G. Salancik. 1978. *The External Control of Organizations*. New York: Harper & Row.
- Pressman, J. L., and A. Wildavsky. 1973. *Implementation*. Berkeley: University of California Press.

- Provan, K. G., J. M. Beyer, and C. Kruytbosch. 1980. "Environmental Linkages and Power in Resource-Dependence Relations between Organizations." *Administrative Science Quarterly* 25: 200–225.
- Rowan, B. 1982. "Organizational Structure and Institutional Environment: The Case of Public Schools." *Administrative Science Quarterly* 27, 259–279.
- RPP International and the University of Minnesota. 1997. *A Study of Charter Schools: First Year Report 1997*. Washington, D.C.: U.S. Department of Education, Office of Educational Research and Improvement. May.
- Sebastian, P. 1993. "Philanthropy: More Donors to the United Way Attach an Assortment of Strings to Their Gifts." *Wall Street Journal*, November 12.
- Smith, S. R. 1993. "The New Politics of Contracting: Citizenship and the Nonprofit Role." In *Public Policy for Democracy*, edited by H. Ingram and S. R. Smith. Washington, D.C.: Brookings Institution Press.
- Smith, S. R., and M. Lipsky. 1993. *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press.
- Spayd, L. 1993. "Small Charities Losing Out to Designated Donations." *Washington Post*, October 13.
- . 1994. "United Way Gives Donors More Say." *Washington Post*, August 19.
- Steuerle, C. E. 1998. *Common Issues for Voucher Programs*. Chapter presented at the Vouchers and Related Delivery Mechanisms: Consumer Choice in the Provision of Public Services, Washington, D.C.
- Wilson, J. Q. 1973. *Political Organizations*. New York: Basic Books.

Rethinking the Partnership Model of Government-Nonprofit Relations: The Case of Community Development

Todd Swanstrom and Julia Koschinsky

Despite the fact that the nonprofit sector is often referred to as the *independent sector*, in reality nonprofits are part of a complex system of interdependence with government agencies and market institutions. The most prominent theory that debunked the myth of the nonprofit sector as a set of independent charities is Lester Salamon's partnership model of government-nonprofit relations (1987; 1995). According to the partnership model, the nonprofit sector and government are drawn to partnerships because they complement each other: the strengths of one are the weaknesses of the other and vice versa. The welfare state arose to correct four "voluntary sector failures," identified by Salamon as insufficient resources, particularism (gaps in coverage), paternalism, and amateurism. At the same time, the nonprofits provide the flexibility, local knowledge, voluntary initiative, and grass-roots legitimacy that would otherwise be missing from government programs.

In this chapter, we agree that the partnership model captures an important aspect of public-nonprofit relations in the area of community development: governments and nonprofits can accomplish more if they work together. In line with recent critics of the partnership model, however, we argue that, in the case of community-based nonprofit organizations, power is unevenly distributed, with government policies and rules and private funders usually setting the agenda and the goals. The partnership model was developed with data that particularly highlight the role of social service and health care nonprofits contracting with government. Community-based (housing) organizations present especially difficult problems for this model,

because their missions often stand in opposition to those of government. The model does not capture the nonutilitarian goals of CBOs, such as participation and empowerment. The partnership approach is ultimately rooted in a welfare economics paradigm, we argue. This paradigm does not capture either the distinctive identity and goals of community-based organizations or the political nature of their relations with government. We do not argue that the partnership model and its economic approach are wrong, just radically incomplete.

The next section of this chapter begins by examining the economic and functionalist assumptions behind the partnership approach. We then show that the approach cannot account for the historical origins of CBOs in opposition to government programs. Next, we argue that CBOs have a distinctive mission to address place-based inequalities. This requires improving the operation of private markets and government services in the neighborhood, but it also calls for an agenda of empowerment and community building that cannot be reduced to a utilitarian calculus. We advocate a political approach that can capture the variety of community development systems in cities across the country. These systems are shaped by the policies of higher levels of government and by the distinctive histories of each CBO and CBO coalition. Our approach utilizes a version of regime theory to examine the different community development systems that emerge in each city. We conclude by discussing the implications of our analysis for the legitimacy crisis of housing and community development policies as part of the general crisis of the welfare state. Supplementing the partnership approach with a political analysis, we argue, will focus attention on what we believe should be the central question: how can CBOs partner with governments and private actors while still retaining their distinctive identity and mission?

THE LITERATURE OF CBO-GOVERNMENT RELATIONS

This chapter examines nonprofit-government relations in the area of community-based organizations (CBOs). Following Milofsky (1987, 279), we define a community-based organization as a “geographically focused participatory organization rooted in local community institutions.” Unlike other nonprofits, such as hospitals or universities, CBOs are usually quite small, with few layers of bureaucratic hierarchy. What truly sets them apart from other nonprofits, however, is their orientation to improving conditions in particular geographical areas—usually neighborhoods or subareas of a city. CBOs work both with governments and with private actors, such as banks and construction firms. In this chapter we focus on the relationships between CBOs and governments. Ultimately, we argue, government policies structure the kinds of relationships CBOs have with both governments and private actors. This is not to gainsay the crucial, sometimes dominant, role played by private actors in community development.¹

Relations between governments and community-based nonprofits are growing in importance in the area of housing and community development. The federal government is building few new units of public housing. In fact, the supply of conventional public housing is actually shrinking because of demolition. The nonprofit sector, on the other hand, produces about 50,000 units a year (Swanstrom 1999). Most of these units are built with federal help. Today, the biggest program for the construction of low-income housing is the Low Income Housing Tax Credit (LIHTC). The nonprofit share of LIHTC monies tripled in six years, reaching 27 percent in 1994 (Abt Associates 1996). Between 1990 and 1995 the share of federal housing production dollars going to nonprofits (excluding LIHTC) more than doubled, to 37 percent (Walker and Weinheimer 1998, 19).

Those who write about community-based nonprofits come mostly out of a public policy or public administration background and generally have not situated their work within the theoretical literature on nonprofits. Nevertheless, the partnership model is implicit in much of the literature on CBOs. Specifically, Salamon's partnership model, the idea that there is a natural fit, or complementarity, between the government and nonprofits, has been a dominant metaphor, or organizing idea, in the literature.

Community-based organizations reputedly have comparative advantages in housing and community development work. They are able to leverage voluntary labor, or sweat equity, as well as philanthropic contributions, to stretch limited public subsidies further (Dreier 1997). Advocates argue that community-based organizations, rooted in local communities, can adapt federal programs to community norms, so that they strengthen families and communities, not weaken them (Bratt 1989). Following the work of Robert Putnam (1993) "social capital" is now a hot concept in housing and community development circles. (See the special issue of *Housing Policy Debate* 9, no. 1, 1998.) The social capital that has been accumulated by CBOs is viewed as helping government programs, like community policing and concentrated code enforcement, to run more smoothly and effectively. Community-based nonprofits can also help to jump-start markets in low-income neighborhoods, working with banks and other private investors to "make capitalism work in poor communities" (National Congress for Community Economic Development 1992). CBOs are able to cut across policy domains and pick and choose those policies that the neighborhood really needs. Finally, CBOs "represent" the neighborhood and thus give legitimacy to government programs that otherwise might be viewed with suspicion or even hostility (Walker 1993). In short, aid to community-based organizations is justified because they bring unique resources to the table that can enhance the operations of both governments and private markets. The three sectors can be more effective in partnership than if they operated independently.

In recent years, the dominance of the partnership model has been challenged by different authors who—from a variety of perspectives—argue that

the model underestimates the tensions and conflicts between nonprofit organizations and public agencies. Critics of the partnership model come from both the right and the left. Those on the right generally assume a conflict perspective, against which the partnership model was originally directed (Berger and Neuhaus 1990; Nisbet 1953). According to the conflict perspective, government welfare programs have taken over the functions of voluntary, nonprofit institutions. It is basically a zero-sum game between governments and nonprofits (Olasky 1992; Scruton 1996). The conflict perspective is illustrated by Berger and Neuhaus's (1990) theory of associations as intermediaries that prevent the authoritarian tendencies of centralized government from encroaching upon individual liberty and self-initiative.

We base our own arguments more on the second group of critics who come from a more liberal perspective that recognizes the necessity of government support of nonprofits but argues that the rules of the game unbalance the partnership in favor of governments. Rather than seeking to keep the two sectors apart from each other as much as possible, as desired by the traditional conflict perspective, these writers appreciate public-nonprofit interdependence but seek to strengthen the nonprofit's power in this relationship. In recent empirical studies of social service (including community development) nonprofit organizations that contract with government, Smith and Lipsky (1993), Gronbjerg (1993), Bernstein (1991), Warrington (1995), and Wolch (1990) highlight the ways government agencies can threaten a nonprofit's distinctiveness by displacing a nonprofit's particular goals or co-opting its progressive purpose. Frumkin (1998) argues that the rapid growth in the number of nonprofits and the subsequent increased competition for public resources in the 1990s shifted the power balance toward the government, away from the nonprofit. Frumkin calls the validity of the partnership model into question in this context, and, like the authors cited above, instead of cooperation emphasizes the conflicts between the two sectors.

THE ASSUMPTIONS OF THE PARTNERSHIP MODEL

The theory of the nonprofit sector has come mainly out of welfare economics, which is rooted in turn in the rational actor assumptions of neo-classical economics. The two-sector model of welfare economics, which explains public policies as responses to market failures, is extended to three sectors to accommodate the nonprofit sector. According to one application of this theory, nonprofit organizations arise because people want more of certain public goods and turn to nonprofits to provide them when governments, drawn to satisfy the modal voter, fail to provide them (Weisbrod 1990). Lester Salamon (1987) broke new ground when he reversed the usual sequencing that nonprofits emerged in response to government failures. Instead, he argued, nonprofits pioneered in providing certain public goods,

especially social services; the government stepped in with welfare state policies because of “voluntary sector failure.” Historically, Salamon argues, nonprofits provided welfare state services before the government did.²

Salamon’s partnership model builds upon his application of welfare economics to nonprofits—extending the notion of market failures and government failures to voluntary sector failures. Essentially, Salamon argues that government and voluntary sector failures are complementary; if the two sectors collaborate they can compensate for each other’s failures and achieve optimum service delivery. In his partnership model, Salamon (1987) argues that historically the nonprofit sector and the welfare state have not been in competition with each other but have grown together. His research demonstrates that a large proportion of government social welfare spending is allocated to nonprofits, and nonprofits rely on public funding to a greater extent than on privately generated revenue or voluntary contributions (Salamon 1987; Salamon 1995; Salamon and Abramson 1996). Ideologically, the reliance of governments on nonprofits is supported by the fact that Americans simultaneously have a “desire for public service,” “hostility to the governmental apparatus that provides them” (Salamon 1987, 110), and a preference for voluntary organizations to deliver the service.

The partnership model was developed within the fields of public administration and public policy. As such, it is rooted in an analysis of the changing nature of public management and policy implementation in an environment of increased government reliance on “third parties.” The title of an early Salamon (1981) article illustrates this framework: “Rethinking Public Management: Third-Party Government and the Changing Forms of Government Action.” The relationship between the government and nonprofits is analyzed with the concept of “third-party government” (Salamon 1981; Salamon 1987) and is defined as follows:

The central characteristic of this pattern is the use of nongovernmental, or at least non-federal governmental, entities to carry out governmental purposes, and the exercise by these entities of a substantial degree of discretion over the spending of public funds and the exercise of public authority. (Salamon 1987, 110)

While the federal government remains responsible for the *provision*, that is, mainly funding and regulation, of services under a system of third-party government, their *production* lies in the hands of voluntary sector agencies. Federal revenue—in the form of grants, contracts, loans, and other tools—is channeled through state and/or local governments, which in turn contract with nonprofits. Even though third parties are assumed to be powerful actors in their own right, they are nonetheless still only acting as *implementors* of federal policy, and therefore are subservient to the purposes of federal government. As we will argue in more detail later, the implementation-driven concept of third-party government contradicts the notion of a

balanced partnership between the government and nonprofits invoked by the partnership model.

As we have noted, nonprofit theory essentially takes a two-sector welfare economics model and extends it to three sectors (Hansmann 1987; Salamon 1987; Weisbrod 1990; Steinberg 1998). Welfare economics has an underlying normative theory based on utilitarianism, the idea that the goal of public policies is to maximize individual welfare. From this perspective, CBOs are valuable as partners with government in the coproduction of government services, which the private market fails to optimally provide because of market failures.

The partnership paradigm uses functional concepts to explain empirical patterns. Nonprofits arise, for example, to perform functions that markets or governments fail to perform. The partnership approach similarly uses the normative, or functional, concepts of welfare economics to explain the empirical patterns of government-nonprofit collaboration. Thus, for example, government “partners” with nonprofit service providers to correct their failures and compensate for its own weaknesses. The logic of functional explanation is to explain a social practice by reference to certain goals, or teleology. The practice in question is seen as contributing to the optimal functioning of the system, in this case defined as the maximization of utility. The problem with functional analysis, as Carl Hempel (1965) observed long ago, is that there are many different ways a particular function can be met. Moreover, just because there is a need created by some market or governmental failure does not mean that a social practice will arise to meet that need. That is wishful thinking.

The partnership model assumes that the existence of two sectors with complementary qualities will lead to intersectoral cooperation that utilizes the strengths, and balances the weaknesses, of each sector. Empirical evidence that nonprofits have grown at the same time that their reliance on government funding has grown is used to support the argument that government-nonprofit partnerships create a synergistic relationship (Salamon 1987). One problem with this view is that in community development the degree of partnership between governments and CBOs varies tremendously from one city to the next. Moreover, the data on nonprofit reliance on government funding begs the question of whether the nonprofits have been yoked to a governmental agenda and are nonprofit in name or legal status only.

THE DISTINCTIVE HISTORY OF CBOs

The partnership model’s explanation, which puts the nonprofit sector first and explains government policies as reactions to voluntary sector failures, treats normative theory as if it were an empirical explanation and, we argue, overlooks political realities. In the United States, the first generation of CBOs was formed largely in opposition to government policies. Government

policies toward nonprofits did not arise to correct the four failures of nonprofits noted earlier. Government policies arose out of a complex mix of motives, which included public and private interests that wanted to *use* nonprofits for their own purposes. A quick look at the historical evolution of community-based nonprofits and their relations with governments illustrates the problems with the partnership model.

In the housing and community development area, CBOs did not pioneer in the provision of services and then partner with government. Instead they organized in *opposition* to government policies and then public policies were devised to support them. Community-based organizations arose out of the neighborhood organizing movement that was an effort to defend communities against urban renewal and highway building. John Mollenkopf (1983) describes the early “neighborhood revolt against renewal” in Boston and San Francisco. In essence, community groups rose to defend the nonutilitarian values of community cohesion and empowerment against the forces of economic rationalization and modernization. Between 1956 and 1972, 3.8 million people were displaced by urban renewal and the interstate highway program. Anthony Downs called the uncompensated costs of these forced removals “an injustice on a massive scale” (Downs 1970, 223). Robert Moses displaced close to a half-million people in the New York area alone through his highway building and urban renewal projects (Caro 1974). Neighborhoods organized to protect their communities from these federal programs, which were designed to aid in the economic restructuring and modernization of cities. Community organizing indirectly boosted the growth of nonprofit housing organizations, with neighborhood groups spinning off 501(c)(3) nonprofit community development corporations (CDCs). A 1987–88 survey of 130 CDCs found that in 53 percent of the cases CDC formation grew out of community-based activities, like protests or tenant organizing (Vidal 1992).

In the 1960s, the neighborhood movement began to make the transition from protest to politics, winning the passage of public policies that directly supported community organizing and community-based nonprofit institutions. The War on Poverty’s 1964 Economic Opportunity Act, which created the Community Action Program (CAP), along with the 1966 Model Cities program, gave a tremendous boost to community organizing and to community-based nonprofits. CAP was, in fact, directly modeled on Alinsky-style community organizing (Lemann 1991; Judd and Swanstrom 1998). With its call for “maximum feasible participation,” CAP did for community organizing in the 1960s what the Wagner Act did for union organizing in the 1930s: it not only said that community organizing was legitimate but also that the federal government *supported* community organizing, especially in poor, minority, central-city communities.

During this period, the federal government also directly aided nonprofit housing and community development organizations. The idea of federal

support for community-based nonprofit neighborhood corporations was born in 1966 when Senator Robert Kennedy toured the Bedford-Stuyvesant section of Brooklyn. Appalled by the poverty and alienation, Kennedy vowed to support efforts that would involve the residents themselves in revitalizing their neighborhoods. Most important, for our purposes, is the Special Impact Amendment to the 1964 Economic Opportunity Act, which set aside funding for a new type of organization, the community development corporation (CDC). From 1966 to 1981, this act, together with Title VII of the Community Services Act, allocated over \$500 million in federal funds to 63 CDCs. Other policies that directly aided CBOs were the Neighborhood Housing Services program and the Carter administration's Neighborhood Self-Help Development program, which allocated a total of \$15 million in direct federal grants of up to \$100,000 each to CBOs in 1979 and 1980 (Bratt 1998). The 1977 Community Reinvestment Act was also a clear victory for CBOs, who have used challenges, or the threat of challenges, to persuade private financial institutions to support their projects. Aided by government policies, the number of CDCs increased from only 36 in 1966 to over 2,000 by 1994 (National Congress for Community Economic Development 1995).

With its call for "maximum feasible participation" and direct federal support for CBOs, the War on Poverty engendered tremendous political conflicts (Moynihan 1969). Mayors opposed federal funds going directly to CBOs, which then turned around and protested against city hall. As early as 1967, mayors succeeded in getting Congress to pass the Green Amendment, which required all appropriations for community action agencies to go through state or local governments and limited the number of community representatives on the boards to no more than one-third (Judd and Swanson 1998; Piven and Cloward 1993).

The approach to community-based nonprofits shifted radically with the election of Ronald Reagan in 1980. The devolution and retrenchment of housing and community development policies changed the rules of the game for partnerships between governments and CBOs. We describe the effects of these policies on government-CBO partnerships below. Suffice it to say now that the federal government did not step in, as partnership theory would suggest, to compensate for nonprofit failures, such as insufficient resources or gaps in coverage. Just the opposite is closer to the truth. Federal cuts reduced the resources and increased the gaps in coverage. Nonprofits that relied on federal community development funding faced more than 40 percent cuts in the fiscal year 1994 compared to the fiscal year 1980, the largest cuts of any function of interest to nonprofits (Salamon and Abramson 1996). The federal government, along with state and local governments, subsequently turned to CBOs to make up for these cuts and gaps in coverage by leveraging private capital and philanthropic contributions. The overall effect of the new rules of the game in community development was to make CBOs more dependent on both the private sector and on government contracts—

and less able to defend their “double bottom line” of community development and community participation (Koschinsky 1998b).

In summary, the history of the emergence of CBOs and their partnering with government was powerfully shaped by the political context. Local communities, especially low-income and minority urban neighborhoods, believed that they were being damaged by policies to restructure cities that were being sponsored by public and private elites. The goal of community empowerment that motivated these early CBOs is inadequately captured by the partnership model’s goal of a more efficient functioning of the welfare state. The history of government-CBO relations since the explosion in neighborhood organizing in the 1960s and 1970s has been filled with political tensions. CBOs rely crucially on government funds, but they are acutely aware of the tendency of government funding to co-opt or displace neighborhood priorities. This means that the partnership model’s assumption of goal congruence between nonprofits and governments, at least in the case of community development, is problematic.

THE DISTINCT MISSION OF CBOs

One problem with the partnership approach based on welfare economics is that the goal of government-nonprofit relations is understood as promoting the ability of households to acquire valued goods and services from governments and markets. The partnership language implies that the goals of nonprofits are congruent with governmental goals; community-based nonprofits are not valued on their own (nonutilitarian) grounds. When welfare economics is applied to housing policy, for example, housing is viewed either as an item of consumption or in some cases as a component of production (as when housing spending primes the economy or when improved housing helps turn around the negative investment psychology in a neighborhood) (Aaron 1972; Heilbrun 1981). Housing policies are justified on the grounds that they either address inequalities or correct housing market failures, such as discrimination. All the benefits of housing policies are viewed as being realized in government services or market transactions. Ultimately, if income inequalities are addressed (say through housing vouchers) and housing market failures are corrected (for example, through open housing laws) there should be no need for separate housing and community development policies. From the viewpoint of welfare economics, community-based housing organizations, even though they might be useful in implementation, have no goals of their own that differ from the goal of well-functioning markets and governments.

We believe that CBOs have goals that cannot be reduced to utilitarian costs and benefits. The recent Nobel Prize winner in economics, Amartya Sen (1992), develops a nonutilitarian approach to the problem of inequality that helps to clarify the distinctive mission of community-based organizations. Sen argues against a utilitarian view of inequality that concentrates on

access to public and private goods. Sen's concept of equality enables us to construct a rationale for housing and community development policies that is related to the functions of markets and governments but is not reducible to them. Instead of a welfare-economics rationale for housing and community development policies based on market failures, we view housing and community development policies as making an independent contribution to the reduction of place-based inequalities.

Inequality should be understood, Sen argues, more broadly than income or wealth. Inequality should be understood in terms of what he calls unequal "functionings." What we care about is the "good life," understood as activities, or functionings, that realize our full potential as human beings. According to Sen (1992, 39), "relevant functionings can vary from such elementary things as being adequately nourished, being in good health, avoiding escapable morbidity and premature mortality, etc., to more complex achievements such as being happy, having self-respect, taking part in the life of the community, and so on."

Sen would be the first to admit that having money, or access to markets, is essential to a high quality of life in our society, but to equate equality of income with true equality is to overlook what a high quality of life actually consists of. To focus on income, wealth, or even access to public goods is to focus on the *means* of the good life, not the good life itself. Sen observes, for example, that the ability of people to convert incomes into a high quality of life varies tremendously. To give but one example, a person who suffers from severe kidney disease cannot enjoy the same quality of life as a perfectly healthy person with the same income because of the daily cost, in time and money, of a dialysis machine. Thus, Sen argues, we cannot look at inequality simply in terms of income; we must look at the actual functionings of people.

Sen argues that many different conditions, besides income, affect our ability to function effectively, including our age, gender, race, health, and education. Where we live also has powerful effects on the quality of our lives. Following Sen, we view housing not as an ordinary commodity that we consume, but as an ensemble of social relations, situated in space, that structures our ability to function as full human beings. A substantial body of evidence has now accumulated on what are called "contextual effects," the effects of the context we live in above and beyond our individual characteristics. Thus, for example, research has shown that where we live affects our success in labor markets and ability to acquire income (Kain 1968; Kasarda 1983; Ihlanfeldt 1994; Wilson 1996), our access to quality medical services (Fossett and Perloff 1995), our access to banking and credit services (Squires 1992), and the cost to us and quality of local public goods (Ladd and Yinger 1991; Sacher 1993).³ In short, the community we live in affects our access to the goods supplied by markets and governments.

The community we live in also provides us with benefits that are not realized either through government services or market exchanges. Networks of

social relations, accumulated over time and in particular places, have non-utilitarian benefits. John Logan and Harvey Molotch (1987) refer to these benefits as the “use values,” as opposed to the “exchange values,” of housing. Human beings are clearly motivated by goals that transcend material interests, including dignity, identity, community, and participation. Where we live, for example, helps to shape our identity; we can choose to live in a family-oriented suburb, a gated retirement community, or a gay community in a central city. Our place of residence provides us with informal support networks that help us with everything from borrowing a cup of sugar, to minding our children, to keeping our homes safe. Housing provides us with access, or lack of access, to everything from culture, to clean air, to politics. Where we live powerfully shapes our health, independent of our access to medical services, by exposing us to stress, crime, and polluted air (Rose and McClain 1990; Polednak 1997). Our local communities help us to meet our human need for community, for belonging to something outside our individual wants and desires. Last, but not least, our community of residence links us to structures of political participation, empowering us to play a role in the future direction of society. In the United States, we elect representatives on the basis of where we live, and many political functions are decentralized to local governments.

Following Sen’s approach to the problem of inequality enables us to reformulate the goal of CBOs: *the primary goal of CBOs is to address place-based inequalities, understood as effects of residence, that limit the ability of citizens to realize their full potential as active economic, social, and political beings*. It is worthwhile to note that place-based inequalities are only one of many potential sources of inequality, including race, age, gender, ethnicity, and religion. A society could eliminate place-based inequalities and still be a very inegalitarian society. Nevertheless, place-based effects are an important source of inequality. Even in a society of instant communications, place-based inequalities are widening (Massey 1996; Altshuler, Morrill, Wolman, and Mitchell 1999). Moreover, they are subject to a process of what Gunnar Myrdal (1944) called “cumulative causation”—a vicious cycle where the rich get richer and the poor get poorer. This violates a basic premise of liberal democracy: inequalities of class, status, and power should not be cumulative so that the rich become the prestigious and the politically powerful and the poor become stigmatized and powerless (Walzer 1983). Cumulative inequalities, rooted in space, undermine the foundations of a democratic society.

THE POLITICS OF GOVERNMENT-NONPROFIT RELATIONS

In the area of housing and community development, government-nonprofit relations are a mixed-motive game, involving the potential for cooperation and conflict. The fragmented nature of housing and community

development policies means that there are, indeed, great advantages in partnerships between the public, private, and nonprofit actors. No single sector can accomplish much alone in building subsidized housing and revitalizing communities. On the other hand, the goals of the three sectors potentially conflict. To cite but one example, the private market can be revived in a neighborhood, but this result could be opposed by the CBO if it meant extensive gentrification and displacement of existing residents. Similarly, government programs can provide badly needed resources to CBOs, but these government contracts can displace the neighborhood mission of CBOs. A central research question, we believe, for partnerships in the housing and community development arena is the following: *under what conditions can CBOs partner with governments and private actors and still retain their autonomy to set goals and empower neighborhood residents?*

While the partnership approach outlines why governments and private actors would want to partner with CBOs, it fails to capture the tensions between the three sectors—tensions that are often political in nature. We agree with Bishwapriya Sanyal (1998), who notes that the question is not What partnership would work best? but Why would politicians want to cooperate with and help fund an independent nonprofit sector that is not under their control? What are the political dynamics behind the partnerships? Recurring controversies about whether or not nonprofits should be allowed to engage in lobbying activities to promote specific political goals and programs illustrate the relevance of this question. In contrast to the economically inspired theories of government-nonprofit partnerships and of comparative advantage (Cernea 1988), Sanyal argues that “political structures and politics shape the relationship between government and nonprofit organizations” (Sanyal 1998, 71). The degree to which a nonprofit is dependent or independent from the government in a public-nonprofit partnership and the degree to which nonprofits have distinct identities therefore are strongly impacted by the political conditions that frame the public-nonprofit relationship.

In a politically fragmented system, different political stakeholders may seek to increase their power vis-à-vis other stakeholders by coalescing with housing nonprofit organizations. In Detroit, for instance, under Coleman Young, the city council worked with community-based housing organizations in opposition to the mayor (Shaw 1998), while in Chicago, Mayor Harold Washington allied himself with neighborhood groups against the city council (Clavel and Wievel 1991). Apart from the Washington administration, under the Chicago machine, city government, for the most part, refused to form balanced partnerships with housing nonprofits and gave them little role in policymaking. In Pittsburgh, by contrast, city government incorporated community-based housing organizations into policymaking, ceding power over housing and community development policy to an independent organization with balanced representation from the public, private, and nonprofit sectors (Ferman 1996).

In summary, the partnership approach captures an important truth about federal housing policy: because of extreme policy fragmentation, cooperation between many different entities is necessary for successful implementation and resource maximization. At the simplest level, for instance, partnerships supplement limited federal housing subsidies with private investments and voluntary commitments. The partnership model assumes, however, that the partnerships are equal or balanced. But, as in urban economic development (Squires 1989), partnerships in the housing arena can be highly unequal, favoring the goals of one partner over others. Further, community-based housing organizations did not arise to perform needed functions in the housing policy machine. Partnership theory cannot explain either the timing or the geographical distribution of community-based organizations. In the 1960s and 1970s, CBOs arose out of their own political dynamics, often out of neighborhood organizing in opposition to government policies, like urban renewal and highway building. Since the 1980s, many CBOs have been created in a more top-down fashion, to take advantage of government grants. We need an approach that captures these political dynamics.

APPLYING REGIME THEORY TO THE STUDY OF FRAGMENTED HOUSING POLICY SYSTEMS

We are not the first to propose an approach that takes into account the unique goals of nonprofits and/or the potential goal conflict between governments and nonprofits. For instance, Frumkin's (1998) analysis of the distinctive goals of nonprofits in the government-nonprofit relationship is based on a neo-institutional approach. Saidel (1989; 1991) synthesizes multiple perspectives by incorporating resource exchange, political, and administrative dimensions in her dynamics of interdependence framework. Relying on a political economy approach, Wolch (1990) argues that the progressive missions of nonprofits are often jeopardized when nonprofits contract with the government. Still other approaches have been applied (Bernstein 1991; Smith and Lipsky 1993).

In this chapter, how nonprofits negotiate partnerships with public and private organizations that share power is seen as a political question. Therefore, we analyze the relationship between the government and nonprofits from a political perspective. Specifically, we examine the relationship between nonprofits and local governments in the area of community development by applying regime theory. The argument is that in each city there develops a housing and community development "subregime"—an informal coalition, or partnership, between CBOs, government, and the private sector. It is difficult, yet possible, for individual CBOs to resist this local subregime. On the one hand, subregimes are shaped by factors that contribute to the variation that exists among different subregimes, for instance, by the

unique history of the CBOs in each city, and whether they grew out of community organizing or were established to run government programs. On the other hand, they are shaped by factors that account for uniformity among housing subregimes in the United States, especially the federal and state policies that fund housing and community development programs and the various incentives they set up for different patterns of cooperation. We discuss both sources of variation and uniformity below.

Although we recognize that studies of individual CBOs are important, our focus on the citywide level is based on our hypothesis that characteristic patterns of partnership develop in each city, with different goals and processes of decisionmaking. For instance, housing partnerships can aid gentrification instead of targeting the truly disadvantaged (Yin 1998); they can promote the interests of homeowners over low-income renters (Goetz and Sidney 1994); or they can aid present neighborhood residents while ignoring the more pressing needs of those who live outside the neighborhood (Stoecker 1994). The partnership approach fails to account for the coherent patterns of community development partnerships in each city and the variation among cities.

As formulated by Clarence Stone (1987; 1988; 1989), regime theory is designed precisely to analyze governance structures that evolve in contexts where formal authority is highly fragmented (as it is in the housing and community development arena). Stone stresses that, in American cities, power is not organized in a hierarchical manner, with power elites sitting at the top giving orders that are then obeyed. The most important reason is the division of labor between state and market. The government cannot command private actors, who control significant resources, to invest in the city; it must entice them to invest. Moreover, even within the public sector power is fragmented. Mayors need the cooperation of the city council, the judiciary, the media, and neighborhood organizations in order to implement major civic projects. Stone's definition of an urban regime focuses on its ability to coordinate actions between the public and private sectors. Stone argues that private control over investment and the relatively small size and cohesion of the business elite bias regime formation in the United States toward the "corporate regime," whose primary goal is downtown business development (Stone 1987).

We believe that all of the conditions for the application of regime theory are present in the housing and community development arena. As in city government generally, there is no overarching command structure in the housing arena. No one is in charge. The federal government does not set strong priorities but rather makes available various subsidies that can be assembled to address low-income housing needs in each locality. Intersectoral cooperation between the public, private, and nonprofit sectors is required in order to operate federal programs effectively. Exactly how and on whose terms the three sectors cooperate, however, varies from one locality to the next.

It is important to note that while we follow the analytic logic of regime theory, we do not agree that urban regimes are unified across issue areas. Housing and community development policy is potentially independent of the citywide regime. Housing policy well fits Norton Long's description of the "local community as an ecology of games" (Long 1958). The housing and community development "game" is one game among many in town, and the people who are influential in this game are not necessarily influential in the other games. Thus, we have coined the term "subregime" to refer to housing and community development systems. Like citywide regimes, housing subregimes assemble informal coalitions that coordinate behavior across all three sectors: public, private, and nonprofit. The question of whether housing and community development subregimes are independent of, or subordinate to, citywide regimes is, we think, an empirical question.

Sources of Variation in Housing Subregimes

The weakness of regime theory is that it can become simply a way of categorizing different patterns of governance without explaining them (Stoker 1995). It is not enough to describe the dominant coalition in a regime; we must explain why certain interests came to dominate, why some cities have one regime and some cities have another. As we noted earlier, there is considerable variation in housing subregimes. In some cities, nonprofits play more significant policymaking roles, representing the interests and values of neighborhood residents in the process. In other cities, nonprofits are more subservient to the public and private sectors. Whether CBOs are subordinated to the agendas of government and the private sector or are able to represent neighborhood interests in the policy process depends on the outlook and organization of the nonprofit sector and their history and social-cultural context, as well as the receptiveness of the other two sectors, especially local government, to partnering with nonprofits. At this point we can only sketch out, as a set of hypotheses, the kinds of variables that are relevant to explaining the variation among housing subregimes.

Nonprofit sector. The literature suggests that the greater the organizational density and institutional development of the nonprofit housing sector, the greater the likelihood that it will be able to play a significant policy role in housing subregimes. The strength of the institutional network that supports CBOs, including financial intermediaries, trade associations, and foundations, affects their ability to influence regional housing policies (Keyes et al. 1996). Another factor is the degree to which nonprofits are organized into political or peak associations that can lobby for policies supportive of the nonprofit sector (Goetz 1993; Koebel 1998). Without strong horizontal networks, CBOs can become divided as they compete for scarce public and private sector funds. Also significant is the extent to which CBOs rely on professional staff who are more oriented toward expanding funding through

contracts than upholding the value and mission of the neighborhood (Smith and Lipsky 1993). CBOs with strong roots in community organizing will usually be better prepared to represent neighborhood interests in subregimes than CBOs that were created from above by government contracts. Further, the ideology, norms, history, culture, and demographic profile of a local nonprofit sector will affect the way it represents neighborhood interests, and the extent to which it clashes with government service provision or private real estate expansion.

Public sector. The literature suggests that certain types of local political systems will be more likely to incorporate the interests of CBOs into housing subregimes. Political machines with strong bosses will be less inclined to share power with nonprofits than reform-oriented city governments with a less partisan stance (Ferman 1996). A political machine with ward-based organization may in fact view CBOs as a threat to its political interests. A strong-mayor system with a weak city council will be less likely to be favorable to neighborhood interests in housing subregimes (Shaw 1998). Beyond the structure of city government, the nature of the citywide regime will affect the nature of the housing subregime. A political regime that is oriented toward downtown development may utilize housing policies to promote gentrification (Yin 1998), it may allow the housing subregime to operate relatively independently of downtown development (see Ferman's [1996] discussion of Pittsburgh), or it may pressure downtown developers to commit resources to the housing subregime through policies that link such development to affordable housing provision, as in Boston and San Francisco (Keating 1986).

Private sector. The literature has relatively little to say about how the structure of the private sector affects housing subregimes, but we can suggest some plausible hypotheses. In many cases it appears the corporate sector is largely indifferent to policy priorities within community development as long as they do not impinge on private sector profitability. Corporations and other institutions with absentee owners and few real estate interests will generally be uninvolved in community development subregimes. On the other hand, if private institutions are heavily invested in real estate development, including downtown development and gentrification, they can actively influence housing subregimes. A major vehicle for corporate influence is private foundations that often provide funding for CBOs, making it more difficult for them to advocate policies that go against the interests of corporations. Community-based organizations will also hesitate to challenge private banks under CRA if they receive funding from them.

Examples of Variation between Housing Subregimes

Housing policy subregimes will be the product of general forces, including federal housing policies, the specific structure of public-private-nonprofit relations in each city, and the historical and social contexts of the CBOs them-

selves. A comprehensive scheme for classifying housing subregimes must await more field research, but it is possible to suggest a classification of regimes based on research that has already been conducted.

Gentrification subregime. Jordan Yin (1998) vividly describes the formation in Cleveland of a citywide coalition, dominated by corporate interests closely allied to city government whose primary goal is to enhance land values, primarily through gentrification and economic development. As Yin (1998, 155) describes it: "Through their competitive project funding programs, both the City and NPI [Neighborhood Progress Inc.] led the shift in neighborhood revitalization projects away from providing resources to address existing urban poverty and toward territorial development programs intended to enhance physical appearances and support real estate values in hopes of capturing secondary investments by private capital." In this case, the policy subregime fits well with the citywide regime whose primary goal is downtown development and corporate service sector expansion.

Neighborhood corporatist subregime. In this policy subregime, CBOs are given a substantial voice in setting policy for and running local housing policy, but this influence does not carry over to the citywide regime, which is primarily concerned with downtown development. Barbara Ferman (1996) describes the housing policy arena in Pittsburgh this way: power over CDBG spending was given to a nonprofit organization heavily influenced by CBOs. At the same time, CBOs had little or no say about economic development generally or downtown development particularly. Similarly, a study of five city governments that had set up formal institutions of neighborhood governance, *The Rebirth of Urban Democracy*, found that neighborhood associations had substantial power over local issues but almost no power to stop large development projects (Berry, Portney, and Thomson 1993).

Citywide neighborhood subregime. This subregime is similar to the neighborhood corporatist subregime, only in this case the citywide regime is also oriented toward neighborhood development. Thus, there is a close fit between the housing subregime and the citywide regime. Santa Monica, Burlington, Portland, San Francisco, and Boston have been portrayed as examples of the incorporation of neighborhood interests into citywide governance (Abbott 1983; Clavel 1986; Capek and Gilderbloom 1992; DeLeon 1992). Linkage is an example of a policy where downtown development is explicitly linked to neighborhood housing. In San Francisco, CBOs played significant roles in limiting downtown office expansion and Boston recently rejected the idea of building a new football stadium for the New England Patriots because of its negative effects on surrounding neighborhoods.

Neighborhood conflict subregime. In this type of subregime, CBOs are well developed and involved in running policies but they are in conflict with the citywide regime. Chicago under Richard J. Daley and Detroit under Coleman Young are good examples of this pattern (Ferman 1996; Shaw 1998). Under this scenario, CBOs carve out as much power as they can in

opposition to city government, which treats them at best as contractors and at worst as enemies. In such a subregime, the effectiveness of the community development system is seriously compromised.

Caretaker subregime. In some cases no coherent scheme of cooperation or informal coalition of interests arises to operate the community development system. Instead, housing policy is run in an ad hoc and fragmented fashion with projects happening as particular actors are able to mobilize the necessary resources. Such a regime reinforces the status quo and limits the resources that are available for subsidized housing. With its dearth of CBOs and history of free market dynamics, Houston may be a good example of a caretaker regime (Capek and Gilderbloom 1992).

Sources of Uniformity in Housing Subregimes

While there are many variables that could explain the variation in housing subregime types, there are also factors that contribute to uniformity across different housing subregimes in the United States, as compared to local housing systems in other countries, such as those in Europe (see Koebel 1998). According to regime theory, different regimes are likely to be biased toward business interests because the government must entice businesses to invest. As mentioned, this biases regime formation in the United States toward the “corporate regime,” which is oriented toward downtown business development (Stone 1987). As Elkin (1987, 100) puts it: “The battlefield of city politics is not flat but is tilted toward an alliance of public officials and land interests.”

Because an analysis of additional economic, legal, cultural, and other variables that could contribute to uniformity across housing subregimes is beyond the scope of this chapter, we focus our discussion only on the possible impact that recent federal housing policies have had on community-based housing organizations. This focus is chosen because we argue that federal and state policies have a great impact on local housing and community development subregimes. Exactly how the three sectors coalesce into housing subregimes depends not just on the resources each possesses but on how government policies frame the relations between them. In that sense, government policies are sovereign; if government does not decide policy, it decides how those policies will be decided. In the current period, we argue that federal policies have tended toward what we might call a “contracting regime” in which nonprofits compete with each other to run programs where the basic priorities are set by the government, and in which CBOs act primarily as contractors, service deliverers, and market catalysts.

Federal housing policies have rarely been designed to nurture an autonomous community-based, nonprofit housing sector (Bratt 1998). Lacking a societal commitment to affordable housing for everyone, and with weak political parties and fragmented political institutions, federal housing policy

was never part of any rational comprehensive plan (Hays 1995). As Koebel (1998, 8) stresses, in the United States, the partnership between government and the nonprofits “has never been integrated into a sustaining ideology.”

As we noted earlier, federal policies in the 1960s and 1970s played important roles in nurturing CBOs. All of this changed in the 1980s and 1990s when federal policy followed a strong ideological preference for market mechanisms, as well as a preference to contract with nonprofits to provide government services. A large and increasing proportion of federal housing and community development funds goes to CBOs. Federal contracting opportunities have replaced a portion of the pre-Reagan production subsidy programs. Because all of these programs include strong leveraging requirements in order to maximize private revenue as much as possible, they facilitate a stronger cooperation between nonprofit and for-profit institutions.

Many federal policies bias local housing systems toward what we call contracting subregimes. Since neither welfare nor market economics conceptualizes nonprofits as political actors, and instead perceives of the advantages of nonprofits in efficiency terms, the policies they inform tend to strengthen nonprofits as implementors rather than political actors. Because the goal of these contracting coalitions generally is contract implementation rather than policymaking, nonprofit participation in local coalitions is biased toward more narrowly technical questions rather than broader political questions.

Our thesis is that federal policies have contributed to a community development system that is much stronger on integration and cooperation between the government and the nonprofits, and between for-profit agencies and nonprofits, than on the integration and cooperation among nonprofits and between nonprofits and residents. This way, CBOs are integrated into the government and the economy at large, but their relations with grassroots communities are weakened.

In fact, several developments work actively against such a horizontal integration. For example, as a result of the escalation in housing need and the simultaneous decrease in federal resources to address these needs, community-based housing organizations are left to scramble in a more and more competitive environment for an increasingly tight pool of resources. This dynamic tends to pit local housing nonprofits against each other rather than draw them into cooperative relations with each other.

In order to get things done in a context of broad program fragmentation and escalated decentralization, housing nonprofits have to overcome this fragmentation by engaging in coalition building at the local and state level. In response to the cuts in federal funding during the Reagan administration, many community-based housing organizations did coalesce, especially with their local community development agencies, to address the needs that were no longer looked after by the federal government (Goetz 1993). Many struggled to stay alive and came to rely on private revenue, like fees and charges, as well as on private funders, to compensate for the lost federal dollars

(Abramson and Salamon 1986; Cohen and Kohler 1983; Kettner and Martin 1996). Through an increased emphasis on leveraging, decentralized decision making, and indirect subsidies like tax credits that rely on the participation of corporate investors, the post-Reagan administrations institutionalized, strengthened, and expanded the local government-nonprofit and commercial-nonprofit relationships that had formed by the late 1980s.

To summarize, federal housing policies have created a situation where housing policy is largely made at the local level by informal subregimes, networks of cooperation between the public, private, and nonprofit sectors. The fragmentation of housing policies means that extensive informal coordination among the three sectors is necessary to accomplish significant results. As with urban regime theory, we believe that the playing field of housing policy subregimes is tilted—in this case, in favor of competitive contracting regimes in which CBOs act primarily as contractors, service deliverers, and market catalysts. However, keeping in mind the sources of variation discussed in the previous section, housing nonprofits often confront these federal pressures with their own history and politics, which can result in housing subregimes that go beyond the constraints of the competitive contracting regime.

CONCLUSION: THE LEGITIMACY CRISIS IN COMMUNITY DEVELOPMENT

The United States is now the most inegalitarian nation in the developed world (Hacker 1997). What makes widening inequalities more disturbing is the fact that the policies designed to address them are suffering from a legitimacy crisis and are undergoing rapid retrenchment. This is true not only of welfare policies but also of housing and community development policies that are designed to address place-based inequalities. In the face of the legitimacy crisis of federal housing policies and the political attacks on them, advocates have tried to “rebuild low-income housing policy,” to borrow Rachel Bratt’s (1989) phrase, using nonprofit or community-based housing organizations as the foundation. Community-based housing organizations are portrayed as being able to correct the failures of both the government and the private sector in running housing programs. On the one hand, terms like “independent,” “community based,” and “grass roots” suggest that CBOs do not share the problems of heavy-handed welfare bureaucracies. On the other hand, terms like “nonprofit,” “voluntary,” and “philanthropic” suggest that CBOs operate differently from private sector developers. Appealing to American values of grass-roots democracy, local control, and volunteerism, CBOs have been effective at defending low-income housing programs from conservative attacks.

Notwithstanding their political successes, CBOs are still on the political defensive and are grossly underfunded relative to the need. The crisis of nonprofit housing cannot be solved by more funding, however, because it is it-

self rooted in a deeper problem—a problem of legitimacy. The case for CBOs is based on the claim that they are distinct from both the private sector and government—that they bring something unique to the table that no one else does. This claim is under attack. As Ted Koebel puts it so well: “To a great degree, the entire nonprofit sector faces a crisis of legitimacy that is reflected in the breakdown of its partnership with government, and in the sector’s increased commercialization” (Koebel, 1998, 256; Salamon 1993). Lotte Jensen (1997), who writes about Danish housing nonprofits, notes: community-based housing organizations in the United States are “stuck in the middle” between the private and public sectors, and they are increasingly unable to defend their distinctiveness and therefore their claim to favorable treatment by government. Conservative attacks on community-based nonprofits, that they are merely extensions of the welfare state, are gaining ground in this context.

The root of the legitimacy crisis is that the ideology of the “independent” third sector is contradicted by the real-world dependence of CBOs on governments and markets. Community-based nonprofits are suffering from an identity crisis. They have lost the elan of the earlier years when they were more closely tied to grass-roots community organizing. Their unique mission of empowering communities to address place-based inequalities is increasingly being displaced by an emphasis on service delivery and real estate development. We argue that the loss of identity, the inability to focus on their original mission, is not for the most part caused by the actions of community-based housing organizations themselves, which often struggle heroically to hang on to their distinctive mission (Rubin, 2000). If the problem is not primarily the fault of individual CBOs, neither is it caused by inadequate funding, as is often suggested. Although more funding is necessary if CBOs are going to effectively address place-based inequalities, more funding will not cure the underlying legitimacy crisis that is rooted in the loss of a distinctive identity and mission.

Partnership theory is not well suited to address the legitimacy crisis of CBOs or to diagnose why they are threatened by a loss of identity and mission. Functional explanations of the emergence of nonprofits and government policies toward nonprofits, we believe, contribute to the legitimacy crisis of CBOs because they instrumentalize nonprofit-specific identities for public and private purposes and raise unrealistic expectations of what public-nonprofit partnerships can accomplish. We have argued here for a political approach for analyzing partnerships between CBOs, governments, and private actors. This approach respects the peculiar origins of CBOs in grass-roots organizing and protest that aimed at community empowerment as much as better government services or higher property values. The central question of the political approach should be to determine what are the political requirements of community development partnerships that enable CBOs to retain their distinctive mission and goals.

NOTES

1. For research that emphasizes the tendency of private interests to dominate community development partnerships, see Koschinsky 1998a; Stoecker 1994; Stoecker 1997.

2. One variation of the argument for this historical sequencing attributes non-profit growth to the fact that consumers cannot judge the quality of certain services accurately, such as daycare (Hansmann 1987). Private providers have an incentive to take advantage of them to maximize profits. Nonprofits are created to solve this problem of contract failure, and thus have led the way in such areas as daycare, soup kitchens, shelters for battered women, and nursing homes.

3. For a synthesis of the literature on place-based inequalities, see Dreier, Mollenkopf, and Swanstrom (forthcoming), ch. 3.

REFERENCES

- Aaron, H. J. 1972. *Shelter and Subsidies: Who Benefits from Federal Housing Policies*. Washington, D.C.: Brookings.
- Abbott, C. 1983. *Portland: Planning, Politics and Growth in a Twentieth-Century City*. Lincoln: University of Nebraska Press.
- Abramson, A. J., and L. M. Salamon. 1986. *The Nonprofit Sector and the New Federal Budget*. Washington, D.C.: Urban Institute Press.
- Abt Associates, Inc. 1996. *Development and Analysis of the National Low-Income Housing Tax Credit Database*. Washington, D.C.: U.S. Department of Housing and Urban Development.
- Altshuler, A., W. Morrill, H. Wolman, and I. Mitchell, eds. 1999. *Governance and Opportunity in Metropolitan America*. Washington, D.C.: National Academy Press.
- Berger, P. L., and R. J. Neuhaus. 1990. "To Empower People: The Role of Mediating Structures in Public Policy." In *The Nonprofit Organization: Essential Readings*, edited by David L. Gies, J. Steven Ott, and Jay M. Shafritz, 12–22. Pacific Grove, CA: Brooks/Cole Publishing Co. Article was originally published in 1977.
- Bernstein, S. R. 1991. *Managing Contracted Services in the Nonprofit Agency: Administrative, Ethical, and Political Issues*. Philadelphia: Temple University Press.
- Berry, J. M., K. E. Portney, and K. Thomson. 1993. *The Rebirth of Urban Democracy*. Washington, D.C.: Brookings.
- Bratt, R. G. 1989. *Rebuilding a Low-Income Housing Policy*. Philadelphia: Temple University Press.
- . 1998. "Nonprofit Developers and Managers: The Evolution of Their Role in U.S. Housing Policy." In *Shelter and Society. Theory, Research, and Policy for Nonprofit Housing*, edited by T. Koebel, 139–156. Albany: State University of New York Press.
- Capek, S. M., and J. I. Gilderbloom. 1992. *Community versus Commodity: Tenants and the American City*. Albany: SUNY Press.
- Caro, R. A. 1974. *The Power Broker*. New York: Alfred A. Knopf.

- Cernea, M. M. 1988. "Nongovernmental Organizations and Local Development." *World Bank Discussion Paper Number 40*. Washington, D.C.: World Bank.
- Clavel, P. 1986. *The Progressive City*. New Brunswick, NJ: Rutgers University Press.
- Clavel, P., and W. Wievel, eds. 1991. *Harold Washington and the Neighborhoods: Progressive City Government in Chicago, 1983–1987*. New Brunswick, NJ: Rutgers University Press.
- Cohen, R., and M. Kohler. 1983. *Neighborhood Development Corporations after the Federal Funding Cutbacks: Current Conditions and Future Directions*. Washington, D.C.: U.S. Department of Housing and Urban Development.
- DeLeon, R. E. 1992. *Left Coast City: Progressive Politics in San Francisco, 1975–1991*. Lawrence: University Press of Kansas.
- Downes, T. A., and T. F. Pogue. 1994. "Adjusting School Aid Formulas for the Higher Cost of Educating Disadvantaged Students." *National Tax Journal* 47: 89–110.
- Downs, A. 1970. *Urban Problems and Prospects*. Chicago: Markham.
- Dreier, P. 1997. "Philanthropy and the Housing Crisis: The Dilemmas of Private Charity and Public Policy." *Housing Policy Debate* 8, no. 1: 235–293.
- Dreier, P., J. Mollenkopf, and T. Swanstrom. Forthcoming. *Place Matters: Metropolitan Policies for the Twenty-First Century*. Lawrence: University Press of Kansas.
- Elkin, S. 1987. *City and Regime in the American Republic*. Chicago: University of Chicago Press.
- Ferman, B. 1996. *Challenging the Growth Machine: Neighborhood Politics in Chicago and Pittsburgh*. Lawrence: University Press of Kansas.
- Fossett, J. W., and J. D. Perloff. 1995. *The "New" Health Reform and Access to Care: The Problem of the Inner City*. Washington, D.C.: Kaiser Commission.
- Frumkin, P. 1998. "Rethinking Public-Nonprofit Relations: Toward a Neo-Institutional Theory of Public Management." *PONPO Working Paper No. 248*.
- Goetz, E. G. 1993. *Shelter Burden: Local Politics and Progressive Housing Policy*. Philadelphia: Temple University Press.
- Goetz, E. G., and M. Sidney. 1994. "Revenge of the Property Owners: Community Development and the Politics of Property." *Journal of Urban Affairs* 16, no. 4: 319–334.
- Gronbjerg, K. A. 1993. *Understanding Nonprofit Funding: Managing Revenues in Social Services and Community Development Organizations*. San Francisco: Jossey-Bass.
- Hacker, A. 1997. *Money: Who Has How Much and Why*. New York: Scribner.
- Hansmann, H. 1987. "Economic Theories of Nonprofit Organization." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 99–117. New Haven, CT: Yale University Press.
- Hays, R. A. 1995. *The Federal Government and Urban Housing: Ideology and Change in Public Policy*. 2nd ed. Albany: State University of New York Press.
- Heilbrun, J. 1981. *Urban Economics and Public Policy*. 2nd ed. New York: St. Martin's.
- Hempel, C. 1965. *Aspects of Scientific Explanation and Other Essays in the Philosophy of Science*. New York: Free Press.

- Ihlanfeldt, K. 1994. "The Spatial Mismatch between Jobs and Residential Locations within Urban Areas." *Cityscape* 1, no. 1: 219–244.
- Jensen, L. 1997. "Stuck in the Middle? Danish Housing Associations between State, Market and Civil Society." *Scandinavian Housing & Planning Research* 14: 117–131.
- Judd, D. R., and T. Swanstrom. 1998. *City Politics: Private Power and Public Policy*. 2nd ed. New York: Addison Wesley Longman.
- Kain, J. F. 1968. "Housing Segregation, Negro Employment, and Metropolitan Decentralization." *Quarterly Journal of Economics* 82, no. 2: 175–197.
- Kasarda, J. D. 1983. "Entry-Level Jobs, Mobility, and Urban Minority Employment." *Urban Affairs Quarterly* 19: 21–40.
- Keating, W. D. 1986. "Linking Downtown Development with Broader Community Goals: An Analysis of Linkage Policies in Three Cities." *Journal of the American Planning Association* 52, no. 2: 133–141.
- Kettner, P. M., and L. L. Martin. 1996. "The Impact of Declining Resources and Purchase of Service Contracting on Private, Nonprofit Agencies." *Administration in Social Work* 20, no. 3: 21–38.
- Keyes, L. C., A. Schwartz, A. C. Vidal, and R. G. Bratt. 1996. "Networks and Nonprofits: Opportunities and Challenges in an Era of Federal Devolution." *Housing Policy Debate* 7, no. 2: 201–229.
- Koebel, C. T., ed. 1998. *Shelter and Society. Theory, Research, and Policy for Nonprofit Housing*. Albany: State University of New York Press.
- Koschinsky, J. 1998a. "Challenging the Third Sector Housing Approach: The Impact of Federal Policies (1980–1996)." *Journal of Urban Affairs* 20, no. 2: 117–135.
- . 1998b. "Can Housing Nonprofits Defend Their 'Double Bottom Line'? The Impact of Federal Policies since Reagan." Paper presented at the American Political Science Association, Boston. September.
- Ladd, H. F., and J. Yinger. 1991. *America's Ailing Cities: Fiscal Health and the Design of Urban Policy*. Updated ed. Baltimore: Johns Hopkins University Press.
- Lemann, N. 1991. *The Promised Land: The Great Black Migration and How It Changed America*. New York: Alfred A. Knopf.
- Liebschutz, S. F. 1992. "Coping by Nonprofit Organizations during the Reagan Years." *Nonprofit Management & Leadership* 2, no. 4: 363–380.
- Logan, J. R., and H. L. Molotch. 1987. *Urban Fortunes: The Political Economy of Place*. Berkeley: University of California Press.
- Long, N. 1958. "The Local Community as an Ecology of Games." *American Journal of Sociology* 64: 251–61.
- Massey, D. S. 1996. "The Age of Extremes: Concentrated Affluence and Poverty in the Twenty-First Century." *Demography* 33, no. 4: 395–412.
- Milofsky, C. 1987. "Neighborhood-Based Organizations: A Market Analogy." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 277–295. New Haven, CT: Yale University Press.
- Mollenkopf, J. H. 1983. *The Contested City*. Princeton, NJ: Rutgers University Press.
- Moynihan, D. P. 1969. *Maximum Feasible Misunderstanding: Community Action in the War on Poverty*. New York: Free Press.
- Myrdal, G. 1944. *An American Dilemma: The Negro Problem in Modern Democracy*. New York: Harper & Row.

- Nakamura, R. T., and F. Smallwood. 1980. *The Politics of Implementation*. New York: St. Martin's.
- National Congress for Community Economic Development. 1992. *A Place in the Marketplace: Making Capitalism Work in Poor Communities*. Washington, D.C.: National Congress for Community Economic Development.
- . 1995. *Tying It All Together: The Comprehensive Achievements of Community-Based Development Organizations*. Washington, D.C.: National Congress for Community Economic Development.
- Nisbet, R. A. 1953. *Community and Power*. London: Oxford University Press.
- Olasky, M. 1992. *The Tragedy of American Compassion*. Washington, D.C.: Regnery.
- Piven, F. F., and R. A. Cloward. 1993. *Regulating the Poor: The Functions of Public Welfare*. 2nd ed. New York: Vintage Books.
- Polednak, A. P. 1997. *Segregation, Poverty, and Mortality in Urban African Americans*. New York: Oxford University Press.
- Putnam, R. D. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Rose, H. M., and P. D. McClain. 1990. *Race, Place, and Risk: Black Homicide in Urban America*. Albany: State University of New York Press.
- Rubin, H. (2000). *Renewing Hope within Neighborhoods of Despair: The Community-Based Development Model*. Albany: State University of New York Press.
- Sacher, S. B. 1993. "Fiscal Fragmentation and the Distribution of Metropolitan Area Resources: A Case Study." *Urban Studies* 30, no. 7: 1225–1239.
- Saidel, J. R. 1989. "Dimensions of Interdependence: The State and Voluntary-Sector Relationship." *Nonprofit and Voluntary Sector Quarterly* 18, no. 4: 335–347.
- . 1991. "Resource Interdependence: The Relationship between State Agencies and Nonprofit Organizations." *Public Administration Review* 51, no. 6: 543–553.
- Salamon, L. M. 1981. "Rethinking Public Management: Third-Party Government and the Changing Forms of Government Action." *Public Policy* 29, no. 3: 255–275.
- . 1987. "Partners in Public Service: The Scope and Theory of Government-Nonprofit Relations." In *The Nonprofit Sector. A Research Handbook*, edited by W. W. Powell, 99–117. New Haven, CT: Yale University Press.
- . 1993. "The Marketization of Welfare: Changing Nonprofit and For-Profit Roles in the American Welfare State." *Social Service Review* 67, no. 1: 16–39.
- . 1995. *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State*. Baltimore: Johns Hopkins University Press.
- Salamon, L. M., and A. J. Abramson. 1996. "The Federal Budget and the Nonprofit Sector. Implications of the Contract with America." In *Capacity for Change? The Nonprofit World in the Age of Devolution*, edited by D. F. Burlingame, W. A. Diaz, W. F. Ilchman, and Associates. Indianapolis: Indiana University Center on Philanthropy.
- Sanyal, B. 1998. "Beyond the Theory of Comparative Advantage: Political Imperatives of the Government-Nonprofit Relationship." In *Shelter and Society. Theory, Research, and Policy for Nonprofit Housing*, edited by T. Koebel. Albany: State University of New York Press.

- Scruton, R. 1996. "Communitarian Dreams." *City Journal* (Autumn): 50–60.
- Sen, A. 1992. *Inequality Reexamined*. Cambridge, MA: Harvard University Press.
- Shaw, T. C. 1998. "The Opportunities for and Outcomes of Community Development Coalitions in Detroit." Paper presented at the American Political Science Association, Boston. September.
- Smith, S. R., and M. Lipsky. 1993. *Nonprofits for Hire. The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press.
- Squires, G. D., ed. 1989. *Unequal Partnerships*. New Brunswick, NJ: Rutgers University Press.
- . 1992. *From Redlining to Reinvestment: Community Responses to Urban Disinvestment*. Philadelphia: Temple University Press.
- Steinberg, R. 1998. "The Theory of the Nonprofit Sector in Housing." In *Shelter and Society. Theory, Research, and Policy for Nonprofit Housing*, edited by T. Koebel. Albany: State University of New York Press.
- Stoecker, R. 1994. *Defending Community: The Struggle for Alternative Redevelopment in Cedar-Riverside*. Philadelphia: Temple University Press.
- . 1997. "The CDC Model of Urban Redevelopment: A Critique and an Alternative." *Journal of Urban Affairs* 19, no. 1: 1–22.
- Stoker, G. 1995. "Regime Theory and Urban Politics." In *Theories of Urban Regimes*, edited by D. Judge, G. Stoker, and H. Wolman. London: Sage.
- Stone, C. N. 1987. "Summing Up: Urban Regimes, Development Policy, and Political Arrangements." In *The Politics of Urban Development*, edited by C. N. Stone and H. T. Sanders. Lawrence: University Press of Kansas.
- . 1988. "Preemptive Power: Floyd Hunter's 'Community Power Structure' Revisited." *American Journal of Political Science* 32 (February): 82–104.
- . 1989. *Regime Politics. Governing Atlanta, 1946–1988*. Lawrence: University Press of Kansas.
- Swanstrom, T. 1999. "The Nonprofitization of United States Housing Policy: Dilemmas of Community Development." *Community Development Journal* 34, no. 1: 28–37.
- Vidal, A. C. 1992. *Rebuilding Communities: A National Study of the Urban Community Development Corporations*. New York: New School for Social Research, Community Development Research Center.
- Walker, C. 1993. "Nonprofit Housing Development: Status, Trends, and Prospects." *Housing Policy Debate* 4, no. 13: 369–414.
- Walker, C., and M. Weinheimer. 1998. *Community Development in the 1990s*. Washington, D.C.: Urban Institute Press.
- Walzer, Michael. 1983. *Spheres of Justice: A Defense of Pluralism and Equality*. New York: Basic Books.
- Warrington, M. J. 1995. "Welfare Pluralism or Shadow State? The Provision of Social Housing in the 1990s." *Environment and Planning* 27: 1341–1360.
- Weisbrod, B. A. 1990. "Toward a Theory of the Voluntary Non-Profit Sector in a Three-Sector Economy." In *The Nonprofit Organization: Essential Readings*, edited by David L. Gies, J. Steven Ott, and Jay M. Shafritz, 12–22. Pacific Grove, CA: Brooks/Cole Publishing Co. Article was originally published in 1975.
- Wilson, W. J. 1996. *When Work Disappears: The World of the New Urban Poor*. New York: Alfred A. Knopf.

- Wolch, J. R. 1990. *The Shadow State: Government and Voluntary Sector in Transition*. New York: Foundation Center.
- Yin, J. 1998. "The Community Development Industry System: A Case Study of Politics and Institutions in Cleveland, 1967–1997." *Journal of Urban Affairs* 20, no. 2: 137–157.

The Role of Institutions in Community Building: The Case of West Mt. Airy, Philadelphia

Barbara Ferman and Patrick Kaylor

The 1995 publication of Robert Putnam's "Bowling Alone: America's Declining Social Capital" continues a long obsession among scholars with the loss of community. Early twentieth-century sociologists in Chicago detailed how urban life eroded the fabric of the kinship ties that formed the basis of community in rural society. Several decades later, students of urban life lamented the passing of ethnic neighborhoods, which they saw as the core of the urban community. Currently, we are told that rapid advances in technology have rendered place almost irrelevant in many circumstances. Complementing this is the research on social networks that has demonstrated the rich existence of spatial communities. Given these trends, the question facing us is, Can we have geographically based communities?

This chapter begins with the assumption that such community is possible and that it can be found in many instances.¹ Moreover, there is growing evidence that spatial communities are desired by significant segments of the population. Numerous surveys have revealed that, given a choice between city, suburb, small town, or rural area, most people prefer to live in a small town. The reasons behind this choice are presumably the face-to-face contact, the informality, and the ability to know all of one's neighbors.² Trends in housing suggest an effort by some developers to respond to these desires. The *new urbanism* seeks to recreate the small town feel by combining residential development with a town center that serves as the social and commercial magnet for the residents. The largest and most well documented example of this trend is Disney's *Celebration* in Kissimmee, Florida. Although

we are not optimistic about the new urbanism's ability to create community, we do not discount the impact of spatial design on community. Our objections center more around the implicit assumption that community can be created instantaneously.

Community does not spring full blown from the mouth of Zeus. Rather, some mechanism is required to bring residents together in a meaningful way over a sustained period of time. In the absence of the primordial ties of kinship, as in the rural communities studied by the Chicago School sociologists, or the ties of ethnicity, as in the older urban communities, some entity must be present to create and sustain community. Increasingly that entity is neighborhood institutions. By performing critical functions, neighborhood institutions can maintain key ingredients of community, such as a sense of belonging; an identity; positive ways to interact with others; shared events and activities; common values; and loyalty.

This chapter examines the role of neighborhood organizations in performing community-building functions. The term "community building" is used to capture the dynamic quality that characterizes this phenomenon. Community building is not an end, but rather is an ongoing process that must be continually cultivated. We examine the role that neighborhood organizations have played in providing the following critical components of community building: furnishing opportunities for participation and collective action on a regular basis over a sustained period of time; creating social arenas; creating formal and informal networks; creating and sustaining community identity; creating bridging capital.

The examination is based on a case study of the Philadelphia neighborhood of West Mt. Airy, a neighborhood selected because of its rich institutional history and its reputation as a viable community with a strong sense of community identification. Although West Mt. Airy, because of its relatively affluent and racially diverse population, is not representative of most neighborhoods, it provides a rich empirical base from which to examine the role of institutions in community building. The lessons learned from this case study can inform institutional development and community-building efforts in other neighborhoods. The analysis is based on a series of semistructured interviews with personnel from numerous institutions in and near West Mt. Airy and community activists; a review of organizational materials, files, and literature; and a review of news clippings from local and city-wide papers.

THE SETTING: WEST MT. AIRY

West Mt. Airy, a neighborhood in the northwest section of Philadelphia, has achieved national acclaim for its long-standing racial diversity.³ Although one of the authors explored that aspect in another article, the focus here is on community and the role that institutions play in community

building (Ferman, Singleton, and DeMarco 1998). Obviously, some of these organizations were critical players in West Mt. Airy's ability to remain a racially diverse community. Thus, on the most fundamental level—community preservation—these organizations played a pivotal role. To the extent that these organizations have helped to shape and reinforce a specific identity for West Mt. Airy, they continue to play a significant role in community building.

As is evident from the data in Table 5.1, West Mt. Airy is not representative of most urban neighborhoods. Data on the critical indicators of education, income, and home ownership levels reveal that West Mt. Airy is a community whose socioeconomic status is significantly higher than the median for Philadelphia and for the nation as a whole. Home to many doctors, lawyers, elected officials, and academics, the base of West Mt. Airy's affluence is strongly rooted in professional occupations. And, these are occupations that tend to attract a disproportionate number of individuals with liberal political leanings. Consequently, our findings regarding institutions

Table 5.1
Selected Characteristics for West Mt. Airy, Philadelphia, and
the United States, 1990

	West Mt. Airy	Philadelphia	U.S.
Population	13,858	1,585,577	248.8 million
% African American	44.8%	39.5%	12.3%
% White	52.0%	52.2%	83.9%
% Latino	1.4%	5.3%	9.0%
Education			
% HS graduate or higher	73.6–97.9%*	64.3%	77.6%
% BA or higher	36.0–71.9%*	15.2%	21.3%
Income (in 1989)			
Median Household	\$31,482–72,087*	\$24,603	\$30,056
Median Family	\$41,186–84,130*	\$30,140	\$35,353
% of Persons below poverty	7.78%	19.76%	13.5%
Housing			
% Owner-occupied	41.3–95.9%*	61.9%	63.9%
Median Value of owner-occupied	\$86,000–195,000*	\$49,000	\$79,100

*These two figures represent the lowest (census tracts) to the highest.

Source: 1990 U.S. Census of Population and Housing.

are not necessarily generalizable, but that is not the intention here. Rather, this case represents an exploration into how institutions can contribute to community building and community maintenance. We purposely chose West Mt. Airy because of its richness of institutions and its reputation for being an active and viable neighborhood. It is active in that the opportunities for participation are plentiful, and they are opportunities that are enjoyed by large segments of the population. It is viable in the sense of having a strong and active housing market and a very positive reputation within the city, and even beyond the city's formal boundaries. Using a community like Mt. Airy for heuristic value allows us to identify some of the roles that institutions can and do play in community building. These findings can then be applied to other communities, with different demographic profiles, to see under what conditions institutions can play such roles. Part of our thinking along the lines of the heuristic value of such a case study is inspired by Leanne Rivlin's (1987) insightful and innovative comparison of the Lubavitch community and the homeless community, two extremes of cohesion.

Before proceeding with the analysis, some clarification regarding the precise role of community is warranted. This term, and all its iterations (community empowerment, local decisionmaking, individual choice, and the like), has been warmly embraced by liberals and conservatives alike, but for vastly different reasons. For liberals, it bespeaks notions of grassroots democracy, citizen participation, and empowerment of typically marginal groups in American society. For conservatives, the emphasis on community is often part of an overall assault on government. Community action becomes a justification for government retreat. We would like to clarify our position up front. We strongly believe in the need for government support. While there are tasks that are better performed by community organizations than by government bureaucracy, the assumption that these organizations can solve the vast problems that have gripped many of our inner-city neighborhoods is naive at best, and totally disingenuous at worst. Major problems require major solutions. Government, not community organizations, has the resources to address problems on such a grand scale. We see community institutions as *supplementing*, not supplanting, the work of government.

INSTITUTIONS AND COMMUNITY BUILDING: DEFINITIONS AND ROLES

In attempting to define "community" one is reminded of the wise sage's advice: "never discuss politics or religion." The number of perspectives, interpretations, and reinterpretations of community can be unmanageable at best, and extremely contentious at worst. Researching the sociological literature more than 40 years ago, George Hillery, Jr., identified 94 separate definitions of the term "community" (Hillery 1955). Rather than add still

another definition, we have drawn upon the rich body of literature in community studies to distill salient characteristics of community building.

In searching this literature, we were guided more by sociological and anthropological conceptualizations than by strictly political, geographic, or institutional definitions. Thus, the existence of ward boundaries does not, in our minds, automatically translate into community. Similarly, the drawing of service delivery boundary lines by governmental entities no more creates community than does a child's playful drawing on a map. These artifacts of politics and government may influence how communities form and function, and indeed they do, but, by themselves, they lack any significant meaning for community. Rather, it is what occurs, or fails to occur, within those externally imposed boundaries that constitutes community. Thus, community implies, at a minimum, a dynamic quality that is lacking in the above configurations.

This dynamic quality of community has been well captured in the works of many leading urban scholars. Albert Hunter suggested that communities had three fundamental dimensions, two of which—symbolic and social—clearly contain this dynamic feature. His notion that communities are units of “patterned social interaction” brings a strong behavioral component into the equation (Hunter 1974). For Roland Warren, the term “community” implied a psychological as well as a geographical component. Within the psychological realm, community meant “shared interests, characteristics, or association” (Warren 1973, 6). In developing his typology of neighborhoods, Warren identified three dimensions on which the types varied: interaction, identity, and connections (Warren 1971). This relational aspect of community is also prominent in the work of Herbert Gans. The social attachments that individuals formed were, in Gans's conceptualization, much more important than where these individuals were geographically located. Moreover, these attachments did not necessarily correlate to dwelling patterns (Gans 1962). A more recent and more systematic development of this concept of a-spatial communities can be found in the work of network theorists Barry Wellman, Barry Leighton, and Claude Fischer. In responding to the *whither the community* literature, Wellman and Leighton argue for a clear delineation between *neighborhood* and *community*. Neighborhoods are purely geographic entities that may or may not contain communities. Communities, on the other hand, are characterized by an expansive assortment of social interactions that may or may not be geographically rooted. Increasingly, they argue, these networks are a-spatial (Wellman and Leighton 1979).

While these scholars vary in terms of which factors they emphasize and the breadth of their investigations, there exists enough overlap and complementarity from which to deduce a list of critical components of community. It is clear, for instance, that any definition of community will rest on a dynamic conception that includes at least the following components: a sense of

attachment and belonging; a sense of identity; the existence of regular social interactions; shared activities, values, and events; some continuity regarding values and norms; and formal and informal networks. In fact, of the 94 definitions of community uncovered by Hillery (1955), 69 included the common characteristics of “common ties” and “social interaction” (Lyon 1987).⁴ The question now becomes, What activates these components of community in a given geographic area? What creates the opportunities for participation, for the formation of identities, for the development of networks, for the creation of social arenas? Institutions, we contend, can be a major impetus for these occurrences. Using West Mt. Airy as our case study, we examine how institutions can perform these roles and, in so doing, play a critical role in community building.

INSTITUTIONS AND COMMUNITY BUILDING: THE CASE OF WEST MT. AIRY

West Mt. Airy has benefited from a plethora of institutions. Secular and religious in nature, these institutions have helped to shape, nurture, and maintain a strong community. The sheer number of institutions and the diversity of activities and orientations they represent, have provided a wealth of opportunities for participation among residents and contributed to West Mt. Airy’s image as an activist, liberal, diverse, and tolerant community. The image has a self-perpetuating quality in that it helps to attract home buyers and renters who share the values represented by the image. The overlapping memberships in organizations and on organizational boards has created a density of both formal and informal networks that strengthens the relational aspect of the community. The activities of many institutions have stimulated the development of a wide array of vibrant social arenas. Finally, the external ties of many of these institutions, in particular, the religious ones, have provided the bridging capital that links the community to the larger political, social, and economic universes.

Participation

Participation is the fundamental hallmark of a democratic society. Political theorists from Jean Jacques Rousseau and John Stuart Mill to contemporary communitarians have focused on the “redemptive” aspect of participation. According to Berry, Portney, and Thomson (1993) this “redemptive” aspect manifests itself in three distinct ways. First, participation “nourishes democracy” by educating individuals in how to become good citizens. Second, participation contributes to community building by linking the individual to the state. Finally, participation forces institutions to be more responsive thereby enhancing the overall democratic nature of the government (Berry, Portney, and Thompson 1993).

Although Americans enjoyed universal suffrage earlier than other democratic nations, voter registration and turn-out rates, the conventional measures of citizen participation, are appallingly low. Some scholars have argued, however, that we need to pay attention to other indicators of participation such as involvement in institutions. The argument maintains that this type of participation is more meaningful in terms of the redemptive aspects outlined above. Voting is a solitary activity whereas participation in institutions forces face-to-face interaction, which in turn helps to impart skills of deliberation, compromise, and cooperation. Unfortunately, the evidence for this type of participation is equally dismal. In the oft-cited piece, "Bowling Alone," Robert Putnam (1995) lamented the overall decline in civic engagement in American society. Using citizen participation in local institutions as one indicator of civic engagement, Putnam produced his alarming conclusions. Efforts to explain this phenomenon of declining participation, by Putnam and others, have focused on a variety of factors, including political—an increasing distrust in government and, by extension, any form of public life; cultural—the strong privatistic attitude of Americans that deters such participation; and sociological—the changing lifestyle of Americans, which features a diminishing amount of free or leisure time—ones. When these factors interact, the results for civic engagement can be quite bleak.

While these observations are certainly valid, absent from the above list is the role of institutions themselves. Institutions can and do play a role in encouraging participation. Moreover, institutions vary in the degree to which they encourage, or discourage, participation. Social service-oriented institutions, for instance, often establish a "patron-client" relationship in which participation is not even a relevant consideration. While the services provided by such institutions are often critical, the relationship that is established does not contribute to civic engagement or community building. In other cases, institutions may be comprised of individuals from outside the community, thereby diminishing the institution's role as a channel for community participation. Finally, the internal structure of an organization may be such that it is dominated by a small circle of elites, and this does not provide avenues for participation beyond that small circle.

In addition to type and internal structure of the individual organization, the overall mix of organizations found within a community is an important determinant of levels and breadth of participation. This is particularly important in more diverse communities. The more the opportunities for participation mirror the diversity within the community, the broader and more extensive the participation is likely to be.

In short, neighborhood organizations can play a critical role in encouraging participation. However, their effectiveness in this role will depend on numerous factors, including the total number of organizations; the overall mix of organizational types; and the internal structure of individual organizations. One can see these factors at work in West Mt. Airy.

West Mt. Airy has a large number of organizations reflecting a wide array of interests. As one community resident observed, "West Mt. Airy is an incubator for organizations. Anyone can come up with an idea and within a few days they have a group of people together to start an organization" (Interview). While this observation may be a bit of an exaggeration, data on the number and type of organizations within the community confirm the spirit in which the observation was made. In an ongoing study of arts and cultural organizations in West Mt. Airy, Stern and Seifert (1998) identified between 85 and 100 organizations in the community.⁵ A cursory examination of their list revealed an extraordinary breadth of organizations: religious; local library; home and school association; recreation/athletic group; neighborhood improvement; cooperative; business association; social service; continuing education; social, political, or special interest group; garden, park, or nature; and arts, cultural, or historic group. Moreover, each of these categories can be further subdivided, revealing the rich diversity of organizations that exist within the community. For instance, the category of religious institutions includes both major denominations and less mainstream ones such as the International Society for Krishna Consciousness and Oromo, an Ethiopian congregation (Stern and Seifert 1998).

The diversity of organizations is conducive to high levels of participation. According to Stern and Seifert (1998), 87 percent of the residents they sampled had participated in at least one community event or activity in the prior year. While this figure does not provide any information on *frequency* of participation, it nevertheless suggests that a fairly large segment of the population has been reached by community organizations.⁶

The internal structure of most of the institutions in West Mt. Airy further encourages participation. Unlike the "patron-client" relationship alluded to above, each of the organizations that we examined had a strong level of openness to input from community residents. This "participatory" model is a function of both the membership base of the organizations and the non-hierarchical structure of decision making that characterized these organizations.

The majority of organizations in West Mt. Airy draw their staff, board membership, and, where applicable, general membership from the community. West Mt. Airy Neighbors (WMAN), created in 1959 and, for a long time, the "institutional voice" for the community, is a civic association whose total membership resides within the community. Most of Weavers Way Food Co-op's 42 paid staff persons live within one mile of the store while 14 of its 17 board members live in West Mt. Airy (Interview). Similarly, most of the board members of Mt. Airy Learning Tree (MALT), an organization providing an extensive array of adult education courses, live in the community. In the case of the Co-op and MALT, board members set policy for their respective organizations. MALT's board members also have significant input into programming decisions, course selection, and teacher

recruitment. The increase in MALT's class enrollments and course offerings over the years indicates some correlation between how the board members represent the community's educational interests and what the community wants. Approximately 35 percent of MALT's course registrants live in West Mt. Airy. Co-op staff and board members have conducted focus groups within the community in order to gauge the demand for different types of products. Input is encouraged through other channels as well, including suggestion boxes and word of mouth. As with MALT, the Co-op has experienced an increase in its overall membership. Current membership stands at 2,700 households, a 17 percent increase over membership rosters from 10 years ago (Interview). For both organizations, the increase in membership reinforces the sense of "community ownership" of these institutions, which, in turn, can potentially stimulate more participation.

This sense of "community ownership" of institutions is critical. Not only can it lead to increased participation for the individual organizations, but it lends an overall sense of participation to the entire organizational infrastructure and, by extension, the community. Even those organizations that draw on the larger Philadelphia area for participation, such as Allen's Lane Art Center, the Co-op, MALT, and Germantown Jewish Centre, are perceived as "Mt. Airy institutions."

The non-hierarchical, participatory demeanor of local organizations is reinforced by some of the religious institutions as well. The Germantown Jewish Centre accommodates several lay-led congregations. Moreover, its emphasis on the formation of minyans (small fellowship groups) encourages participation by members in a broad range of activities. The Unitarian Society of Germantown became a "Welcoming Congregation" (it officially welcomes gay, lesbians, and transgender people) in response to a member's request to the minister. This request led to the formation of an ad hoc committee, a series of educational forums, and an eventual vote, favoring such designation, by the entire congregation (Interview).

The number, diversity, and internal structure of organizations in Mt. Airy facilitate participation among community residents. For those who want to participate, the opportunities are many and quite varied. Moreover, many institutions, such as WMAN and the Co-op, actively solicit participation from community members. Despite the existence of numerous and varied opportunities for participation, not all West Mt. Airy residents (not even a majority of residents) participate regularly in the institutional life of the community. However, this does not detract from the overall point of Mt. Airy being a community in which institutions provide many avenues for participation. As with the debates over participatory versus representative democracy, full participation, on a large scale, is neither possible nor, at times, desirable. Rather, there needs to be some "threshold" of participation below which the organization, or, in the case of a community, the civic infrastructure, ceases to be viable.⁷ This threshold has both practical and

symbolic components. On a practical level, a certain number of individuals are needed to tend to the basic duties/needs of an organization. Symbolically, a healthy threshold of participation creates an image of stability and viability that attracts others to participate in the organizational life of the community. In turn, this creates the energy for further organizational development. Thus, what is important is that the avenues for participation remain open, attractive, and viable.

Identity

Identity is important to community for a variety of reasons. According to Suttles, it is one of the two most fundamental elements of the urban community, the other one being boundaries (Suttles 1972). A community's identity is critical in determining its overall marketability as a place to live. A community that is identified with high levels of crime and violence and falling property values will have a difficult time attracting new investment to the area. Identity can also influence the types of people who seek to live in a given community. An identity centered around family living, for instance, will probably not attract too many young single individuals. Conversely, a community whose identity is closely associated with the attributes of urban pioneering is less likely to attract families with children. Thus, in the aggregate, identity is bound up with the overall economic value of a community and its social complexion.

On a more individual level, identity provides residents with a common element, making them members of the same group or community. The sense of "belonging" to a larger group also reinforces the individual's personal identity while providing a motivation for collective action (Chaskin 1995). Finally, a community's identity sends a message to the outside community attracting those individuals who seek a similar identity. Operating as a *de facto* marketing tool, community identity becomes mutually reinforcing by attracting like-minded people to the area.

In his examination of the formation of such collective identities, Suttles suggested that they are typically developed through a process of contrast with other groups: "residential groups gain their identity by their most apparent differences from one another" (1972, 51). This being the case, one can speculate that the greater the differences, the stronger will be the identity. The case of West Mt. Airy seems to support this hypothesis. West Mt. Airy is viewed as a very distinct neighborhood within the city of Philadelphia.⁸ This distinction has reinforced its identity, making it an even more attractive neighborhood to a certain segment of the population.

West Mt. Airy has a distinct identity as a diverse, liberal, and tolerant community, with a very activist, friendly, and highly educated population. Much of this identity comes from the community's early struggles with racial change and the subsequent institutional response.⁹ The institutional re-

sponse, in turn, created a legacy of institutional development within the community that, in terms of numbers and types of institutions, further reinforces the community's overall character.

When blacks first began moving into the area in the 1950s, there was the typical response of fear, panic selling, block busting, and the like. Alarmed by the prospects of wholesale resegregation, several of the religious institutions in the area joined together to form the Church Community Relations Council of Pelham.¹⁰ The members of the council conducted door-to-door campaigns, held community meetings, worked with the public schools, and used their congregations to persuade residents to remain in the community. One of the organizational developments that came out of these early efforts was the formation of West Mt. Airy Neighbors (WMAN). Founded in 1959 by an interracial group of 50 families,¹¹ WMAN exerted pressure on real estate agents to cease their destructive practices, successfully lobbied the city council for passage of several critical ordinances,¹² used zoning tools to prevent the subdivision of large houses or their conversion to institutional usage, worked closely with the public schools and parents, and conducted many community forums. Over the years, WMAN has significantly expanded the scope of its activities, becoming deeply involved in business efforts and social activities (Ferman, Singleton, and DeMarco 1998). As a civic association, WMAN's early forceful activities in the area of race relations, combined with its interracial membership, contributed in no small part to the community's overall image of diversity, tolerance, and liberal-mindedness.

In addition to WMAN, other institutions have played critical roles in promoting racial diversity as part of the community's overall identity. Allen's Lane Art Center, founded in 1953, was designed to bring people of different races together through the arts. An outgrowth of the Henry Home and School Association (the parent-teacher association), Allen's Lane Art Center was also seen as a mechanism for reducing racial tensions in the school. Allen's Lane sponsored the city's first interracial day camp, setting an important tone for subsequent efforts by other organizations. The Lutheran Seminary has been working with the public schools on issues of diversity. And, while most of the religious congregations remain segregated, there are several that have racially diverse memberships. Finally, the national and local media have been critical institutions in terms of reinforcing the community's image as a diverse place to live. The most oft-cited piece, "Mount Airy, Philadelphia," which appeared in *U.S. News and World Report* in 1991, chronicled the history of West Mt. Airy's successful efforts at preserving a racially integrated community. Locally, West Mt. Airy has been covered quite favorably in newspaper articles and *Philadelphia Magazine* feature stories (Ferman, Singleton, and DeMarco 1998). Within the community, the *Mt. Airy Times Express* displays the community's diversity through its profiles section. This section, which began in 1991, features a different resident

and his/her accomplishments each issue. The underlying objective is to portray the diversity of individuals who comprise the larger community (Interview). Since many of these individuals are engaged in some type of progressive cause, it also reinforces West Mt. Airy's liberal and activist identity.

West Mt. Airy's image as a diverse community extends beyond race. Here again, numerous institutions have played major roles. During the 1970s, the Germantown Jewish Centre welcomed a number of alternative prayer groups and other fellowship groups from Mt. Airy. As a result, the Centre became host to three different congregations, two of which are lay-led. This practice of accommodating multiple congregations is rare for synagogues. As previously noted, the Unitarian Society of Germantown recently became a Welcoming Congregation, accepting gays, lesbians, and transgender people into the congregation.

The community's reputation for liberalism, tolerance, and diversity is further strengthened by a willingness, some would say desire, to experiment with alternative approaches to ordinary practices. The community boasts many different types of cooperative arrangements. The most well known, of course, is Weavers Way Food Cooperative whose membership includes roughly half of the households in West Mt. Airy (Interview). The Co-op's inventory, which includes organic foods, health foods, and items produced in third world countries, further reinforces the "alternative" image associated with shopping there. Project Learn is a K-8th grade school cooperative. Started 28 years ago by parents who were frustrated with the public schools, Project Learn takes a liberal and relatively unstructured approach to education. It is governed by a board comprised of the parents with all decisions reached through a consensual process. Cooperative arrangements also exist for daycare, pre-school, and baby-sitting activities. The community is also home to at least two credit unions. Finally, efforts are currently underway to set up a second food co-op in the neighborhood (Interview).

The liberal and activist image is further bolstered through the social justice mission of numerous institutions. The Northwest Interfaith Movement (NIM), which includes 35 congregations, grew out of the urban ministry movement of the 1960s.¹³ Founded in 1969, its mission is "to build a more just and sensitive community through advocacy and service" (NIM, Mission Statement). Similarly, the Unitarian Society of Germantown, through its social action committees, embodies a social justice mission.¹⁴

These social justice missions have manifested themselves in concrete activities and programs that further reinforce the larger community's identity. NIM has directly and indirectly helped to develop several organizations, including Northwest Meals on Wheels (1974), Northwest Victims Service (1982), the Delaware Valley Community Reinvestment Fund (1984),¹⁵ and the Energy Coordinating Agency (1988).¹⁶ NIM, the Unitarian Society of Germantown, and the Germantown Jewish Centre all participate in the

Northwest Interfaith Hospitality Network, providing shelter and services for homeless families on a rotational basis. The Unitarian Society of Germantown is also a member of the Interfaith Coalition for General Welfare, a group that advocates for people affected by welfare changes.

Although not integrated within the community in any meaningful way, the International Society for Krishna Consciousness of Philadelphia is also located in West Mt. Airy. Despite being relatively isolationist, the mere presence of this Hari Krishna group in West Mt. Airy reinforces the image of a tolerant, diverse community that is supportive of alternative life styles. Other organizations that would fall into this category include the Philadelphia Democratic Socialists of America; Technology for Social Change; the Kingdom Hall of Jehovah's Witnesses; and the Japanese American Citizens League.¹⁷

In sum, West Mt. Airy boasts a large number of organizations that, by virtue of their missions, demographic make-up, activities, and programs, reinforce the community's identity as one in which diversity is promoted, tolerance is practiced, and liberal political and social values dominate.

Networks

A community identity that is built around the active participation of residents in local institutions is likely to encourage the formation of formal and informal networks. Networks, according to Wellman and Wartley (1990, 559), create and build social support between individuals. These networks are important because the social support they build lies at the core of community. Moreover, network formation creates and expands social capital as networks facilitate trust and create norms among participants. On an individual level, networks are important for the social resources they contain. The more extensive and diverse one's networks are, the more access that individual will have to social resources. Indeed, Granovetter (1973) argues that "weak ties," that is, networks that form bridges outside of primary relationships, expand access to social resources.

West Mt. Airy contains an abundance of formal and informal networks. Formal networks are intentionally created through institutional mechanisms such as organizational bylaws, established coalitions, or formal arrangements between organizations. In general, formal networks are organizationally based and are created to address a specific purpose or concern. Informal networks exist between individuals, whether at work or in the community, and provide individuals with social support (Goode and Schneider 1994). These informal networks are often byproducts of an individual's participation in a formal network. Conversely, informal networks often give rise to formal networks. As noted above, residents often create new institutions in response to an idea, thereby formalizing a previously informal network. In addition, institutions create networks through organizational cooperation.

Organizational subcommittees, for example, work with other institutions with similar orientations. In these circumstances both formal and informal networks are created.

The high participation levels found in West Mt. Airy, both at the macro-, or community-wide, level (i.e., institutional presence in the community) and at the micro-level (i.e., resident participation in individual organizations), contribute to the formation and sustainment of a rich array of networks. The number of community-based institutions, combined with the diversity of interests served by these institutions, has significantly bolstered this system of networks within the community. Although the source of this network formation is equally rich and varied, the discussion here is limited to just a few of the major sources: the sharing of building space and facilities; interlocking directorates of local organizations; institutional joint ventures; and community-wide activities.

The sharing of facilities leads to the formation of formal networks while creating the opportunity for informal networks to develop as well. On a formal level, the sharing of space necessitates a process of negotiation and formal agreements between two or more organizations that might not otherwise interact. The negotiation process, to the extent that it involves individual members of the respective organizations, creates the possibility for informal network development. Moreover, the physical act of sharing space brings individuals who are working on different projects into close proximity. Such an environment serves as a natural incubator for a sharing of ideas, a discussion of issues, and, eventually, the formation of formal and informal networks. WMAN, EMAN (East Mt. Airy Neighbors), and MALT, for instance, are located in the same building where they share office facilities. This spatial dimension has facilitated the development of many joint ventures, particularly between WMAN and EMAN.

The sharing of facilities is quite common in West Mt. Airy. Many organizations with large buildings allow others to use their space at a discounted price or, in some instances, for free. Summit Presbyterian Church, for instance, provides space to many organizations, including secular ones, at reduced rates. Many organizations go beyond their institutional mission, for instance, religion, to form networks with organizations geared toward community building. The Germantown Jewish Centre permits the Weavers Way Food Cooperative to use its building space for membership meetings. Again, not only is the use of facilities important, but the diversity of users is also.

This sharing of facilities is not limited to established organizations. The Mt. Airy Learning Tree, for instance, which conducts classes throughout Northwest Philadelphia, has held classes in individuals' houses. MALT board members, teachers, students, and other community members have either volunteered their own space for classes or have helped to secure it elsewhere. In the process of securing space elsewhere, these individuals indirectly contributed to the expansion of MALT's networks. This process of

unaffiliated “third parties” contributing space underscores the importance of “weak ties,” a commodity in strong supply in West Mt. Airy.

A second major source of network formation is interlocking directorates. Organizational boards in West Mt. Airy contain significant overlap, with individuals simultaneously serving on three or more organization boards. These networks, in turn, help to create an institutional coherence, as information about institutions and their activities is easily transmitted across these networks.

The existence of interlocking directorates, combined with the sharing of physical space, facilitates joint ventures between organizations. As noted above, WMAN and EMAN have undertaken many joint ventures over the years. The two most publicized are Mt. Airy Day and Art Jam, community-wide celebrations that enlist the efforts of nearly all the organizations and many residents as well. These highly visible joint ventures have been supplemented by many other types of activities, including those concerned with education, crime and safety, and business revitalization. Many of these joint ventures have been accomplished through the committee structure of the two organizations. WMAN and EMAN have one education committee that has worked closely with the public schools in the community and with the Home and School Associations of the various schools. In the process, additional networks, both formal and informal, have been created. The beautification committee, also a joint venture of WMAN and EMAN, has worked with the Mt. Airy Business Association and Mt. Airy USA (the community development corporation—CDC—for Mt. Airy) on issues pertaining to the revitalization of Germantown Avenue, the major commercial strip in the community.

Participatory community institutions promote network formation, and, concomitantly, contribute to, and sustain, community building. Local institutions promote formal networks through their various committees, joint ventures, and sharing of physical space. They also create informal networks through the sponsorship of community-wide events that bring individuals together to work on achieving common goals. Both types of networks are built on and reinforce a larger community identity based on civic engagement.

Social Arenas

While related to networks, social arenas have a spatial component and often precede, as well as facilitate, the development of networks. As used here, the term refers to the physical coming together of a segment of the community around a specific event or interest. This segment may be very small or it may be the entire community. Typically, it is a subset of the larger community. The event is the catalyst, drawing together people who share an interest in the particular event or activity. Social arenas also differ from

formal organizations in that the latter draw people together on the basis of obligation (e.g., attendance at regularly scheduled board or membership meetings) whereas social arenas are voluntary in nature. They are held together by a commonality of interest, shared values, a sense of belonging, and a desire for interaction with others of similar interests and values. To the extent that these characteristics mimic those of communities, social arenas can be viewed as mini-communities within the larger community.

The existence of social arenas, in and of itself, is neither a positive nor a negative attribute. If the interests and values around which different social arenas form are varied and contradictory, they could lead to a very balkanized community. If, on the other hand, the fundamental values around which different social arenas coalesce are similar or complementary, they can strengthen the overall community by reinforcing the values of the larger community and the qualities that go into community building such as participation and identity formation.

West Mt. Airy is home to a vast array of social arenas. Although these social arenas have coalesced around a variety of interests (educational, cultural and artistic, religious, and political), they each tend to support one or more of the underlying values of the community—diversity, tolerance, liberalism, social activism.

In the educational realm, West Mt. Airy has developed a comprehensive and well-respected system of adult education that draws people from all over the city as well as from nearby suburbs. The majority of students who take these classes, however, are from Mt. Airy and the adjacent communities in the northwest area (Germantown, Chestnut Hill, Roxborough, and Manayunk). The principal institutions providing adult education courses are the Mt. Airy Learning Tree, Allen's Lane Art Center, Germantown Jewish Centre, and the Unitarian Society of Germantown. Most of the courses offered by the Germantown Jewish Centre have a religious orientation, while those at Allen's Lane Art Center tend to be geared toward the arts and cultural world. The Mt. Airy Learning Tree probably offers the most diverse menu of courses and the largest number. Moreover, its origins and its orientation clearly reflect the overall progressive bent of West Mt. Airy.

The Mt. Airy Learning Tree (MALT) was founded in 1980 by several individuals who were active in WMAN and EMAN. The real brainchild behind MALT was its first executive director, Barbara Bloom, who had a background in the "free university" movement of the 1960s. She envisioned an entity that would use education as a tool for community building (Interview). This function would be performed by having "neighbors teach neighbors" in an open and inviting environment. In selecting courses and teachers, considerations of diversity and broad appeal were, and continue to be, paramount. Beginning with only a handful of courses, MALT registered slightly more than 100 people in its first term (*Mt Airy Learning Tree Anniversary Celebration*, October 18–19, 1996). Since then, MALT has

grown significantly, offering more than 100 classes in each of its three annual sessions and registering in excess of 3,000 people per year. The diverse array of course offerings includes topics such as Pearl and Bead Stringing; Communicating with the Other Sex; Yoga for Pregnancy; African Basket Weaving; Songs of Biblical Women; Jazz Workshop; and Chair Caning. These offerings are complemented by the more traditional type of classes including those in language instruction, exercise, nutrition, musical instruction, and computer skills.

For the cultural and artistic minded, of which there are many in West Mt. Airy, there are a number of important social arenas. Allen's Lane Art Center, which was founded in 1952, was developed as a mechanism for bringing Mt. Airy residents together through programs promoting the arts. The Center houses a prominent community theater that showcases the talents of community residents and plays host to professional performances as well (Ferman, Singleton, and DeMarco 1998). In addition to being a major community asset, Allen's Lane draws on the entire region for its audiences. Both the Mt. Airy Arts Alliance and the Artists League of Mt. Airy serve as focal points for artists living in the community, of which there are a significant number. The recently renovated Sedgwick Theater, now operating as the Sedgwick Cultural Center, is seeking to be an anchor for arts and cultural groups and events within the larger community. It was founded by two individuals whose vision was to use arts for community building. The Center seeks to showcase the diversity of local talent through performance, lectures, exhibits, and other displays. Moreover, the renovation of the Sedgwick has also given fuel to larger economic development plans that call for revitalizing part of Germantown Avenue with a major emphasis on the arts and culture.¹⁸

Two events designed to engage the entire community, Mt. Airy Day and Art Jam, occur on an annual basis.¹⁹ Mt. Airy Day, which was first organized as "Community Day" in 1968 through the collaborative efforts of WMAN and EMAN, is an effort to celebrate the strength, unity, and diversity of the community. Featuring art exhibits, cultural displays, games, and numerous other activities designed to appeal to a broad spectrum of the community, Mt. Airy Day has typically attracted large numbers of residents to the annual event. Art Jam, designed to display the cultural diversity and talents of local residents, also appeals to large segments of the community.

The religious institutions play a critical role in creating social arenas separate from their more formal worship services and prayer groups. The Germantown Jewish Centre sponsors numerous activities, including a dinner series and a cafe, that are intended to reach out to interfaith families and younger members of the Jewish community, respectively. According to interviews, these undertakings have been successful, leading in some cases to the formation of Havurahs (fellowship groups).

One of the most important social arenas created by the Germantown Jewish Centre was the Havurah, or minyan. The Havurah movement in

Judaism was launched in Boston in 1968 by Jews who wanted to worship without all the formal trappings of large services, rabbis, cantors, and the like. In essence, they sought a more intimate setting in which community and fellowship could be more deeply felt and experienced. Typically, Jewish individuals who sought out this type of service were younger, more socially conscious, and influenced by the counterculture movements of the 1960s. In 1974, the Germantown Jewish Centre held its first Havurah service as an alternative to its more traditional form of service (Schwartz n.d.). It soon became known as the Germantown Minyan. Quickly becoming the home of the Havurah movement, Philadelphia and, more importantly, West Mt. Airy, attracted liberal Jews who had a strong community orientation.

This combination of a liberal population and a more intimate and community-oriented type of service had important ramifications for West Mt. Airy as a whole. The establishment of Havurahs was not limited to religious worship service. Rather, Havurahs have been formed around a variety of issues and interests, including social concerns, archaeological study, pre-school concerns, and travel. These groups meet on a regular basis, creating community through their shared interests. Although confined largely to the Jewish community, these Havurahs have greatly expanded the scope of social arenas in West Mt. Airy.

Religious institutions have also helped to create social arenas for residents seeking political engagement. Through its social action committee, the Unitarian Society of Germantown has provided opportunities for congregation members to get involved in numerous advocacy issues, including literacy campaigns, environmental issues, and AIDS education and awareness. The church has even taken a proactive role toward participation, seeking to identify projects that would encourage involvement from a larger number of congregation members (Interview).

Another institution critical in the formation of social arenas, is the Co-op. Incorporated in 1974, the Weavers Way Food Cooperative serves as a crucial information and social link in the West Mt. Airy community. In addition to serving the food-shopping needs of the residents, the Co-op, through its work requirements and communal spirit, fosters a sense of “neighboring” that is usually not found in conventional supermarkets and is often lacking in neighborhoods as well (Ferman, Singleton, and DeMarco 1998). The work requirement (six hours per year), while fairly minimal, is symbolically important since it reinforces the collective ownership component. Not all co-operatives have such work requirements. Moreover, some are so large that they resemble ordinary supermarkets. This combination (lack of work requirements and size) removes any sense of collective ownership.

While by no means exhaustive, this brief foray into social arenas in West Mt. Airy demonstrates the role that institutions have played in developing these critical components of community. Operating as additional channels for participation and interaction, social arenas strengthen the sense of, and

commitment to, the idea of community in general. The relative congruence between the values contained in the various social arenas and those that characterize West Mt. Airy strengthen the attachment to this particular community.

Bridging Capital

The discussion thus far has focused on organizational attributes within the community, each of which is important to the development of an overall civic infrastructure. However, communities are not autonomous, self-sufficient entities that can survive in isolation. Romanticized notions of the past notwithstanding, communities never were self-sufficient and, with the globalization of economies, technologies, and cultures, communities are perhaps more dependent than ever on external connections. Thus, mechanisms that link the community to the external world are crucial. We use the term “bridging capital” to refer to the connections that institutions within the community have to resources and organizations outside of the community.

The importance of these linkages or bridging capital has been observed in a variety of scholarly analyses. Granovetter’s work on the “strength of weak ties” promoted the somewhat counter-intuitive notion that weak ties are more beneficial than strong ties. Since there is an inverse relationship between the “strength” of a tie and the number of ties, those with the strongest ties are those individuals with the fewest number of ties. The fewer the number of ties, the more limited is one’s structure of opportunity. Weak ties, on the other hand, are more diffuse, creating more linkages between groups and, thus, increasing one’s opportunities (Granovetter, 1973). Granovetter’s distinction between strong and weak ties is analogous to the difference between internal networks and bridging capital.

Granovetter’s conceptual exploration has been confirmed through empirical studies of poor communities. Countering the notion that poor communities lack networks and, therefore, suffer from high degrees of individual alienation and anomie, many researchers have demonstrated just the opposite. Poor communities contain many networks. The problem, however, is that these networks are all internal to the community and, thus, reinforce the community’s separation from outside resources. Massey and Denton (1996) and William Julius Wilson (1996; 1987) suggest that one of the critical factors that distinguishes truly poor communities from all other communities is this separation between the truly poor community and the larger community that exists beyond its borders. In a refinement of this thesis, Xavier de Souza Briggs distinguished between *social support* and *social leverage*. Social support is comprised of the informal networks of support that enabled individuals to “get by.” Included in his list are items like getting a ride from a friend, borrowing small amounts of money, and confiding in another individual. Social leverage, on the other hand, helps one “get ahead.” It is about “access

to clout and influence” (Briggs 1998, 178). Given the distinction between social support and social leverage, we can see why the latter is crucial to and, at the same time, lacking in truly poor communities.

A final observation we wish to make before proceeding to the discussion of West Mt. Airy has to do with the *a-spatial* nature of bridging capital. Many scholars have pointed to the increasing existence of a-spatial networks as evidence of the loss of geographic community and, even worse, of the inability to have, and hence, futility of discussing, such types of community. We could not disagree more. First, we believe that geographic communities do exist. Although our examination here is based on a single community, West Mt. Airy is by no means unique in that dimension. Second, while a-spatial networks certainly contain the potential to undermine geographic community, they do not necessarily do that. Again, we believe West Mt. Airy provides evidence to support our assertion. Finally, a-spatial networks are often treated as relatively recent phenomena, and the concomitant loss of community is portrayed against the backdrop of the historic, tightly knit neighborhood that presumably has been torn asunder by these a-spatial networks. However, in a painstaking analysis of mid-nineteenth-century neighborhood life in New York City, Kenneth Scherzer found the existence of many a-spatial networks. These external ties existed alongside internal ties (Scherzer 1992). Scherzer’s examination provides a corrective to two long-standing conceptions of neighborhood life. First, these tightly knit ethnic neighborhoods were more geographically fluid than conventional portrayals suggest. Second, *a-spatial* networks are not a recent phenomenon. Thus, to the extent that they are a potential threat to geographic community, this threat is at least 150 years old.

As a community, West Mt. Airy certainly benefits from the high socioeconomic status of its population. Home to many attorneys, foundation officials, city employees, academics, and other professionals, West Mt. Airy has a wealth of critical connections on which it can depend. On an organizational level, there also exists a large amount of bridging capital.

By virtue of their overall organizational structure, most of the religious institutions within West Mt. Airy have connections to affiliates outside of the community. These connections are critical in providing an array of resources, including expertise, staff, information, and volunteers. In the case of Germantown Jewish Centre, external networks are used to recruit Jews from other parts of the country to live in West Mt. Airy. Their efforts are aided by the existence of other Jewish institutions, most notably P’Nai Or and the Shefa Fund. P’Nai Or is a national religious movement. As part of the Jewish Renewal movement, it has tended to attract more politically liberal Jews. The Shefa Fund does national fund raising to support social justice projects. Collectively, these institutions have created a strong liberal Jewish presence in West Mt. Airy that is used as a marketing tool to recruit other Jews of similar persuasion to live in the area.

The Northwest Interfaith Movement (NIM), a coalition of 35 congregations from the northwest part of the city, serves as a natural bridge between many of the religious institutions in the four communities that comprise this section of Philadelphia. The number of congregation members represented by these institutions has strengthened NIM's advocacy efforts on a whole series of issues. It has also provided NIM with a large pool of volunteers who assist on many NIM projects. Through its stewardship of the Neighborhood Child Care Resource Program, NIM has developed linkages with Beaver and Wheelock colleges, both of which have lent their expertise in education and child care to NIM's programmatic efforts. A related program run by NIM, the Philadelphia Early Childhood Collaborative, has helped to create linkages with child care providers throughout the city. NIM's external linkages have also proved instrumental in fund-raising activities, particularly in the foundation world. Between 1993 and 1997, the amount of money that NIM received from foundations increased by a factor of 5.6.²⁰

An organization located in Mt. Airy with strong national connections is Jack and Jill of America, Inc. Founded in 1928 by several African-American parents in Philadelphia, Jack and Jill of America, Inc., is a social organization whose primary focus is on children and young adults. The membership of this organization is drawn from the elite of African-American society. As a relatively tight knit group, the organization can draw on resources on a national basis. Also located in West Mt. Airy is Zeta Phi Beta Sorority, a black sorority that was founded in 1920. Like Jack and Jill of America, this sorority has a strong elite base.

The existence of bridging capital is also evident in the institutionally based activities that attract people from outside the community. Continuing education is a major source of this attraction with the Mt. Airy Learning Tree drawing approximately 65% of its registrants from outside of the community and Germantown Jewish Centre attracting roughly half of its class participants from outside the community (Interviews). The Allen's Lane Art Center, particularly through its well-known and respected theater, also attracts many people to the community. The Weavers Way Food Cooperative serves as yet another magnet for outsiders. While the majority of Co-op members are from Mt. Airy, there are also many members who live in the neighborhoods of Germantown, Roxborough, and Chestnut Hill and in the suburban communities of Flourtown, Glenside, and Bala Cynwyd. The community's ability to attract residents from other neighborhoods and even from the suburbs serves at least two critical functions. First, it helps to bring money into the neighborhood. In the literature on poor communities, a major theme is the community's inability to attract or retain capital. Second, it helps to reinforce the image of West Mt. Airy as a viable and desirable neighborhood, which has a whole series of positive ramifications.

This description of some of the external linkages of West Mt. Airy's institutions suggests that it is a community characterized by the "strength of

weak ties.” It appears to have a wealth of bridging capital that helps to leverage resources, in the form of information, expertise, and foundation funding, as well as capital. While somewhat less tangible, but equally important, this bridging capital indirectly fortifies West Mt. Airy’s image as a viable and desirable community. The source of this bridging capital is both the institutions themselves and the individuals who comprise them.

CONCLUSION

We began this chapter by asserting our belief in the existence of spatially based communities. West Mt. Airy is but one among many examples. The increasing growth in what Brian Godfrey (1988) termed “non-conformist” communities (gay and lesbian communities, artists’ communities, and the like), coupled with the repopulation of New York City’s Harlem, Cleveland’s Hough District, and significant parts of Chicago’s South Side by the black middle classes is further evidence of the possibilities for geographic communities. The recent wave of immigration from Latin American and Pacific Rim countries as well as from India, has resulted in the creation of many ethnically based geographic communities in cities like New York, Chicago, Los Angeles, San Francisco, and Miami. The persistence of certain religious-based geographic communities such as the Hasidic Jewish communities in Rockland County, New York, and in the Crown Heights, Boro Park, Williamsburg, and Midwood sections of Brooklyn, as well as the Amish and Mennonite communities in Lancaster, Berks, and Lehigh counties of Pennsylvania, further demonstrate the existence of spatially based community. A recent HUD study of nine U.S. cities demonstrated the existence of community in 14 racially and ethnically diverse urban neighborhoods (*Cityscape* 1998).

This potpourri of examples suggests that geographically based community can exist under a variety of conditions including those where some of the more natural ties, such as ethnicity, are present and those that are lacking in any obvious integrative mechanisms. Although West Mt. Airy is not representative of most communities, and is certainly not representative of the low-income communities to which much national and foundation attention has been focused, the experience in West Mt. Airy contains numerous lessons for community building in general.

Perhaps most important is the counter it provides to the notion that a-spatial networks undermine geographic community. West Mt. Airy is a community rich in both. Moreover, as Roger Ahlbrandt (1984) uncovered in an earlier study of neighborhood life in Pittsburgh, neighborhoods with few external ties can have weak communal attachment while neighborhoods with many external ties can have a strong communal sense. The key variable that Ahlbrandt’s research identified was inducements for involvement. Those neighborhoods that offered strong inducements for involvement

tended to exhibit strong communal feelings. Conversely, neighborhoods lacking in such incentives were characterized by relatively weak communal feelings (Ahlbrandt 1984). Ahlbrandt's findings, coupled with our examination here, strongly suggest that viable spatial communities are those with well-developed internal civic structures *and* significant bridging capital.

Our analysis suggests that well-developed internal civic structures rely on numerous and diverse opportunities for participation, supplemented by a system of formal and informal networks and the existence of social arenas. The diversity of opportunities is particularly important in more heterogeneous communities. While a 100 percent resident participation rate will never be achieved, the likelihood for participation can be increased by offering opportunities that appeal to a wide segment of the population. Further, these opportunities must provide for *meaningful* participation within the organization. Mere attendance at a meeting does not suffice nor will it sustain participation over the long haul. Rather, community residents must feel that they have a real voice in the direction of the organizations in which they are participating. The less hierarchically structured an organization is, the more likely such voice will be realized. Finally, the more that residents perceive an institution to be part of the fabric of the community, the more likely they are to participate in its activities.

While we are reluctant to offer any precise number, there are thresholds of participation below which an organization ceases to function. Conversely, the more an organization or institutional infrastructure exceeds the threshold of participation, the greater the likelihood that it will attract still more participants. In short, above a certain level, participation breeds contagion.²¹ Thus, it is important to develop a critical mass of participants within the community, a factor that underscores the importance of organizational inducements for participation.

There also appears to be a positive correlation between breadth and scope of participation and the formation of formal and informal networks. The existence of these networks and the existence of social arenas also reinforce the attachment to community that people feel, making them more likely candidates for collective action.

The focus on a community's institutional infrastructure should not overshadow the importance of bridging capital to a community's overall viability. In the same way that the various organs comprising the human body must be connected to the larger body in order to function properly, communities must be connected to the larger social, political, and economic body to operate in a healthy manner. This is particularly important in low-income communities, which are often devoid of these external linkages. Many of the national funding initiatives, in particular those referred to as "comprehensive community initiatives," are moving in the direction of community building. A central component of these undertakings is their focus on strengthening a neighborhood's institutional infrastructure.²² However,

building civic infrastructures without any attention to linkages with the larger society will merely build even thicker walls around poverty-impacted communities.

In the case of West Mt. Airy, bridging capital is in abundant supply. While much of this is attributable to the demographics of the population and their professional and social ties, the institutions have also played a crucial role in developing this bridging capital. Through their participation in broader coalitions or their particular activities, which draw on a broad constituent base, as in the case of cultural and educational organizations, West Mt. Airy institutions formed critical linkages with other institutions that, in turn, became a source of resources for the community. Noting again the unrepresentative nature of West Mt. Airy, there is one type of institution in West Mt. Airy that exists in almost all communities—religious institutions. Religious institutions are, almost without exception, part of larger networks that can provide access to resources such as expertise, staff, volunteers, and capital. Moreover, as religious institutions have become more prominent actors in urban environments, their networks have expanded to include major interests within the region such as corporations, philanthropic institutions, elected officials, educational establishments, and the media.

Religious institutions are by no means the only such avenues for developing external linkages. However, their existence in poor communities, combined with their access to wider networks, makes them likely candidates for the tasks at hand. Individual schools can play a similar role. Like religious institutions, they are found in every community, and they are part of a larger network that contains resources. The point is to identify those institutions that can connect a community to the larger economic, social, and political worlds. A healthy community is one in which a well-developed civic structure plays the dual role of connecting individuals within the community and of connecting the community to the larger society. It is a community that is built on the “strength of weak ties” (Granovetter 1973).

NOTES

1. The following are merely some of the works that detail such communities: Ahlbrandt, *Neighborhoods, People, and Community*; Brower, *Good Neighborhoods*; Ferman, *Challenging the Growth Machine*; Godfrey, *Neighborhoods in Transition: The Making of San Francisco's Ethnic and Nonconformist Communities*; Goode and Schneider, *Reshaping Ethnic and Racial Relations in Philadelphia*; Gregory, *Black Corona*; Berry, Portney, Thomson, *The Rebirth of Urban Democracy*.

2. Admittedly, these desires often exist alongside potentially counterdesires for privacy, large lots, and the like.

3. West Mt. Airy has been a racially diverse community for over 30 years.

4. Hillery identified a third common element as well—“area.” Since this chapter is about the possibility of community in a geographic space, we did not include that in the text.

5. The focus of their study is actually the entire Philadelphia region. However, they have produced case studies of several neighborhoods in Philadelphia, one of which is West Mt. Airy. We also want to emphasize that their study is ongoing and, therefore, some of the numbers cited are not definitive. Nevertheless, they provide a very close approximation.

6. This figure excludes regular religious activities.

7. We are reluctant to put any figure on this threshold since there are too many variables that would influence what the precise number or proportion should be. Thresholds are similar to core groups in organizations. Core groups are a subset of the whole that typically perform the functions and provide the energy necessary for the organization to survive.

8. There are other diverse neighborhoods within Philadelphia, but West Mt. Airy has received the lion's share of celebratory media attention.

9. There were many individuals who were quite instrumental during this time period as well, including Rabbi Elias Charry of Germantown Jewish Centre and George Schermer of the Human Relations Council. However, the focus here is on the role of institutions.

10. The Church Community Relations Council was comprised of religious and lay leaders from the Church of the Epiphany, the Unitarian Society of Germantown, and the Germantown Jewish Centre. It was formed in 1956. Faith Presbyterian and St. Michael's Lutheran churches joined later on.

11. A group calling itself West Mt. Airy Neighbors actually began meeting as early as 1954. In 1958 it was organized as an umbrella group to speak on behalf of the entire community. WMAN became an official organization in 1959 and still exists as a civic association.

12. WMAN got the city council to pass ordinances banning realtor solicitations and sold signs, and restricting the number of "for sale" signs per block.

13. Although NIM includes congregations from the entire northwest portion of the city, it is physically located in West Mt. Airy. Its offices are in Summit Presbyterian Church.

14. The church is located in West Mt. Airy. When it was founded in 1865, Mt. Airy was still part of Germantown.

15. The Delaware Valley Community Reinvestment Fund (DVCRF) is a community development financial institution that lends money for commercial and residential development in low-income and minority neighborhoods in the Delaware Valley, which includes the cities of Philadelphia and Camden, New Jersey. It recently changed its name to the Reinvestment Fund.

16. This agency, which grew out of earlier efforts of the Coalition on the Utility Crisis, seeks to provide affordable energy to low-income residents. The Coalition on the Utility Crisis also is a NIM initiative.

17. The only similarities we imply between these organizations are that they can be viewed as alternatives to more mainstream practices and they are not integrated into the community in the way the other organizations we discussed are. We included the Japanese American Citizens League here because the Japanese population in West Mt. Airy and in Philadelphia as a whole is negligible.

18. Germantown Avenue is the major commercial strip that runs through Mt. Airy. The Sedgwick Cultural Center is located on Germantown Avenue. Under the direction of Mt. Airy USA and the Mt. Airy Business Association, several plans for

revitalizing the commercial strip have been developed and discussed. A focus on the arts and on cultural institutions is a major part of these plans.

19. Art Jam ceased operations after 1997.

20. In 1993, NIM received \$169,079 in foundation funding. In 1997, the figure was \$959,755 (A Partnership for Neighborhood Empowerment, 1996–1997 Annual Report, Northwest Interfaith Movement).

21. This is a takeoff on E.E. Schattschneider's dictum that "conflict breeds contagion."

22. These initiatives include the National Community Building Network (NCBN), the Neighborhood Initiative (Pew Charitable Trusts), and some of the work of the Anne E. Casey Foundation and the Ford Foundation, among others.

REFERENCES

- Ahlbrandt, R. 1984. *Neighborhoods, People, and Community*. New York: Plenum Press.
- Berry, J., K. Portney, and K. Thomson. 1993. *The Rebirth of Urban Democracy*. Washington, D.C.: Brookings Institution.
- Briggs, X. de S. 1998. "Brown Kids in White Suburbs: Housing Mobility and the Many Faces of Social Capital." *Housing Policy Debate* 9, no. 1: 177–221.
- Brower, S. 1996. *Good Neighborhoods: A Study of In-Town & Suburban Residential Environments*. Westport, CT: Praeger.
- Chaskin, R. 1995. *Defining Neighborhood: History, Theory, and Practice*. Chicago: Chapin Hall Center for Children at the University of Chicago.
- Cityscape: A Journal of Policy Development and Research*. 1998. Vol. 4, no. 2. Washington, D.C.: U.S. Department of Housing and Urban Development.
- Ferman, B. 1996. *Challenging the Growth Machine: Neighborhood Politics in Chicago and Pittsburgh*. Lawrence: University Press of Kansas.
- Ferman, B., T. Singleton, and D. DeMarco. 1998. "West Mt. Airy, Philadelphia." *Cityscape* 4 no. 2: 29–60. Washington, D.C.: U.S. Department of Housing and Urban Development.
- Gans, H. 1962. *The Urban Villagers: Group and Class in the Life of Italian Americans*. New York: Free Press.
- Godfrey, B. 1988. *Neighborhoods in Transition: The Making of San Francisco's Ethnic and Nonconformist Communities*. Berkeley: University of California Press.
- Goode, J., and J. Schneider. 1994. *Reshaping Ethnic and Racial Relations in Philadelphia: Immigrants in a Divided City*. Philadelphia: Temple University Press.
- Granovetter, M. 1973. "The Strength of Weak Ties." *American Journal of Sociology* 78, no. 6: 1360–1380.
- Gregory, S. 1998. *Black Corona: Race and the Politics of Place in an Urban Community*. Princeton, NJ: Princeton University Press.
- Hillery, G. 1955. "Definitions of Community: Areas of Agreement." *Rural Sociology* 20: 779–791.
- Hunter, A. 1974. *Symbolic Communities*. Chicago: University of Chicago Press.
- Lyon, L. 1987. *The Community in Urban Society*. Philadelphia: Temple University Press.

- Massey, D., and N. Denton. 1993. *American Apartheid: Segregation and the Making of the Underclass*. Cambridge: Harvard University Press.
- Northwest Interfaith Movement. 1994. Mission Statement.
- Putnam, R. 1995. "Bowling Alone: America's Declining Social Capital." *Journal of Democracy* 6: 65–78.
- Rivlin, L. 1987. "The Neighborhood: Personal Identity, and Group Affiliations." In *Neighborhood and Community Environments*, edited by Irwin Altman and Abraham Wandersman. New York: Plenum Press.
- Schattschneider, E. E. 1960. *The Semisovereign People: A Realist's View of Democracy in America*. Hinsdale, IL: Dryden Press.
- Scherzer, K. 1992. *The Unbounded Community: Neighborhood Life and Social Structure in New York City, 1830–1875*. Durham: Duke University Press.
- Schwartz, S. n.d. "Changing Styles of Synagogue Life." In *Philadelphia Jewish Life, 1940–1985*. Philadelphia: Jewish History Project.
- Stern, M., and S. C. Seifert. 1998. *Social Impact of the Arts Project*. Philadelphia: University of Pennsylvania.
- Suttles, G. 1972. *The Social Construction of Communities*. Chicago: University of Chicago Press.
- Warren, R. 1971. "Neighborhoods in Urban Areas." In *The Encyclopedia of Social Work: 772–782*. New York: National Association of Social Work.
- . 1973. *The Community in America*. 2nd ed. New York: Rand McNally and Company.
- Wellman, B., and B. Leighton. 1979. "Networks, Neighborhoods, and Communities: Approaches to the Study of the Community Question." *Urban Affairs Quarterly* 14, no. 3: 363–390.
- Wellman, B., and S. Wartley. 1990. "Different Strokes from Different Folks: Community Ties and Social Support." *American Journal of Sociology* 96: 558–588.
- Wilson, W. J. 1987. *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. Chicago: University of Chicago Press.
- . 1996. *When Work Disappears: The World of the New Urban Poor*. New York : Alfred A. Knopf.

6

Nonprofit Organizations, Minority Political Incorporation, and Local Governance

*Richard C. Hula and
Cynthia Jackson-Elmoore*

Contemporary urban politics in the United States provides a fascinating paradox. One can point to the dramatic electoral success of minority politicians, particularly African-American politicians in the nation's cities. The changing electoral fortunes of minority leaders and the raised political expectation those successes created are well documented. Excepting southern cities during the Reconstruction period, no major city in the nation had elected an African-American mayor prior to 1967. Following successful campaigns by Carl Stokes in Cleveland and Richard Hatcher in Gary, Indiana, in the late 1960s, African Americans came to dominate the political apparatus of many large American cities. All 50 of the nation's largest cities with a strong mayor system and with at least a 40 percent African-American population have now elected at least one African-American mayor. Typically this type of success extends to other elective offices such as the city council and school board (Pohlman 1993). Yet many argue that the policy outcomes resulting from that success are, at best, very modest. The apparent lack of clear policy payoffs led to questions about the capacity of local minority leadership to direct fundamental social and economic change. Indeed, some argue that the level of incapacity is so profound that capturing local political institutions is an "empty prize" (Frisema 1969).

This chapter examines the limitations of electoral politics on minority incorporation and, in particular, explores efforts of local leaders to create institutions to overcome these limitations. It then considers other ways in which these institutions might influence urban governance and local political

agendas. In the first two sections, we discuss minority political leadership and the resulting material and symbolic gains for minority populations. The third section of the chapter highlights the potential for nonprofit organizations to expand the civic capacity of urban areas. In the remainder of the chapter, we draw on empirical examples in Detroit, Michigan, to examine the capacity of select types of nonprofits to achieve minority political incorporation and/or affect local political agendas. We conclude with an assessment of the potential, promise, and limitations of nonprofit organizations as a mechanism for political incorporation and an avenue to alternative governance.

THE QUEST FOR ELECTORAL POWER

For many, the assumption of local political authority seemed a natural element in the process of reaching complete incorporation of racial minorities into the American economic and political system. For example, Bayard Rustin saw political mobilization as a logical “next step” for the civil rights movement:

If there is anything positive in the spread of the ghetto, it is the potential political power base thus created, and to realize this potential is one of the most challenging and urgent tasks before the civil rights movement. If the movement can wrest leadership of the ghetto vote from the machines, it will have acquired an organized constituency such as other major groups in our society now have. (Rustin 1965, 29)

Political power was seen as a means to force more equitable distribution of resources within the community. Indeed, civil rights activists sought to put potential leaders on notice that they were expected to produce resources for their community:

Black leaders in particular can ill afford to remain status quo thinkers in the midst of the present social revolution sweeping up and carrying home the crumbs while someone else eats at the banquet. Too often those someone else are sitting at our tables, in our dining rooms, and eating our food. That has to stop! We have to have—and will have—political, economic and social control of our own communities. (Chisholm 1971, 59)

Despite the early optimism that local political institutions could be used to help restructure American society, the benefits of electoral success often seemed illusionary. Indeed, much of the initial research that attempted to link the election of African-American mayors with policy change was simply unable to do so (Gilliam 1996).

A number of alternative explanations for these negative results quickly emerged. Some saw the modest impact of minority political leadership as a function of the overall institutional weakness of cities that were seen as largely bankrupt and in a process of irreversible decline. Taking political

power in such an environment was seen as largely futile, since it would almost certainly lead to failure. From this view, significant social or political change is possible only if an external agent that is able to marshal the necessary political and economic resources imposes it. A somewhat different institutional argument was made by Peterson (1981), who claims that American cities have never been able to implement broad social policy. This lack of capacity is the result of the structure of the American federal system, and, in particular, the relatively free movement of capital permitted in the national economy. Efforts to tax and reallocate private capital by one local jurisdiction will simply force the controllers of that capital to leave that jurisdiction. The constraints imposed by mobile capital are not weakened by the election of minority office holders. Indeed, to the extent that such elections alienate the holders of local capital, political leaders will be even less effective in promoting a particular policy agenda.

Yet another explanation of the modest impact of minority political leadership has been framed within the dynamics of the local electoral process itself. A number of scholars have argued that minority candidates sometimes feel compelled to engage in “deracialized” politics. McCormick and Jones (1993, 76) define deracialization as an “electoral strategy in which the black candidate attempts to defuse the polarizing effect of race by avoiding explicit race-specific issues and emphasizing those issues which are perceived as racially transcendent.” Such a strategy provides a mechanism for African-American politicians to build a successful multiracial electoral coalition. It is an electoral strategy that has been reported to be successful in a number of jurisdictions (Perry and Stokes 1987; Underwood 1997).¹ However, it seems unlikely that following a successful election effort such a coalition would take up a political agenda that is framed in racial terms.

Each of these views is based on a strong intuitive argument and describes genuine constraints that local political leaders face in implementing a broad policy agenda, whether or not a specific agenda is targeted to the interests of racial minorities.² We would argue, however, that the existence of such constraints does not render the local political system irrelevant to the interests of minorities. In fact there is strong evidence to the contrary. Recent work on the impact of minority electoral success suggests that minority regimes have generated positive outcomes for minority constituents (Browning, Marshall, and Tabb 1984; Karnig and Welch 1980; Meier and England 1984). Moreover, the view that minority regimes are incapable of pursuing a racially relevant agenda ignores a number of alternative institutional structures that community leaders have sometimes created to move such an agenda forward. Such organizations are created with the specific goal of increasing the political capacity of the local regime. Unfortunately, relatively little is known about the various roles such organizations play in local politics. It is the structure and potential of one such alternative institution that defines the focus of this chapter.

MOVING A LOCAL POLITICAL AGENDA

Before discussing alternative institutional strategies to strengthen minority political incorporation, it is important to review the evidence about outcomes associated with minority regimes. Although the argument that cities represent a hollow prize for minority political leaders lingers in both the popular and scholarly literature, it is no longer supported by the large empirical literature that explores the impact that such leadership has had on city politics. For example, Gilliam (1996) sees a clear association between minority political power and a number of positive material outcomes. Brown (1997) argues that minority political power has resulted in higher spending on redistributive programs for the urban poor, programs that tend to be highly supported by the African-American community. Browning, Marshall, and Tabb (1990) link minority electoral success with significant gains in city employment, improvements in police-community relations and city-directed efforts to promote minority business, and increased minority appointments to local boards and commissions.

Some might argue that this relatively modest list of accomplishments actually demonstrates that minority mayors cannot respond to minority constituents' interests. To make this argument, however, is to misunderstand the salience of key issues in minority communities. This is particularly true for the issue of police-community relations (Gilliam 1996; Saltzstein 1989).³ The centrality of this issue for urban minorities is difficult for many white citizens to understand, and thus whites tend to de-emphasize its importance. It is, however, well understood by the leaders of minority political regimes. For example, on taking office as Detroit's first African-American mayor in 1974, Coleman Young was well aware of the deep divide between the city's African-American citizens and the police department and the strong constituent demand that the issue be addressed:

When I took over as mayor of Detroit in 1974, the black citizens of the city considered the local police to be every bit as dangerous and threatening to their welfare as crime. . . . Detroit was known at the time as the murder capital of the world, and I staunchly believed that disrespect for human life that was all too prevalent in our city was, to a significant degree, a reflection of the attitude demonstrated by our police department. We had to make the cops stop shooting everybody. The fundamental challenge before me—and one that still confronts many major American cities, as documented by the Rodney King incident in Los Angeles—was to reorder the police department so that it was perceived as a sympathetic agency of the community, not as a cocked pistol. (Young and Wheeler 1994, 204–205)

When the first generation of African-American mayors took up issues concerning the behavior and makeup of the local police, they were addressing a major concern of their core constituency.

Research shows that African-American mayors have had some success in implementing policy changes in other areas that matter to their constituency. Using data from the 1973 and 1980 General Social Surveys, Clark and Ferguson (1983) found that, on average, African Americans were more likely than whites to favor governmental spending on social welfare (i.e., health, housing, education, welfare).⁴ During the 1970s and 1980s, African-American mayors did, in fact, spend more money on social welfare programs than their white counterparts (Brown 1997; Karnig and Welch 1980). These data provide further evidence that African-American mayors had some capacity to respond to the issues most salient to their core constituency. As such, tangible benefits were accrued to African Americans and other minorities as a result of the political leadership of these mayors.⁵

The election of African-American mayors is also associated with increasing public employment opportunities for African Americans. This, of course, is consistent with a time-honored tradition of American politics where political leaders reward constituent groups with jobs and other material benefits generated by public spending. Like a number of ethnic communities before them, African Americans have been able to use public sector employment as a path to middle-class status (Eisinger 1982; Eisinger 1986; Eisinger 1994; Erie 1980; Freeman 1976; Levine 1966; Van Riper 1958; Viteritti 1979). Based simply on this increased economic opportunity, Krumholz rejects the “hollow prize” thesis:

Although in some quarters it is argued that African-American control of central cities is a “hollow prize” and that power, authority, funding and patronage all lie outside the central city, African-American politicians in Cleveland and elsewhere have convincingly refuted the idea and have demonstrated their mastery of the political process, providing tangible economic benefits to their supporters. Taking political control of city hall, then, is a prize of substantial value to the African-American citizen[s] of a city, and a prize worth fighting for. (Krumholz 1992, 30)

Access to public employment often expands into areas not directly controlled by municipal officials. For example, public schools in urban areas are a particularly important source of minority employment. Typically teachers form a critical element of the African-American middle class in large cities. Public education also provides a relatively large number of blue-collar jobs (Henig et al. 1999). Taken as a whole, the evidence suggests that Reed (1988, 139) is correct when he asserts, “the presence of a black mayor or regime has some, but less than dramatic, racially redistributive effects on the allocation of public resources.”

Browning, Marshall, and Tabb (1990) also point to an increase in appointments of African Americans to local boards and commissions as a positive outcome of successful minority electoral efforts. The value of such

appointments is both concrete and symbolic. To the extent that the appointments are to bodies with real decision-making authority, they represent increased access to the political process. These appointments also have an important symbolic value. In much the same way that the election of a mayor or councilperson can be a source of community pride, administrative appointments can provide important signals that certain groups are in fact key actors in a local regime.

The importance of the symbolic returns from successful electoral campaigns ought not to be underestimated. Perhaps the most important consequences of symbolic elements of incorporation can be seen within the African-American community itself. For example, there is evidence that the perception of political success can increase political mobilization. Increased levels of mobilization may in turn lead to greater political success. Although the link between electoral success and mobilization is less explored than material outcomes, there is little doubt electoral participation is associated with sustained increases in political participation by African-American voters. Bobo and Gilliam (1990) report that African-American voting rates are consistently higher when African-American candidates stand for election. Gilliam and Kaufman (1998) show that these elevated rates are not limited to specific elections, but rather have long-term effects. In cities where African Americans maintain political power over time, high participation rates are quite stable. African-American participation will increase again in response to a second or third African-American candidacy, although the increase in voting percentage will be smaller with each successive candidacy. Even where a non-African-American candidate replaces an African-American mayor in office, participation rates remain high for several elections.

Taking the argument of symbolic politics a step further, Gilliam (1996, 60) argues that "blacks residing in black empowered cities . . . had higher levels of political trust, efficacy, and knowledge, consequently exhibiting markedly higher levels of political participation."⁶ Recent work in social capital theory suggests that the development of positive attitudes toward the political process can have important implications for both the political process and the community. Brehm (1997) found that civic participation and trust are highly associated. If this association is in fact causal, then an increase in participation may raise levels of citizen trust as well. This may in turn generate an increase in cooperation and collective action within low-income communities. Without a doubt, mutual trust is a key component in the activation of civic capacity. Trust does not spring up overnight, but is developed gradually. Consequently, a community's civic capacity depends on which groups have learned to interact cooperatively with one another. Minority political incorporation can help move along the process of building both trust and cooperative working relationships that are key to increasing civic capacity in urban areas.

EXPANDING CIVIC CAPACITY AND MINORITY POLITICAL INCORPORATION

The very real, if modest, returns to African Americans assuming political authority shows that local political institutions can serve as a framework by which disenfranchised minorities can begin to move toward a more complete social and economic incorporation. However, there is ample evidence that simply capturing local elective offices will not be sufficient to bring about anything like a restructuring of social and economic relations in the cities. Alternatives to local governance structures will be necessary to advance such political agendas. Regime theory provides an important framework to help understand how such alternative institutions might function. Central to the notion of regime is the distinction between an electoral and a governing coalition. Successful electoral coalitions may be able to generate sufficient votes to win an election, but may not have the capacity to actually govern. Put in its most simplistic terms, once elected a political leader must be able to generate participation and cooperation of a variety of key private actors if he or she is to successfully create and implement policy. Jon Pierre describes the process as follows:

Urban governance should be understood as a process blending and coordinating public and private interests. As regime theorists have long argued, governing the city and its exchange with private actors is a task that is too overwhelming for public organizations to handle alone. Governance refers to the process through which local authorities, in concert with private interests, seek to enhance collective goals. (Pierre 1999, 374)

Most scholars would agree that economic interests are key to the viable governing coalition. It is only through linkages to financial capital that political leaders gain access to the minimum resources necessary to actually move a political agenda forward. However, other elements of the community also need to be engaged; and this is where alternative institutions may be most beneficial. As Warren et al. (1992) note, the key to urban governance is the active involvement of members from all walks of life and all sectors (public, for-profit, nonprofit) of society. This mandate, coupled with sociopolitical realities, can at times limit the ability of minority leaders to garner broad-based community support and achieve sustainable system change.

Embedded in this notion of a governing regime are three key assumptions about the nature of the local political process. Each provides a set of hypotheses as to how nonprofit organizations might expand minority political incorporation. The first aspect is that the makeup of the governing coalition is a key variable in determining the substance of public policy. Initially this claim does not seem to be a profound insight. In fact it would appear to be nearly tautological. Nevertheless, there is a substantial empirical literature that demonstrates that the link between elite preferences and policy is a good deal more complex than a straightforward pluralist world in which

policy is a linear function of specific interests represented in the governing coalition. This complexity is revealed in periods of policy change. Numerous scholars have documented the fact that policy change is more likely to occur when political actors are able to force a redefinition of policy issues rather than reversing past political decisions. While such a redefinition can occur in a number of ways, it is often associated with a shifting venue for policy debate.⁷ Conceptually this suggests a key entry point for nonprofits into the local political process. Nonprofit organizations might initiate issue redefinition by serving as an alternative venue for local issues.

A second element of regime theory challenges the common conceptualization of politics as a power relationship in which one set of actors accumulates sufficient resources to simply enforce their preferences over others. This strongly hierarchical view of politics provides a picture of the policy process as a “command and control” system. The regime paradigm argues that this focus on power is often misplaced, stressing instead that the key to successful governance is creating the capacity to act. Such a capacity is created by a minimum degree of cooperation across public and private actors rather than being imposed by coercion. Such cooperative relationships allow the regime to take advantage of what Clarence Stone has termed “small opportunities.” Again there seems to be a role for nonprofit organizations here. Nonprofit organizations may provide the institutional framework in which such cooperation might be nurtured.

A third assumption of regime theory identifies the balance between public and nonpublic institutions in public governance. There is no question that nongovernmental actors are critical for successful regime formation. Indeed, much of the regime literature is comprised of case studies that explore the role such actors play in local politics. However, it is essential to understand that the creation and maintenance of governing regimes takes place within public institutions. External institutions can supplement core political institutions, but cannot replace them. Thus, we would not expect nonprofit organizations to have the capacity to assume a primary leadership role in regime formation. That task must be accomplished by political leaders. This suggests that nonprofit organizations must effectively partner with recognized and legitimate public institutions and/or political leaders. Taken together, these elements of regime theory and local politics suggest that nonprofit organizations might be able to expand minority political incorporation if:

1. They are able to initiate a redefinition of policy issues by shifting the venue for policy debate, or rally and support a governing coalition that can initiate such change;
2. They are able to provide and maintain a stable institutional base from which to forge cooperation between public and private actors; and
3. They establish linkages with political leaders and existing public institutions and function as partners in the overall governing process.

MINORITY LEADERSHIP AND REGIME FORMATION

Minority political leaders face a set of difficulties in establishing both electoral and governing coalitions not typically experienced by their white colleagues. Shared history and common social and economic relationships typically tie key partners of these coalitions together. Minority leaders often find themselves outside those networks. In particular, we argue that minority electoral coalitions are likely to suffer from two sorts of structural weaknesses. The first is an underdeveloped set of community level linkages within the minority community itself, as well as linkages to other communities. A second disconnect is likely at the elite level between political leaders and private sector economic leaders. These weaknesses follow from, at least, two important characteristics of American society. The first is simply the impact of race itself, and its continued capacity to divide American society. The second is the relative economic weakness of central cities.

Recognizing the limited capacity of electoral coalitions to implement a broad policy agenda, political and community leaders have crafted a number of efforts to induce the development of the sort of broad-based governing coalition described by Stone.⁸ Sometimes external agents have explicitly designed programs to promote political incorporation of groups typically excluded from governing coalitions. For example, a number of federal policymakers saw the statutory requirement in the 1960s War on Poverty for “maximum community participation” as demanding the creation of new local institutions dominated by the poor with the capacity to design, support, and ultimately implement an antipoverty program.⁹ For a time the Congress seemed to endorse the view by requiring that governing boards for local community action agencies be composed of at least one-third poor people. In the late 1960s, however, the Congress responded to demands of local government, and dramatically reduced the independent authority of the local boards.¹⁰ A more limited version of community participation was mandated in local Model Cities Programs (Bailey and Kaylor 1997; Greenstone and Peterson 1973; Marris and Rein 1982; Skocpol 1996; Smith and Lipsky 1993; Swanson 1997). More recently, federal Empowerment Zone legislation has required broad participation in the design and implementation of local programs. The language requiring community engagement is particularly interesting in that it emphasizes community empowerment rather than participation. Bailey and Kaylor (1997) argue that the goal driving this shift is a more complete incorporation into the local political regime rather than participation in a specific federal program.¹¹ Although specific actions have at best been uneven over the years, the federal government does have a history of allocating resources to “revitalize cities . . . and bring blacks and other marginal groups into local politics as full participants” (Warren et al. 1992, 402).

Many efforts to build broad urban coalitions are based in existing local institutions. For instance, many churches and other religious organizations

have the ability to unify and solidify seemingly disparate parts of a community. Furthermore, Thomas and Blake (1996, 32) argue that “religious institutions have a strong presence within inner-city neighborhoods; they operate within a coherent value system, providing the conceptual framework necessary to undertake social reform.” Religious institutions, most notably African-American churches, also provide a mechanism for increasing social, economic, and political activity in urban areas (Branch 1988; McAdam 1982; Morris 1984; Ramsay 1998; Reese and Shields 1998a; Reese and Shields 1998b). Sometimes, however, these roles are assumed by nonprofit organizations without religious affiliations.

There is also a long history of nonprofit organizations playing various roles in local governance, including those of service provider and/or policy advocate.¹² These roles become even more significant in an era of increasing devolution. Consider, for example, the myriad of nonprofit organizations that deliver health and social services. Similarly, the nonprofit sector via community-based organizations (CBOs) has been a steadfast player in efforts to revive and develop communities, local economies, and civic pride/spirit (Milofsky 1987; Rich, Giles, and Stern 1998; Smith 1995). Watchdog and/or advocacy organizations also contribute to the political process (Jenkins 1987). Organizations like the Child Welfare League, the Children’s Defense Fund, and even more locally based organizations like the Michigan League for Human Services and Michigan’s Children have been key players in efforts to affect policy refinement and change. Similarly, organizations like the NAACP and the Urban League may at times force government institutions to be more responsive to community concerns. Coalitions and other loose affiliations have also enabled the nonprofit sector to act as an incubator for community empowerment in a number of ways (see, e.g., Smith and Lipsky 1993).

The existence and importance of nonprofit organizations is undisputed. What is less clear are the roles and responsibilities appropriately subsumed by these organizations.¹³ Some observers argue that the nonprofit sector exists because there are functions that neither the market nor government can adequately fill.¹⁴ In this respect, there is a sort of competition between sectors. Alternatively, one might consider the degree to which cooperation, coordination, and collaboration between the sectors is important. Similarly, one might ask, what role, if any, should nonprofit organizations assume in governance, and whether the distinction is at the institutional or policy level.¹⁵ It is to this last question that we turn our attention to. Empirical research suggests that efforts by nonprofit institutions to promote targeted empowerment can have a significant impact on a local governing coalition.¹⁶ For the most part, however, this impact is an indirect consequence of efforts to implement other substantive organizational goals. We are particularly interested in organizations in which such political development is a core organizational goal. Because of the close association between such

goals and the functions of public institutions, we refer to such organizations as governing nonprofits.

Governing nonprofits are formal nonprofit organizations that provide a platform for restructuring local political processes and/or agendas. By design, they participate in various governing processes. Governing nonprofits may also seek to increase the civic capacity of their local community.¹⁷ They do this through at least four mechanisms. Some organizations that might be classified as governing nonprofits focus on economic capacity, while others seek to increase and maintain access to varied social networks. Still other governing nonprofits focus on breaking down structural barriers to political incorporation and/or broadening the sociopolitical agendas of existing regimes. Few organizations, operating alone, will have the mandate, personnel, and/or ability to address all of these issues—economic capacity, social networks, structural barriers, and policy agendas. To illustrate how such nonprofits can be created we turn to a set of examples in Detroit, Michigan. Detroit Renaissance and New Detroit show how such organizations can be active in relatively different sectors.¹⁸

DETROIT AS AN URBAN LABORATORY

In July of 1967 the city of Detroit experienced what was then the worst civil disturbance in American history.¹⁹ In all, 43 people died and more than \$80 million of property damage was reported. While there was a good deal of controversy generated about the cause and likely consequences of the disturbance, there was little dissent from the view that Detroit was a city severely divided on issues of race. Nor was there any real doubt that the bulk of the city's African-American community remained outside the mainstream of the city's economic and political elite. Finally, there was a broad elite consensus that local political institutions did not have the capacity to address the fundamental tensions dividing the city. In an effort to craft a public-private coalition that might be able to increase the civic capacity of the city, Detroit Mayor James Cavanaugh and Michigan Governor George Romney brought together a 150-member working committee called the Citizens Resource Committee to develop a recovery plan for the city. In August of 1967, the Citizens Resource Committee established the New Detroit Committee. One year later, the committee was incorporated as a nonprofit organization, New Detroit, Inc. New Detroit articulated an ambitious social and political agenda to address issues facing the city's disenfranchised population. These issues were conceptualized in both economic and political terms. New Detroit pledged to simultaneously attack the concentration of poverty and the explicit racial divisions in the city and region.

The structure and membership of New Detroit reflects these two goals. Initially, the region's economic elite dominated the New Detroit Committee. However, New Detroit made a genuine effort to expand participation so

that the organization was more representative of the city's population. In this way New Detroit sought to create a venue in which the different interests in the city might come together and develop a strategy for a broader reconciliation. Difficulties introduced by efforts to recruit representatives from the low-income communities provided striking evidence of just how divided the city had become. Internal planning efforts of the organization would occasionally grind to a halt amid a series of angry accusations and general misunderstandings. Over time the leadership of New Detroit has come to better reflect the makeup of the community. African Americans now dominate its leadership, and its board is largely comprised of representatives from Detroit-area community and ethnic groups.²⁰

A number of key actors in New Detroit felt that the organization's social agenda was diverting the organization from issues of economic development. In November of 1970 several founders of New Detroit joined with other business leaders to establish a second nonprofit with the more focused goal of promoting economic development. This was Detroit Renaissance. The structure and organization of Detroit Renaissance strongly reflects a focus on economic issues. Unlike New Detroit—which has placed a priority on having diverse and relatively open participation—Detroit Renaissance was much narrower in composition. For example, in an effort to recruit people who can directly contribute to the organization's economic development mission, membership on the Renaissance board has been limited to regional CEOs. Unlike New Detroit, there has been little organizational effort to expand the leadership base of the organization. The board continues to be entirely comprised of area CEOs.

The formal missions of New Detroit and Detroit Renaissance are consistent with our notion of governing nonprofits. Each is attempting to promote a specific element of civic capacity to better equip the city to address pressing social and economic issues. These organizations provide the social scientist with something of a natural experiment since they share a common history, local political culture, and many founding members, but differ with respect to structure and specific mission. We argue that the history of each of these organizations provides evidence that nonprofit organizations can contribute to the capacity of a local governing coalition. They also show the range of strategies that might be effective, as well as inherent limits that these strategies might have. A review of the actions of both organizations provides insights into the degree to which nonprofits can impact the structure of local political regimes.

Both New Detroit and Detroit Renaissance meet a minimum for what we would define as a successful governing nonprofit. Specific standards for success include organization maintenance, identifiable and valued program outputs, and contributions to community transformation. The first standard simply requires that the organization be able to maintain itself over some reasonable period of time. Obviously organizational maintenance is a nec-

essary but not sufficient condition for political success. Nevertheless, the capacity of both organizations to still be active and functioning 30 years after their founding suggests strong internal vitality.²¹ In addition, both organizations have provided programs or “products” that have been valued in the community. Early New Detroit accomplishments included a key role in the creation of the Wayne County Community College, a management review of the Detroit Police Department, support for the Detroit School Compact, and race relations activities linked to the Detroit Strategic Plan. New Detroit has also been instrumental in housing programs, anti-crime efforts, economic development projects, and, of course, programs to improve local race relations. Activities and accomplishments attributed to Detroit Renaissance include the construction of Renaissance Center, renovation of the Eastern Market and the Music Hall, housing programs, a number of education support programs and anti-crime initiatives.

More problematic, of course, is whether it can be reasonably asserted that these organizations were able to engineer some measure of community transformation. What is clear is that any contribution they made was modest, for no one seriously disputes the fact that Detroit remains a poor and racially divided city. That said, we argue that some change in the political capacity of the local system can be traced to the actions of these organizations. A number of informed observers argue that New Detroit has, at least, managed to create a forum in which various interests in the city can come together. Speaking about the impact of New Detroit, former Mayor Coleman Young claimed:

New Detroit’s greatest value to Detroit . . . has been providing a forum for dialogue between the haves and the have-nots. . . . The major contribution that New Detroit has made is in acting as a coalition in which all elements of the community . . . have come together in the common medium. That hadn’t happen before. (Huskissen 1992, 6A)

The view from the community was similar. When asked his views on New Detroit’s contribution to the city, a prominent community activist offered:

The chance for grass-roots Detroiters to sit across the table from a J. L. Hudson . . . or a Max Fisher is something we would not have had were it not for New Detroit . . . [New Detroit] gave the black community the opportunity to come together under that umbrella and to forge an agenda. (Huskissen 1992, 6A)

Similar, if more limited, claims have been made for Detroit Renaissance. Some observers in Detroit argue that Detroit Renaissance has created an important, if somewhat narrow, forum in which the city’s economic elite can come together to promote economic development within the city. The successful application of the city for a federal Empowerment Zone designation

seems to give credence to this claim. Although the conclusion is subject to some dispute, a number of observers assign Renaissance an important role in bringing together the business actors willing to guarantee a significant flow of private capital into the zone. Moreover, the claim is made that such a recruitment effort would have been impossible without the informal network of cooperation and trust that had been established by Detroit Renaissance over its history. For example, in a 1993 interview, one Detroit Renaissance executive noted:

There are a whole series of informal networks, some of which interestingly have been formed because they weren't included in the city administration under Coleman Young. There are strong networks of the neighborhood professionals, for instance . . . Detroit Renaissance is a wave of things to come. I mean, it is the round table where the business community gets together to make decisions. (Interview)

These informal networks provide a mechanism to expand the local political regime by providing a context in which the sort of cooperative ties that Stone sees as critical in regime development can emerge. It is important to note that while such linkages create the possibility of political incorporation, they do not guarantee it. The ultimate impact of organizations like New Detroit and Detroit Renaissance can only be understood within the concrete environment in which they operate.

GOVERNING NONPROFITS: FURTHER CONSIDERATIONS

We have argued elsewhere (Hula and Jackson 1997; Hula, Jackson, and Orr 1997) that successful, thriving governing nonprofits have several distinctive and important characteristics. These include:

1. Broad-based community support with involvement of multiple sectors (for-profit, nonprofit and/or public);
2. A flexible policy agenda;
3. Operating in a relatively open and public domain;
4. Cooperative, yet autonomous relationships with formal government structures and institutions.

Obviously not all governing nonprofits will equally meet these criteria. Nevertheless, the criteria do offer a general framework by which we can predict the likely success of a specific organization in expanding local civic capacity. It should be stressed, however, that the political reality faced by governing nonprofits is always more complex than this simple framework would suggest. As a result it is unlikely that the possession of these characteristics alone can ensure a long-term impact on the local political process. Such complexity demands that we reformulate these indicators of organiza-

tional capacity. The Detroit case reveals just how complex real political systems can be.

Perhaps the most straightforward organizational imperative for governing nonprofits is the need for broad popular support and the inclusion of multiple sectors. Although formal government structures can function, at least for a period, regardless of the level of community support they engender, non-governmental organizations cannot. Their status as “outsiders” to the political process puts their legitimate authority immediately into question. Therefore, governing nonprofits greatly increase their chances of restructuring local political systems when they command broad popular support. It does seem, however, that the definition of support might vary from one organization to another. For example, Detroit Renaissance, as a matter of policy, seeks a very low public profile and stresses building support within the region’s business community. The need for a multi-sectoral approach seems evident, given the apparent inability of any one sector to address the multitude of urban governance issues. Warren et al. (1992, 408) assert that the “third and private sectors can be used to enhance rather than debilitate urban governance. Resources and initiatives from private, voluntary and nonprofit organizations, as well as the public sector, can be combined in innovative ways to reflect the ethos and collective needs of urban areas.”

The issue of agenda is even more complicated. We have argued that a governing nonprofit will be more successful in influencing the local political structure if it embraces a flexible policy agenda. We maintain that one of the keys “to understanding the political role of governing nonprofits is the effort to mobilize a target community around a general policy agenda” (Hula, Jackson, and Orr 1997, 482). However, insights from the political incorporation and social mobilization literature suggest the importance of demonstrating the ability to implement a limited, focused agenda that is responsive to the needs of a core constituency (Gilliam 1996; Krumholz 1992). While the argument has typically been made for African-American and Latino leaders, the case can also be made for governing nonprofits.²² For instance, some governing nonprofits will take a decidedly more economic role. In their case, the constituency becomes economic elites first, and then the broader community. Some governing nonprofits will focus more on socio-political issues. For their efforts, underrepresented and disenfranchised groups will usually be the primary constituency, though improving conditions for residents of the city as a whole will be a key concern. These distinctions suggest that perhaps part of the success of governing nonprofits should be measured in terms of their ability to restructure the local political agenda, to make sure it is responsive to the issues most salient to those individuals and groups with which they are most likely to align.

The potential organizational tensions introduced by a flexible agenda are illustrated by the experiences of both New Detroit and Detroit Renaissance. In the 1980s, both organizations found themselves involved in an escalating

number of projects. Often these were “feel good” events initiated to improve the overall image of the city. Examples of sponsored events ranged from art and jazz festivals to the Detroit Grand Prix auto race. A number of these events were quite popular and developed a strong following in the region. However, by the mid-1990s both Detroit Renaissance and New Detroit went through a very public reassessment of these efforts and concluded that they had seriously drawn down the resources of the organizations while contributing relatively little to their core missions. As a result, both shed a significant number of quite visible projects.

The notion that governing nonprofits need to be open and accessible is qualified from the reality of government practice. Certainly there is little question that democratic theory demands that formal government institutions and processes be open and accessible to the public. It would seem to follow that other organizations seeking to expand civic capacity should also be open and operate in the public domain. However, it must be remembered that, in fact, many government decisions are shielded from public view, and are not subject to public review. Additionally, many people remain excluded from the process. If this were not the case, there would be little debate about the necessity of increased political incorporation. It seems likely, therefore, that some governing nonprofits also operate in domains that are quite private, or at least not as open and accessible as convention might dictate. What this suggests is that while these organizations may be able to affect political change, they will not necessarily be embraced by the masses. Similarly, organizations operating in less than public domains are not likely to be viewed as avenues for increased political incorporation by the disenfranchised.

Maintaining the relationship between the successful governing nonprofit and formal political institutions is a delicate balance. Governing nonprofits need to make every effort to maintain cooperative relationships with formal government structures and institutions since the success of these organizations is in large part a function of their ability to work cooperatively with established government institutions (Hula, Jackson, and Orr 1997). The need for cooperation is even more important when the nonprofit organization must turn to government for funding (Ferris 1993; Smith 1995; Swanstrom 1997). Nevertheless, cooperative relationships cannot be pursued to the point of co-optation. Governing nonprofits need to remain essentially independent of government. Such autonomy is important for many reasons. For example, rigid rules and regulations sometimes make it difficult for government agencies to deliver services in a manner consistent with community norms and expectations.²³ A very tightly drawn relationship between government and nonprofit actors can impose some of these same constraints on the nonprofit organizations (Brudney and Warren 1990; Kramer and Grossman 1987; Rubin 1995; Smith and Lipsky 1993; Swanstrom 1997). This can be problematic for two reasons. First, it constrains the ability of nonprofits to be flexible and responsive; and second, it can effectively pull non-

profit organizations away from those concerns that they are uniquely organized to provide. However, the call for organizational autonomy must also be tempered. We are not arguing that governing nonprofits should be so autonomous that they act like interest groups by simply sitting outside of government and demanding policies. Rather, these organizations need to push for policies that involve them more explicitly in policy formulation and implementation, thereby allowing them to expand civic capacity.

This need for a carefully balanced relationship with formal political authorities is clear from the experience of New Detroit and Detroit Renaissance. Indeed, each illustrates the organizational dangers of aligning too closely with either extreme. For many years New Detroit was very closely associated with the Young administration. While this provided excellent access for New Detroit leaders to city hall, their independence was often questioned in other arenas. Those that were uneasy or suspicious of Mayor Young (and there were many) tended to transfer those concerns directly to New Detroit. On the other hand, Mayor Young often expressed suspicion about the intentions of Detroit Renaissance and limited city cooperation with it. The result severely constrained the agenda that Renaissance was able to implement.

THE LIMITS OF GOVERNING NONPROFITS

Just as the New Detroit and Detroit Renaissance examples provide evidence that civic capacity can be increased through governing nonprofits, they also indicate the important limitations of such organizations. At various times in their history each of these organizations sought to assume a leadership role within a contentious public debate only to discover that it did not have the internal capacity to play such a role. Perhaps the best example in Detroit is the continuing debate about the public schools. There is widespread consensus—in and out of the city—that the public school system is performing at a very low level. Not surprisingly, there is broad community support for some sort of reform that might enhance the quality of education available to the city's children. The key political issue is not whether something should be done, but rather what should be done, and by whom.

Detroit Renaissance has been engaged in school issues in a number of ways. For the most part these efforts have taken the form of traditional linkage programs in which businesses provide material support either to the school system as a whole, or to specific schools. The most important of these programs is the Detroit Compact. The Compact, modeled after a similar program in Boston, provides a privately financed college scholarship or job interviews for graduating high school students meeting minimum grade and attendance levels. It was hoped that the promise of such support would lead to greater effort on the part of Detroit schoolchildren. The Compact was widely seen as a major commitment of the private sector to improving the

quality of local schools. Not surprisingly the program was warmly received throughout the city.

On its face the Compact seemed to provide a structure on which a more broad-based coalition favoring school reform might be constructed. However, the leverage provided by the Compact turned out to have narrow political limits. These limits were dramatically revealed during the 1992 school board elections and the 1995 school bond election. In both cases efforts were made to use the public support for the Compact to influence public opinion on other education policy issues. In 1992 this effort was very direct. In an effort to promote education reform, the Detroit Chamber of Commerce explicitly threatened to “reconsider” its long-term commitment to the Compact if board incumbents were not returned to office. Three of the four HOPE incumbents were in fact turned out of office.²⁴ The general impression was that the efforts of the chamber were not at all helpful to the candidates they supported. A similar outcome occurred in 1995 when business leaders opposed a \$1.5 billion facilities bond issue proposed by the school board. In the bond campaign, support for the Compact was not directly raised. This more tempered opposition, however, proved no more effective, and the bond issue was passed by a large majority.

One might reasonably argue that these are not failures specifically of Detroit Renaissance, but rather point to the limits of the business interests in general. However, they do provide evidence about the capacity of Renaissance, given the very clear linkage between Renaissance and regional business interests. Since Renaissance is widely perceived to represent these interests, public rejection of expressed business preferences must, at least indirectly, be seen as a rejection of Renaissance itself. More importantly, the fact that neither implicit nor explicit threats to the Compact could sway public opinion shows that while the program enjoyed widespread political support, this support did not generate any significant political capital that might be used in other contexts. This upholds the view that Renaissance successes are likely to be restricted to relatively narrow issue areas.

Like Detroit Renaissance, New Detroit has been concerned with public education. New Detroit has implemented a number of programs in the Detroit system. Shortly after its creation, New Detroit led a successful effort to establish the Wayne County Community College. It was also active in the Detroit Public School System (DPS). During the 1970s New Detroit initiated a number of school-level programs to improve race relations. Interestingly, New Detroit was a prominent opponent of using busing as a means to promote desegregation, seeing it as a threat to community engagement in local schools. During the 1990s New Detroit continued to offer school-based programs. However, it also began to take a more critical public stance toward the system as a whole. For example, it began to pub-

lish an annual “report card” that tried to assess the overall quality of the schools. Typically the report concluded that the DPS was not doing a very good job.

In 1997 the DPS found itself struggling with a financial crisis. The school superintendent was under heavy criticism for poor management and the school board was looking for a strategy to regain some measure of public confidence in the system. The board called upon New Detroit to convene a study group that would make recommendations for possible administrative reform. The leadership of New Detroit responded very aggressively to this request. Not only was a study committee established, but the final committee report outlined a dominate leadership role for New Detroit in the implementation of the report’s recommendations. The result was a political struggle between the school board and New Detroit. In the end New Detroit was unable to force the board to implement its plan. Once the issue had been joined in a public way, the organization did not have the capacity to impose desired policy.

The limited impact of New Detroit and Detroit Renaissance presented here is consistent with earlier research that highlighted the “limited and weak regime-building capacity” in the city of Detroit under Coleman Young’s administration:

Each of the civic organizations in Detroit has developed its own niche. . . . Boldly stated, it can be argued that New Detroit and the Detroit Economic Development Corporation are seen as the structures for the articulation of black elite preferences. . . . Detroit Renaissance and the chamber [of commerce] represent the white corporate community.²⁵ (Orr and Stoker 1994, 64)

The fact that each organization has limited capacity does not mean that they have not been able to have an impact on local community. For example, in early 1999, legislation was introduced in the state legislature to permit Mayor Archer to appoint a new school board and for that board to hire a new chief executive officer. Despite significant opposition from some Detroit representatives and the Detroit School Board, the legislation was passed and quickly signed by the governor. Both New Detroit and Detroit Renaissance provided active support for the measure. The role of New Detroit seems to have been particularly important. New Detroit took a public position supporting the proposal, and lobbied other organizations to express such support. In 1999, William Beckham was appointed to the reformed school board and was then selected to serve as the board’s vice-chair. In spite of such successes, neither has been able to construct the broad coalition that would be necessary to generate basic change. This, of course, is consistent with our assertion that while nonprofit institutions have the capacity to support the restructuring of local political regimes, real change can occur only from leadership exercised in the public sector.

CONCLUSIONS

We view governing nonprofits as an alternative mechanism for local governance, as well as a potential path to increased political incorporation. Moreover, we argue that such organizations need to be clearly differentiated from other nonprofit organizations that assume more traditional roles. This is the case even if these traditional patterns do sometimes promote political incorporation. For example, governing nonprofits are not simply interest groups trying to force government institutions to be more responsive to disenfranchised constituencies. While such actions can result in a more inclusive regime, they not do capture the full intent, purpose, or strength of the potential of nonprofit organizations in urban governance. Similarly, we distinguish governing nonprofits from those nonprofits that deliver services that rigid government agencies are either unable or unwilling to produce in a manner that is responsive to community demands.

Governing nonprofits represent an important way that the third sector can weigh into the local political scene. By taking on a set of roles traditionally reserved for the government, the nonprofit sector provides an important supplement to formal governmental structures. It is this point that makes the study of these organizations even more critical. One of the key questions is, aside from the potential to increase minority political incorporation, how else do these organizations help shape local political agendas? We have taken up this challenge elsewhere, and will continue to do so. For now, we assert that governing nonprofits provide another mechanism for more fully incorporating views, individuals, and groups into the political process. It is important to reiterate that the establishment of these governing nonprofits is hardly a guarantee of successful minority political incorporation. Rather, they provide an institutional framework in which local leaders may advance the goal of incorporation. Ultimately it is diversity, reflected in and capitalized on by governing nonprofits, that drives the level of political incorporation.

The true impact of any governing nonprofit—whether it be on political incorporation or other means of restructuring local politics—has to be judged in the specific community context in which it was created. There are however, some potential clues to success. At a minimum:

1. The organization must be able to sustain itself over time;
2. There must be identifiable and valued results (or outputs) from the organization's actions;
3. The organization must make some contribution to the process of transforming the community.

We argue that the degree to which a governing nonprofit can help to transform a community and its corresponding political structure and/or policy

agenda is dependent upon four factors. Specifically, whether the organization incorporates the following (Hula, Jackson, and Orr 1997):

1. Has broad-based community support from multiple sectors;
2. Has a flexible policy agenda;
3. Operates in a relatively open and public domain; and
4. Maintains a cooperative but autonomous working relationship with formal government structures and institutions.

Increased political incorporation is one potential outcome from the actions of governing nonprofits. It can also be viewed as a sign that these organizations have taken steps to transform the community within which they are situated. The degree to which governing nonprofits maintain broad-based support is also likely to increase chances for minority political incorporation. As Bridges and Underwood (1997) note, stable coalitions are critical to successful, sustainable political incorporation. In the tradition of regime theory, we further assert that stable coalitions are essential to maintaining stature and power in urban governance.

Our analysis of New Detroit and Detroit Renaissance, as well as a review of the nonprofit and regime theory literatures, suggests that when it comes to minority political incorporation and local governance in general, there are several points of convergence. It would appear that broad-based nonprofits that address citywide issues have a better chance of both facilitating minority political incorporation and engaging in local governance if they can work with business and government leaders to adopt a flexible enough agenda that allows them to redefine prevailing policy issues by changing the venue for policy debate. At the same time, these nonprofits must be able to function as a common ground for collective interests to be discussed, sorted, and resolved. In the end, these organizations must realize their own limitations and always be cognizant of the need to work with existing political leaders and within existing structures.

NOTES

An earlier version of this chapter was presented at the 1999 annual meeting of the Urban Affairs Association, Louisville, Kentucky, April 14–17, 1999 (Panel: Emerging Roles for Nonprofit Organizations). This research was supported by a grant from the Social Capital Interest Group (SCIG) at Michigan State University.

1. See Longoria (1999) for a useful discussion of deracialization. He notes that race can be (and often is) injected into political races in very subtle and nonobvious ways. Note that a similar strategy has also been employed by a number of white candidates in successful efforts to recapture the mayor's office in several large cities.

2. An additional view on the limits to minority political incorporation focuses on minority representation on city councils. Building off the work of Browning,

Marshall, and Tabb (1984), several scholars have argued that institutional arrangements matter (Bridges and Underwood 1997; Engstrom 1997). At issue are the relative trade-offs and advantages of at-large versus district elections, the likelihood of minorities obtaining political office, and what they are able to do once in office. Engstrom (1997) maintains that district elections provide greater opportunity for minority representation and hence ultimately political incorporation. Bridges and Underwood (1997) assert that district elections undercut the stability of electoral and governing coalitions and thus limit minority political incorporation.

3. One need only reflect on the civil disturbance in Los Angeles in 1992, following the acquittal of four white police officers accused of beating an African-American motorist, to drive home the saliency of police-community relations for African-American constituents.

4. These effects are tempered somewhat by class. Lower-income African Americans have been found to be more liberal toward social welfare policies than are higher income African Americans (Dawson 1994; Gilliam and Whitby 1989). Even so, regardless of class, most African Americans realize that social welfare policies are needed to help the poor and infirm (Brown 1997).

5. Decades earlier, Edward Roybal was attempting to carry out similar goals on the Los Angeles city council. Elected in 1949, Roybal was the first Latino and person of color to be elected—in the twentieth century—to sit on the Los Angeles City Council. He represented a racially and ethnically diverse district—of Latinos, African Americans, Asians, and Jews—that had lower than average (city) education and income levels. The issues he was concerned with were those most pressing to his constituency: fair treatment of minorities by police officers; fair municipal employment practices, including the desegregation of the fire department; relief from housing discrimination, and equitable delivery of municipal services (Bridges and Underwood 1997).

6. Considerable research suggests that political behavior, political attitudes, electoral participation, and trust are key components of maintaining a stable democratic system (Campbell, Converse, Miller, and Stokes 1960; Converse 1964; Dahl 1961; Verba and Nie 1972).

7. See Baumgartner and Jones (1993); Kingdon (1984); and Schattschneider (1975).

8. There is an interesting nominative element in the debate about political incorporation. A number of authors have suggested that broad incorporation is desirable not only because it is consistent with broad democratic values, but also because it promotes problem solving and social efficiency within local government (e.g., Elkin 1987; Stone 1980; Stone 1985; Stone 1989).

9. The Ford Foundation Grey Areas Program led the way for much of what occurred via the War on Poverty's Community Action Program and the Office of Equal Employment (Milofsky 1988; Smith and Lipsky 1993; Zdenek 1987). The Kennedy administration's President's Committee on Juvenile Delinquency was also an early forerunner of initiatives that sought broader community involvement and participation in government programs (Milofsky 1987).

10. The meaning of "maximum feasible participation" was, of course, much disputed. Many argued that it simply required that the poor fully share the benefits of the program. For the classic statement of this view, see Moynihan (1969).

11. Gittell et al. (1998) suggest that in spite of the sweeping language of the legislation, the impact of these requirements have been quite modest.

12. It is important to note that the history of “third sector” involvement in governing processes predates the formal establishment of the nonprofit sector embodied in the IRS tax codes. This nation and others have a vibrant history of service delivery and other actions undertaken by voluntary associations and religious congregations (Hall 1992; Salamon 1995; Tocqueville 1969).

13. The saliency of this issue is underscored by the focus of the 1999 INDEPENDENT SECTOR Spring Research Forum held in Alexandria, Virginia, March 25–26. The conference theme was “Crossing the Borders: Collaborations and Competition among Nonprofits, Business and Government.” Much of the work presented highlighted issues and concerns related to the increasing lack of clarity of role definition within and across sectors. While papers often focused on the service delivery components of the nonprofit sector, these issues are no less critical for other focus areas. As one presenter noted in her remarks to the audience: “It is interesting that after 20 years of the INDEPENDENT SECTOR (IS) advancing a research agenda and making the public aware of the unique contribution of the nonprofit sector, that we come here today to talk about the blurring of boundaries” (paraphrase). While this blurring of boundaries may have some well heeded cautions, it also suggests additional avenues for the increased involvement of nonprofit organizations in urban governance.

14. The most common rationales for the existence of nonprofit organizations focus on three key theories: public goods (Weisbrod 1988); trust goods (Hansmann 1987); and social entrepreneurship (Dees 1998; James 1987; Young forthcoming). For an excellent treatise on the nonprofit sector as well as its strengths and unique contributions, see Ben-Ner (1986); Douglas (1987); Ferris (1998); Ferris (1999); Hansmann (1980); Hodgkinson and Weitzman (1984); Rose-Ackerman (1996); Salamon (1987); Salamon (1998); and Salamon and Anheir (1996).

15. Ferris (1999) maintains that decisions about the role and responsibility of government, nonprofits, and for-profits are essentially a choice of institutions. It is making a determination about whether the nonprofit sector is an alternative to government or business. However, we assert that institutional-level considerations could also include decisions about the degree of interaction and collaboration across sectors. Ferris also points out that policy-level decisions often focus on whether the government will enter into a contractual relationship with nonprofits or issue vouchers to help consumers purchase services.

16. Gittell, Bockmeyer, and Lindsay (1998) and others have argued that a measure of success of federal efforts to create institutions to incorporate certain interests is the local political pressure exerted by traditional elites to discontinue such efforts.

17. For further discussion of governing nonprofits, see Ferris (1998); Hula and Jackson (1997); Hula and Jackson-Elmoore (1998); Hula, Jackson, and Orr (1997); and Jackson-Elmoore (1999).

18. Typically one might assume that governing nonprofits represent the interests of the disenfranchised or those excluded from the political process. However, this is not always the case. Some of these organizations may seek to incorporate elite interests into cities otherwise deplete of economic capital and investment.

19. The language used to describe these events points to the profound racial divides in the city. Typically the state’s white population saw the events as a “riot.” Many in the African-American community reject this label and continue to refer to the Detroit “rebellion.”

20. For a description of the early efforts of New Detroit to “reach out” to the low-income African American community in the city, see Graves (1975). Graves’s work reveals the genuine effort made by the New Detroit leadership, while making clear how significant the separation between race and class actually was.

21. The fact is, of course, that such organizational vitality is rare. There is evidence that during the 1960s a number of governing nonprofits modeled after New Detroit were created in some American cities. In fact these organizations founded a national coalition. Only New Detroit remains in anything like its original form.

22. In the case of the governing nonprofit, the term “constituency” takes on a dual meaning. By nature, these organizations do not necessarily have a committed donor base. Therefore, we are not discussing constituency in the typical sense of the word. Rather, if we consider more broadly who and what the organizations focus their attention on, we may find more meaningful insights.

23. Drawing on the distinctions between government, the market, and the third (nonprofit, voluntary) sector or civil society, scholars have also highlighted the need for nonprofit organizations to remain autonomous from the market as well. This suggests that governing nonprofits need to maintain a balance in their allegiance to, and connections with, both government and the market. Drawing in too close to either side could essentially limit their ability to effectively influence the local political arena in meaningful and sustainable ways. For an elaboration on the threats that the market poses to nonprofit sector independence, see Bratt (1996); Fisher (1994); Rubin (1995); Stoecker (1997); and Swanstrom (1997). For a more detailed explanation of reasons why the nonprofit sector should remain autonomous from government, see, Berger (1977); Smith and Lipsky (1993); and Swanstrom (1997).

24. In 1988, the HOPE team ran under the platform of reform; however, by 1992, many in the city viewed them to be catering more to suburban, elitist interests than those of the district’s inner-city schools. The HOPE team (Frank Hayden, David Olmstead, and Larry Patrick for Education) focused on developing a strong core curriculum and introducing school-based management to DPS. After a successful 1988 primary run, Joseph Blanding joined the HOPE slate. However, in 1992, Blanding, Hayden, and Olmstead all lost their re-election bids (Hula, Jelier, and Schauer 1997).

25. Orr and Stoker (1994) further assert that none of the civic or nonprofit organizations in Detroit offers much in the way of overarching leadership. This in and of itself does not diminish their capacity to be a part of the overall governance structure of the city.

REFERENCES

- Bailey, R. W., and P. Kaylor. 1997. “Community Capacity and Discourses of Governance: Experience from the Philadelphia/Camden Empowerment Zone.” Paper presented at the American Political Science Association, Washington, D.C. August 28–31.
- Baumgartner, F. R., and B. D. Jones. 1993. *Agendas and Instability in American Politics*. Chicago: University of Chicago Press.
- Ben-Ner, A. 1986. “Nonprofit Organizations: Why Do They Exist in Market Economies?” In *The Economics of Nonprofit Institutions*, edited by S. Rose-Ackerman. New York: Oxford University Press.

- Berger, P. L. 1977. *To Empower People: The Role of Mediating Structures in Public Policy*. Washington, D.C.: American Enterprise Institute for Public Policy Research.
- Bobo, L., and F. D. Gilliam. 1990. "Race, Sociopolitical Participation and Black Empowerment." *American Political Science Review* 84, no. 2: 377–393.
- Branch, T. 1988. *Parting the Waters: America in the King Years, 1954–1963*. New York: Simon and Schuster.
- Bratt, R. 1996. "Community-Based Housing Organizations and the Complexity of Community Responsiveness. In *Revitalizing Urban Neighborhoods*, edited by W. D. Keating, N. Krumholz, and P. Star, xv, 287. Lawrence: University Press of Kansas.
- Brehm, J. 1997. "Individual-Level Evidence for the Causes and Consequences of Social Capital." *American Journal of Political Science* 41, no. 3: 999–1023.
- Bridges, A., and K. Underwood. 1997. "Settling for Representation." Paper presented at the Western Political Science Association, San Francisco.
- Brown, R. A. 1997. "African-American Urban Representation amid the Urban Transition of the 1970s and 1980s." Paper presented at the American Political Science Association, Washington, D.C.
- Browning, R. P., D. R. Marshall, and D. H. Tabb. 1984. *Protest Is Not Enough: The Struggle of Blacks and Hispanics for Equality in Urban Politics*. Berkeley: University of California Press.
- . 1990. *Racial Politics in American Cities*. New York: Longman.
- Brudney, J. L., and R. Warren. 1990. "Multiple Forms of Volunteer Activity in the Public Sector." *Nonprofit and Voluntary Sector Quarterly* 19: 47–58.
- Campbell, A., P. E. Converse, W. E. Miller, and D. Stokes. 1960. *The American Voter*. New York: Wiley.
- Chisholm, S. 1971. "Ghetto Power in Action: The Value of Positive Political Action." In *The Black Politician: His Struggle for Power*, edited by M. M. Dymally, 40–44, 57–60. Belmont, CA: Dewsbury Press.
- Clark T. N., and L. C. Ferguson. 1983. *City Money: Political Processes, Fiscal Strain, and Retrenchment*. New York: Columbia University Press.
- Converse, P. 1964. "Mass Belief Systems." In *Ideology and Discontent*, edited by D. E. Apter, vol. 5, p. 342. London: Free Press of Glencoe.
- Dahl, R. A. 1961. *Who Governs? Democracy and Power in an American City*. New Haven, CT: Yale University Press.
- Dawson, M. C. 1994. *Behind the Mule: Race and Class in African-American Politics*. Princeton, NJ: Princeton University Press.
- Dees, J. G. 1998. "The Meaning of 'Social Entrepreneurship'." vol. 1999, Internet.
- Douglas, J. 1987. "Political Theories of Nonprofit Organization." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 43–54. New Haven, CT: Yale University Press.
- Eckstein, H. 1975. "Case Study and Theory in Political Science." In *Handbook on Political Science: Strategies of Inquiry*, edited by F. I. Greenstein and N. W. Polsby, 79–137. Reading, MA: Addison-Wesley.
- Eisinger, P. K. 1982. "Black Employment in Municipal Jobs: The Impact of Black Political Power." *American Political Science Review* 76: 380–392.

- . 1986. "Local Civil Service Employment and Black Socioeconomic Mobility." *Social Science Quarterly* 67: 169–175.
- . 1994. "City Government and Minority Economic Opportunity: The Case of Milwaukee." In *Big-City Politics, Governance, and Fiscal Constraints*, edited by G. E. Peterson, 121–151. Washington, D.C.: Urban Institute Press.
- Elkin, S. 1987. *City and Regime in the American Republic*. Chicago: University of Chicago Press.
- Engstrom, R. L. 1997. "Electoral Arrangements and Minority Political Incorporation." Paper presented at the American Political Science Association, Washington, D.C.
- Erie, S. P. 1980. "2 Faces of Ethnic Power—Comparing the Irish and Black Experiences." *Polity* 13, no. 2: 261–284.
- Ferris, J. M. 1993. "The Double-Edged Sword of Social Service Contracting: Public Accountability vs. Nonprofit Autonomy." *Nonprofit Management and Leadership* 3 (Summer): 363–376.
- . 1998. "The Role of the Nonprofit Sector in Self-Governing Society." *Voluntas* 9, no. 2: 137–152.
- . 1999. "Institutional Choices, Policy Options and the Comparative Advantage of the Nonprofit Sector." Paper presented at the Independent Sector Spring Research Forum, Alexandria, VA. March 25–26.
- Fisher, R. 1994. *Let the People Decide: Neighborhood Organizing in America*. Updated ed. New York: Twayne Publishers.
- Freeman, R. B. 1976. *Black Elite: The New Market for Highly Educated Black Americans*. New York: McGraw-Hill.
- Frisema, H. P. 1969. "Black Control of Central Cities: The Hollow Prize." *Journal of the American Institute of Planners* 35 (March).
- Gilliam, F. D. 1996. "Exploring Minority Empowerment: Symbolic Politics, Governing Coalition, and Traces of Political Style in Los Angeles." *American Journal of Politics* 40, no. 1: 56–81.
- Gilliam, F. D., and K. M. Kaufman. 1998. "Is There an Empowerment Life Cycle/Long-Term Black Empowerment and Its Influence on Voter Participation." *Urban Affairs Review* 33, no. 6: 741–766.
- Gilliam, F. D., and K. J. Whitby. 1989. "Race, Class, and Attitudes toward Social-Welfare Spending—An Ethneclass Interpretation." *Social Science Quarterly* 70, no. 1: 88–100.
- Gittell, M., K. Newman, J. Bockmeyer, and R. Lindsay. 1998. "Expanding Civic Opportunity: Urban Empowerment Zones." *Urban Affairs Review* 33, no. 4: 530–558.
- Graves, H. M. 1975. *New Detroit Committee/New Detroit Incorporated: A Case Study of an Urban Coalition*. Detroit: Wayne State University.
- Greenstone, J. D., and P. E. Peterson. 1973. *Race and Authority in Urban Politics: Community Participation and the War on Poverty*. New York: Russell Sage Foundation.
- Hall, P. D. 1992. *Inventing the Nonprofit Sector*. Baltimore, MD: Johns Hopkins University Press.
- Hansmann, H. B. 1980. "The Role of Nonprofit Enterprise." *Yale Law Journal* 89 (April): 835–901.

- . 1987. "Economic Theories of Nonprofit Organizations." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 27–42. New Haven, CT: Yale University Press.
- Henig, J. R., R. C. Hula, M. Orr, and D. Pedescleaux. 1999. *The Color of School Reform*. Princeton, NJ: Princeton University Press.
- Hodgkinson, V. A., and M. S. Weitzman. 1984. *Dimensions of the Independent Sector*. Washington, D.C.: INDEPENDENT SECTOR.
- Hula, R. C., and C. Y. Jackson. 1997. "The Political Role of Nonprofits in an Urban Community: The Case of Detroit." Paper presented at the annual meeting of the American Political Science Association, Washington, D.C. August 28–31.
- Hula, R. C., C. Y. Jackson, and M. Orr. 1997. "Urban Politics, Governing Nonprofits, and Community Revitalization." *Urban Affairs Review* 32, no. 4: 459–489.
- Hula, R. C., and C. Jackson-Elmoore. 1998. "The Emerging Role of the Third Sector in Local Governance." Paper presented at the 14th World Congress of Sociology, Montreal. July 26–August 1.
- Hula, R. C., R. W. Jelier, and M. Schauer. 1997. "Making Educational Reform—Hard Times in Detroit 1988–1995." *Urban Education* 32, no. 2: 202–232.
- Huskissen, G. 1992. "Coalition Grew from Ashes: New Detroit's Initiative Lauded, Progress Faulted." *Detroit Free Press* July 8, 1A, 6A.
- Jackson-Elmoore, C. 1999. "Governing Urban America: Emerging Roles for Nonprofit Organizations." Unpublished manuscript.
- James, E. 1987. "The Nonprofit Sector in Comparative Perspective." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 287–415. New Haven, CT: Yale University Press.
- Jenkins, J. C. 1987. "Nonprofit Organizations and Policy Advocacy." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 296–320. New Haven, CT: Yale University Press.
- Karnig, A. K., and S. Welch. 1980. *Black Representation and Urban Policy*. Chicago: University of Chicago Press.
- King, G., R. O. Keohane, and S. Verba. 1994. *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton, NJ: Princeton University Press.
- Kingdon, J. W. 1984. *Agendas, Alternatives, and Public Policies*. Boston: Little Brown.
- Kramer, R., and B. Grossman. 1987. "Contracting for Social Services: Process Management and Resource Dependencies." *Social Service Review* 57: 32–55.
- Krumholz, N. 1992. "The Kerner Commission: Twenty Years Later." In *Metropolis in Black and White*, edited by G. C. Galster and E. W. Hill. New Brunswick, NJ: Rutgers University Press.
- Levine, E. M. 1966. *The Irish and Irish Politicians: A Study of Cultural and Social Alienation*. Notre Dame, IN: University of Notre Dame Press.
- Lijphart, A. 1971. "Comparative Politics and the Comparative Method." *American Political Science Review* 65 (September): 682–693.
- Longoria, T. 1999. "The Impact of Office on Cross-Racial Voting." *Urban Affairs Review* 34, no. 4: 596–603.
- Marris, P., and M. Rein. 1982. *Dilemmas of Social Reform: Poverty and Community Action in the United States*. 2nd ed. Chicago: University of Chicago Press.

- McAdam, D. 1982. *Political Process and the Development of Black Insurgency, 1930–1970*. Chicago: University of Chicago Press.
- McCormick, J., and C. E. Jones. 1993. “The Conceptualization of Deracialization: Thinking through the Dilemma.” In *Dilemmas of Black Politics*, edited by G. A. Persons, 66–84. New York: Harper Collins.
- Meier, K. J., and R. E. England. 1984. “Black Representation and Educational Policy: Are They Related?” *American Political Science Review* 78: 392–403.
- Milofsky, C. 1987. “Neighborhood Based Organizations: A Market Analogy.” In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 277–295. New Haven, CT: Yale University Press.
- . 1988. “Scarcity and Community: A Resource Allocation Theory of Community and Mass Society Organizations.” In *Community Organizations: Studies in Resource Mobilization and Exchange*, edited by C. Milofsky. New York: Oxford University Press.
- Morris, A. D. 1984. *The Origins of the Civil Rights Movement: Black Communities Organizing for Change*. New York: Free Press.
- Moynihan, D. P. 1969. *Maximum Feasible Misunderstanding: Community Action in the War on Poverty*. New York: Free Press.
- Orr, M., and G. Stoker. 1994. “Urban Regimes and Leadership in Detroit.” *Urban Affairs Quarterly* 30, no. 1 (September): 48–73.
- Perry, H. L., and A. Stokes. 1987. “Black Independent Politics in Philadelphia and the Election of Mayor W. Wilson Goode.” In *The New Black Politics*, edited by M. B. Preston, L. J. Henderson, and P. L. Puryear, 256–290. New York: Longman.
- Peterson, P. E. 1981. *City Limits*. Chicago: University of Chicago Press.
- Pierre, J. 1999. “Models of Urban Governance—The Institutional Dimension of Urban Politics.” *Urban Affairs Review* 34, no. 3: 372–396.
- Pohlman, M. D. 1993. *Governing the Postindustrial City*. New York: Longman Publishing Group.
- Ramsay, M. 1998. “Redeeming the City: Exploring the Relationship between Church and Metropolis.” *Urban Affairs Review* 33, no. 5: 595–626.
- Reed, A. 1988. “The Black Urban Regime: Structural Origins and Constraints.” In *Power, Community and the City, Comparative Community Research*, edited by M. P. Smith. New Brunswick, NJ: Transaction Books.
- Reese, L. A., and G. Shields. 1998a. “Development Activities of Urban Religious Institutions.” Paper presented at the American Political Science Association, Boston.
- . 1998b. “Faith-Based Development Characteristics of Active Churches.” Paper presented at the American Political Science Association, Boston.
- Rich, M., M. Giles, and E. Stern. 1998. *Collaborating to Reduce Poverty*. Washington, D.C.: National League of Cities.
- Rose-Ackerman, S. 1996. “Altruism, Nonprofits and Economic Theory.” *Journal of Economic Theory* 34: 701–728.
- Rubin, H. J. 1995. “Renewing Hope in the Inner-City—Conversations with Community-Based Development Practitioners.” *Administration & Society* 27, no. 1: 127–160.
- Rustin, B. 1965. “From Protest to Politics: The Future of the Civil Rights Movement.” *Commentary* 39 (February): 25–31.

- Salamon, L. M. 1987. "Partners in Public Service: The Scope and Theory of Government-Nonprofit Relations." In *The Nonprofit Sector: A Research Handbook*, edited by W. W. Powell, 99–117. New Haven, CT: Yale University Press.
- . 1995. *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State*. Baltimore, MD: Johns Hopkins University Press.
- . 1998. *America's Nonprofit Sector: A Primer*. 2nd ed. New York: The Foundation Center.
- Salamon, L. M., and H. K. Anheir. 1996. "Social Origins of the Civil Society: Explaining the Nonprofit Sector Cross-Nationally." Johns Hopkins Comparative Nonprofit Sector Project.
- Saltzstein, G. H. 1989. "Black Mayors and Police Policies." *Journal of Politics* 51, no. 3: 525–544.
- Schattschneider, E. E. 1975. *The Semisovereign People: A Realist's View of Democracy in America*. Hinsdale, IL: Dryden Press.
- Skocpol, T. 1996. "Unravelling from Above." *American Prospect* 25: 20–25.
- Smith, S. R. 1995. "Community Organizations and Local Government." Paper presented at the Association of Public Policy Analysis and Management, Washington, D.C. November 2–4.
- Smith, S. R., and M. Lipsky. 1993. *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press.
- Stoecker, R. 1997. "The CDC Model of Urban Redevelopment: A Critique and an Alternative." *Journal of Urban Affairs* 19, no. 1: 1–22.
- Stone, C. N. 1980. "Systemic Power in Community Decision Making: A Restatement of Stratification Theory." *The American Political Science Review* 74: 978–990.
- . 1985. "Efficiency versus Social Learning: A Reconsideration of the Implementation Process." *Policy Studies Review* 4, no. 3: 484–496.
- . 1989. *Regime Politics*. Lawrence: University Press of Kansas.
- Swanstrom, T. 1997. "The Nonprofitization of Housing Policy: Slipping between the Horns of Policy Dilemma." Paper presented at the Urban Affairs Association, Toronto, Canada. April 17–19.
- Thomas, J. M., and R. N. Blake. 1996. "Faith-Based Community Development and African-American Neighborhoods." In *Revitalizing Urban Neighborhoods*, edited by W. D. Keating, N. Krumholtz, and P. Star, 131–143. Lawrence: University Press of Kansas.
- Tocqueville, A. de. 1969. *Democracy in America*. New York: Harper and Row.
- Underwood, K. 1997. "Ethnicity Is Not Enough: Latino-Led Multiracial Coalitions in Los Angeles." *Urban Affairs Review* 3, no. 1: 3–22.
- Van Riper, P. P. 1958. *History of the United States Civil Service*. Evanston, IL: Row Peterson.
- Verba, S., and N. H. Nie. 1972. *Participation in America: Political Democracy and Social Equality*. New York: Harper & Row.
- Viteritti, J. P. 1979. *Bureaucracy and Social Justice: The Allocation of Jobs and Services to Minority Groups*. Port Washington, NY: Kennikat Press.
- Warren, R., M. S. Rosentraub, and L. F. Weschler. 1992. "Building Urban Governance: An Agenda for the 1990s." *Journal of Urban Affairs*, 14(3/4).

- Weisbrod, B. 1988. *The Nonprofit Economy*. Cambridge, MA: Harvard University Press.
- Yin, R. K. 1994. *Case Study Research: Design and Methods*, 2d. ed. Thousand Oaks, CA: Sage Publications.
- Young, C., and L. Wheeler. 1994. *Hard Stuff: The Autobiography of Mayor Coleman Young*. New York: Viking Press.
- Young, D. R. 1999. "Complementary, Supplementary or Adversarial?: A Theoretical and Historical Examination of Nonprofit-Government Relations in the U.S." In *Nonprofits and Government: Collaboration and Conflict*, edited by E. T. Boris and C. E. Steurle, 31–67. Washington, D.C.: The Urban Institute.
- Zdenek, R. 1987. "Community Development Corporations." In *Beyond the Market and the State: New Directions in Community Development*, edited by S. T. Bruyn and J. Meehan, 112–127. Philadelphia: Temple University Press.

Baltimoreans United in Leadership Development: Exploring the Role of Governing Nonprofits

Marion Orr

This is Jericho, where the rich get richer and the poor work themselves into poverty—the walls must come down!

—BUILD Minister

We are a force to be reckoned with. We are the largest political organization in Baltimore City, if not Maryland.

—BUILD Volunteer

Expanding on previous studies of “governing nonprofits,” this chapter explores the role Baltimoreans United in Leadership Development (BUILD) has played in Baltimore in recent years. Scholars and activists have embraced the notion that nonprofits can play a vital role in the governing process in America’s cities (Ferris 1994; Jackson 1995). As Hula, Jackson, and Orr (1997, 478) note, governing nonprofits seek to “restructure local political agendas” by assuming “a number of roles and responsibilities traditionally identified with formal governmental authorities, including the identification of citizen preferences, program design, securing public resources, and marshalling public opinion.” I argue that BUILD has been effective in helping shape the policy agenda, offering and analyzing policy options, mobilizing popular support, and corraling public and private resources. Moreover, I will show that BUILD has forged significant and long-standing relations with

public officials and civic leaders. These relations are not based on the traditional service-provider/government paradigm. BUILD's relationship with civic leaders and government officials is centered on engagement, a partnership of sorts. The foundation of this partnership is BUILD's capacity to mobilize hundreds of Baltimore's citizens.

INDUSTRIAL AREAS FOUNDATION, RELATIONAL POWER, AND URBAN GOVERNANCE

BUILD is affiliated with the Industrial Areas Foundation (IAF), an organization founded in 1940 by the late Saul Alinsky, a radical community organizer from Chicago, who created "People's Organizations" in urban communities (Horwitt 1989). Since Alinsky's death in 1972, Edward T. Chambers, who worked with Alinsky for 16 years building organizations around the country, has headed the IAF. For the most part, IAF organizations are made up of members of multid denominational groups of religious organizations. These include Catholic, Protestant, Jewish, and Muslim congregations, as well as other groups and associations. In 1998 there were 62 IAF organizations in New York, Tennessee, California, Texas, New Mexico, Georgia, Iowa, North Carolina, Arizona, Massachusetts, Louisiana, Washington, and Nebraska (there are also IAF groups in London and South Africa). IAF provides the full-time staff for BUILD and the other affiliate organizations. However, community leaders run the organizations themselves. This is consistent with Alinsky's iron rule: "Never do for people what they can do for themselves."

"The modern IAF has taken Alinsky's original vision, refined it and created a sophisticated national network of citizens' organizations" (Perry 1990, 7). Unlike Alinsky, who prided himself on being confrontational and fighting the power structure, modern IAF leaders emphasize the development of a "broad, powerful base" that can "relate to other power centers such as government, school systems and corporations" (Perry 1990, 8). As Chambers put it, "The only purpose of our organization is to amass power—but we are not interested in brute power . . . we are about relational power" (Rogers 1990, 48). Political scientist Harry C. Boyte (1989, 17) notes, "IAF groups shifted from simply *protest* organizations to the assumption of some *responsibility* for policy initiation and what they call 'governance'."

Across the nation, IAF groups have cultivated "relational power," helping shape local policy around public education, low-income housing, and a host of other issues. IAF uses trained professional organizers to recruit community members in an attempt to eventually make them local community leaders and activists. IAF training teaches individual community members, rather than institutions, to become informed consumers of social power and active agents of change. In doing this, the community members learn the differences between unilateral power and relational power, and they are taught to seek the latter.

IAF philosophy teaches that in order to attain relational power, entities that have unilateral power must be willing to give it up and redistribute it in the form of relational power. An essential element in IAF's efforts to cultivate relational power is the training and development of community leaders. Trained IAF organizers work to identify and cultivate indigenous leadership. The organizer's role is to show community members how they can understand and achieve "shared power and shared responsibility." According to Cortes (1993, 37), "Their job is to teach people how to form relationships with other leaders and develop a network, a collective of relationships able to build the power to enable them to act."

They begin with small, winnable issues—fixing a streetlight, putting up a stop sign. Then they move into larger concerns—making a school a safe and civil place for children to learn. Then they move to still larger issues—setting an agenda for a municipal capital improvement budget; strategizing with corporate leaders and members of the city council on economic growth policies; developing new initiatives in job training, health care, and public education. When ordinary people become engaged and begin to play large, public roles, they develop confidence in their own competence. (Cortes 1993, 37)

Dennis Shirley (1997) presents a series of case studies describing how working-class parents, public school teachers, clergy, social workers, business leaders, and a wide range of citizens collaborated to improve public education in Austin, Houston, San Antonio, and other Texas communities. "When all of those relationships are brought out of their isolation from one another and mediated through a community-based organization," Shirley (1997, 254) observed, "they strengthen and reinforce one another." In the late 1980s, as Mary Beth Rogers (1990) shows in her book, *Cold Anger*, Texas IAF leaders developed a relationship with the state's lieutenant governor, a staunch conservative, who used his power over the Texas state senate to bring water, sewer lines, and paved roads to poor families living in the Rio Grande Valley. Freedman's (1993) account of the East Brooklyn Congregations (EBC) provides further evidence of IAF's relational power modus operandi. In an effort to raise millions of dollars to construct low-income housing, EBC developed ties with Francis Mugavero, the powerful bishop of the Roman Catholic Diocese of Brooklyn. According to Freedman, (1993, 336–337), Bishop Mugavero "provided EBC with more than money. He became the latest linchpin in Alinsky-style 'relational politics,' giving the group access to the highest levels of government," including the governor of New York.

These kinds of relationships can change communities, improve neighborhoods, and expand opportunities. However, as Rogers (1990, 63) observed, "being able to make those deals depends on developing relationships with people who hold power." Ernesto Cortes, one of the leaders of IAF explained that IAF "teach[es] people that the relationship is more important

than the issue. . . . There is no power without relationships” (cited in Rogers 1990, 63). One of the key reasons why IAF groups have been able to develop and maintain relationships with influential civic and political leaders is IAF’s ability to organize communities, train and develop indigenous leaders, and mobilize voters.

IAF’s notion of relational power is consistent with recent work on urban regime theory, with Clarence Stone (1989) as its foremost interpreter in recent years. Urban regime theory acknowledges that formal structures of local authority are inadequate by themselves to mobilize and coordinate the resources necessary to make and carry out significant decisions. Local government is quite limited in what it can do on its own. Because of its limitations and fragmentation, regime theorists emphasize that informal systems of cooperation are indispensable. Regime theory underscores the necessity for cooperation between local public officials and an array of business groups, voluntary associations, neighborhood groups, religious organizations, labor unions, and other nongovernmental organizations. Strong regimes, ones capable of concerted action across a range of policy issues, have relations enabling cooperation among various community sectors. In other words, the development of relational power is a key ingredient for successful urban regimes.

IAF’s differentiation of unilateral and relational power is also consistent with Stone’s social control and social production models. In contrast to the old debate between pluralists and elitists that focused on comprehensive control and domination, the social production perspective is concerned with a capacity to act: “What is at issue is not so much domination and subordination as a capacity to act and accomplish goals. The power struggle concerns, not control and resistance, but gaining and fusing a capacity to act—power to, not power over” (Stone 1989, 229). “Power over” (brute power) and domination (unilateral power) are consistent with the social control model. “Unilateral power,” according to IAF’s Cortes, “tends to be coercive and domineering.” Relational power, however, is “embedded in relationships, involving not only a capacity to act, but the reciprocal capacity to allow oneself to be acted upon” (Cortes 1996, 53).

IAF identifies individuals in neighborhoods, churches and schools who have leadership potential—the ability to be relational rather than adversarial, the capacity for conversation, and the ability to engage others in meaningful action. These volunteer leaders learn to discuss, argue, negotiate, and compromise, while forming and maintaining collaborative relationships. (Cortes 1996, 53)

If we think of a regime as the set of arrangements and understandings through which important community decisions are made and carried out, relational power and IAF’s emphasis on “building the competence of ordinary citizens and taxpayers so that they can reorganize the relationships of power

and politics in their communities” become important components of the process of urban governance (Rogers 1990, 87). In many major cities, the governing regime is skewed toward the preferences of the city’s corporate community. Business interests tend to be cohesive and command a great amount of resources. If low-income, disadvantaged residents are going to gain positions in the governing regime, they have to demonstrate an ability to work together (see Stone 1989, 215). IAF leaders are about organizing people. It is IAF’s belief that a “broad-based citizens’ organization” can expand the composition of local governing regimes to include ordinary citizens. These broad-based citizens’ organizations can play a significant role in urban governance. They “can open up the doors of corporate America and government bureaucracy so that citizens can enter the board rooms and meet the men and women who make major decisions, enabling citizens to see that there is no special mystery, no air of sanctity, about those people and those places” (IAF 1979, 29).

As governing nonprofits, IAF organizations acknowledge that building relations across communities and across institutional sectors can be a powerful force. As discussed below, over the past two decades BUILD forged public relationships with corporate leaders and government officials, providing a context for “collective decision making, policy formulation and policy implementation” (Ferris 1994, 6).

THE FORMATION OF BUILD

BUILD was formed within the context of a deteriorating central city. Beginning in the 1950s, Baltimore began to experience significant economic decline. The deterioration escalated in the 1970s. “For most Baltimore neighborhoods, the 1970s were years of increasing poverty, deteriorating housing, and shrinking economic opportunities” (Levine 1987, 113). Black neighborhoods were particularly hard hit. In response, African-American churches and fraternal organizations transformed themselves into aggressive community improvement organizations. The Park Heights Development Corporation, the St. Pius V. Housing Development Committee, and the Harlem Park Community Association were a few of the neighborhood-level organizations formed to address urban decay (McDougall 1993, 66–73). For several years these neighborhood-level organizations, and many others like them, worked to improve their immediate communities. By the late 1970s, however, black church leaders and activists in West Baltimore “began to get the idea that some citywide strategy was required” (McDougall 1993, 73). Mobilization in separate pockets of the city was not enough. In 1977, BUILD was created to mobilize the African-American community on a citywide basis.

BUILD was formed by an ecumenical group of white and black ministers as a response to the decay of African-American neighborhoods and the lack of citywide activism. The Reverend Vernon Dobson, a veteran of the civil

rights movement and pastor of historic Union Baptist Church, explained that one reason behind the formation of BUILD was to reinvigorate citywide black political mobilization. "I was becoming an old disillusioned preacher," recalled Dobson. "The last demonstration we called, we had had a press conference where we announced we'd have three hundred people. Ten came" (cited in Boyte 1989, 110). Determined to develop a citywide movement Dobson, Reverend Wendell Phillips, and Monsignor Clare O'Dwyer, all veterans of Baltimore's civil rights struggles, led the sponsoring committee that contracted with IAF.

For the first three years, BUILD was a small group of churches that worked on local neighborhood issues like police protection, arson control, and rat eradication. Initially, BUILD's efforts were slow to catch fire. As one organizer recalled, "the IAF really didn't have an organizer who could pull it off. The lead organizers were not able to cross racial lines. They were white and most of the ministers were black. The organizers weren't connecting with people—black or white" (cited in Orr 1999, 37). In the spring of 1980, IAF officials dispatched a new organizer to Baltimore.

Arnie Graf brought with him years of experience. He was active in the civil rights movement; spent two years in Sierra Leone with the Peace Corps; worked as a welfare-rights organizer in Harlan County, West Virginia; and in 1976 followed Ernie Cortes as lead organizer of COPS, an IAF-affiliated organization in San Antonio, Texas (Boyte 1989). "The IAF skills Graf brought with him included a thorough knowledge of targets, potential victories, and appropriate strategies" (Boyte 1989, 117).

When Graf arrived in Baltimore, BUILD was heavily in debt and had a small base, only 12 or 13 churches. The leaders of BUILD were discouraged. Church leaders were concerned that the annual dues of \$2,000 to \$3,000 were not supporting an effective organization. Graf nevertheless proved capable of enlisting strong support among African-American church leaders. He met separately with church leaders, probing their interests, seeking to motivate them. Graf concluded that what was needed was an issue with lots of visibility, a great deal of action, and momentum. With the support of Dobson and other leaders, Graf decided to tackle the issues of low-income housing and bank redlining. Making use of the Community Reinvestment Act, BUILD leaders discovered that most local banks lent only a small portion of their mortgage funds in inner-city and mainly black areas. Provident Bank, for instance, lent \$660,000 to families in black neighborhoods out of more than \$50 million, barely 1 percent. BUILD leaders then printed out tables and charts showing the disparities and passed them out in the churches. As a BUILD leader recalled:

We then asked people in the churches to anonymously write down how much money they had in the banks. We discovered that of the members of the 12 or 13 churches, they had over \$15 million in the banks. We then demanded changes. Harborplace

[the centerpiece of Baltimore's Inner Harbor redevelopment] had just opened. People knew that a lot of the money for the Inner Harbor was public dollars. People in the neighborhoods resented giving money to redevelopment projects while the neighborhoods were falling apart. (cited in Orr 1999, 38).

When bank officers refused to meet with BUILD leaders about the matter, a group of 60 or 70 BUILD members formed long lines at the bank's windows and asked for change in pennies. Police came. Officials panicked. The tactic created such a problem that bank officers agreed to talk to a BUILD delegation. Over 500 low-income families acquired home mortgages as the result of these talks. BUILD had mobilized the black community in ways reminiscent of the civil rights era. In October 1984, BUILD's annual convention drew over 1,500 delegates. In November 1987, at its 10th anniversary convention, more than 2,000 people were present. BUILD is considered by many to be the most powerful group in Baltimore City. BUILD's influence is far greater than the local chapter of the NAACP and has also eclipsed that of the Interdenominational Ministerial Alliance (IMA), a group of African-American ministers formed in the 1940s and representing about 166 churches. A black minister agrees: "IMA never had the staff and leadership specifics around a certain issue. With BUILD, churches committed money and bodies. This is what the IMA didn't have. BUILD is much more organized" (quoted in Orr 1992, 177). Because BUILD raises broad-based, community-wide issues, it is able to mobilize hundreds of citizens, demonstrating to political and civic elites that the African-American community's voice will be heard.

In 1997, BUILD had an annual budget of about \$350,000, a full-time staff of four, and comprised about 60 churches, many of them predominantly African American. The Baltimore Teachers Union and the union representing principals and school administrators are also constituent members of BUILD. The churches, however, are the main strength behind BUILD. BUILD's organizational structure follows the basic IAF structure. The leadership of BUILD consists of four "co-chairs," two of whom are clergy while the others are lay persons. Co-chairs can only serve for two consecutive years. A "strategy team" of 37 lay and clergy leaders comprise what is essentially the executive committee of BUILD. The strategy team is the key group of leaders who make day-to-day organizational decisions in BUILD. It meets monthly to set the agenda for BUILD and, as its name implies, plot strategy. The base unit of BUILD is the organizing council or steering committee. The organizing council members are four to five lay leaders from the various church congregations whose job it is to mobilize their individual church members to attend assemblies, rallies, and mass meetings. The "annual convention," a huge public gathering, usually attended by between 1,500 and 2,000 BUILD volunteers, is the other major structural component of BUILD. The convention endorses the strategy

team's agenda. Public officials and other civic leaders are invited and are usually asked to make a public commitment to embrace and work toward accomplishing the organization's agenda. In addition, candidates for co-chairs and members of the strategy team are approved at the annual convention.

Over the years, BUILD has increasingly moved toward IAF's modern philosophy of relational power. The protest and demonstration that occurred during BUILD's embryonic stage gave way to an emphasis on cultivating relationships and governance. BUILD leaders acknowledge that power can derive from relationships. As one BUILD organizer explained: "How do you energize people into a governing arrangement when they don't want to be in a relationship with you? You can do [it] if you have a base of power; you force them to. Then human relations kick in and you begin to build up a relationship. It comes with contact; you build trust. You have garnered each other's respect in a power relationship" (cited in Orr 1992, 184).

THE BALTIMORE COMMONWEALTH

In the early 1980s, BUILD decided to use the development of a school compact program as a vehicle to build relationships with corporate leaders and public officials. Later called the Baltimore Commonwealth, the school compact encouraged high school students to perform well in school with the promise of a job and financial support to pursue higher education. BUILD leaders understood that any program that purported to provide high school graduates jobs and money to attend college required a relationship with and the support of Baltimore's business community.

Since the 1950s, Baltimore's corporate community has been organized under and represented by the Greater Baltimore Committee (GBC). At first glance, the GBC would appear to be an unlikely candidate for a relationship with BUILD around the issue of youth employment. First, the GBC had a poor track record in the area of inner-city youth employment. For example, just as BUILD began to develop the school compact concept, the U.S. Commission on Civil Rights held hearings in Baltimore examining the impact of Baltimore's economic development projects on the city's black community. The commission's final report, derisively titled *The Greater Baltimore Commitment*, lambasted the GBC, maintaining that "there is no question that employers in Baltimore are not hiring local high school graduates, who are predominantly minority, in significant numbers although many such students have entry level job skills and adequate academic skills" (United States Commission on Civil Rights 1983, 21). Second, many of BUILD's early campaigns—attacking and redlining insurance and utility rates, for example—targeted the city's corporate sector. BUILD's early tactics left many corporate leaders skeptical. Alan Hoblitzel, a banker and president of the GBC, recalled that he had read about BUILD's "adversarial na-

ture, their confrontations, things like that. The question was whether you could sit down in a cooperative vein to deal with problems that are common" (cited in Boyte 1989, 120).

From the perspective of relational power, the GBC was the perfect partner for the school compact. In BUILD's analysis, locally owned businesses and industries with limited mobility all had an interest in seeing that the public schools graduated quality students. Locally rooted businesses desire to be perceived as "good citizens" (Logan and Molotch 1987).

In April 1984, when BUILD leaders presented their school compact proposal to the GBC, they were rebuffed. Corporate leaders expressed no interest in forming a partnership with BUILD. GBC's refusal to support the compact proposal turned into a highly visible battle between black community leaders and the city's corporate sector. Tensions, harsh words, and animosity continued for nearly six months. However, during the six-month standoff, with the help of an ally within the GBC, BUILD leaders surreptitiously obtained employment data on several of the GBC's member corporations. These data reportedly showed that the majority of blacks were employed in positions at or near the bottom of the pay scale. After analyzing the figures, BUILD leaders concluded that several GBC companies discriminated against African Americans. After several failed attempts to start dialogue, BUILD members organized a mass meeting (attended by about 800 people) and threatened to release the employment data to the media unless GBC officials agreed to discuss the Commonwealth proposal. Release of the employment data was certain to fuel tensions between the African-American community and civic leaders.

When several newspapers, including the *Washington Post*, reported the confrontation, civic leaders began to worry. Such publicity could potentially damage the city's efforts to attract business and industry. Eventually, a leadership change at the GBC created a breakthrough. A compromise was reached. GBC agreed to a Commonwealth proposal that would provide priority hiring only for public school graduates with a 95 percent attendance rate and a grade point average of 80. The compromise agreement guaranteed each student at least three job interviews from a pool of more than 150 participating employers. Despite opposition from some BUILD leaders, the Commonwealth Agreement between BUILD and the GBC was signed in April 1985. Gerald Taylor, BUILD's lead organizer at the time, urged the signing of the agreement. "I felt our first challenge was establishing a public relationship," Taylor recalled (cited in Boyte 1989, 121).

The Commonwealth Agreement opened the door for future educational projects between BUILD and the GBC. Initial discussions about the Commonwealth concentrated on linking a specified level of school attendance and grades with guaranteed job interviews for high school graduates. A major piece missing was an initiative to assist graduates who were college bound. This missing component was first observed by BUILD.

In fall of 1987, BUILD leaders approached the GBC to persuade corporate leaders to provide scholarships to help more Baltimore public school graduates continue their education. GBC was receptive to the idea. In May 1988, GBC formed the CollegeBound Foundation. In addition to providing “last dollar” grants to help students further their education, CollegeBound also counsels students about the value of going to college and the kinds of high school courses to take. CollegeBound staffers also provide students with hands-on assistance in completing financial aid forms and college admission applications. The relationships developed during the negotiations for the Commonwealth paved the way for the formation of the CollegeBound Foundation.

A LIVING WAGE

In 1993, BUILD launched a campaign to force Baltimore’s business and political leaders to adopt what BUILD leaders called a “social compact.” The social compact had several components, but it was centrally concerned about jobs, especially in Baltimore’s downtown service economy. The social compact would encourage government and the corporate community to commit to create more full-time jobs, increase the number of African Americans in mid- and upper-level management positions, and fund career advancement training for downtown workers prior to the approval of any public money for downtown projects. In short, the social compact sought to link downtown development projects benefiting from public subsidies with the creation of higher-quality job opportunities for Baltimore residents.

The adoption of what BUILD leaders called a “living wage” became the central issue in BUILD’s social compact campaign. BUILD’s living wage campaign began after the insufficiency of the federal minimum wage was brought home to some of its ministers who noticed an increase in the number of people using their churches’ food kitchens. BUILD surveyed those seeking help and found that nearly a third were employed, many worked downtown, and many earned \$4.25 an hour—the federal minimum wage. BUILD leaders argued that many of the downtown workers did not earn enough to keep a family of four above the government’s definition of poverty (\$14,900 annually). BUILD sought to enter into a social compact with government and business officials that would raise the earnings of downtown workers to a living wage, an annual income of \$16,000–\$20,000. BUILD’s living wage translated into a minimum hourly pay rate of \$7.70.

From a policy and political perspective, BUILD’s social compact questioned the fundamental logic of Baltimore’s downtown redevelopment strategy. Specifically, it challenged the idea that the special incentives (loans, grants, special services, tax abatements) given by governments to private investors necessarily translated into an improved economy for city residents.

BUILD leaders argued that during the 1970s and 1980s, billions of federal, state, and local tax revenues were spent to spur development in and around Baltimore's Inner Harbor. BUILD leaders maintained that thousands of downtown workers earned an hourly wage that translated into annual incomes below the federal government's official poverty level. "Each week we meet more of the women who clean office buildings and hotels for \$4.25 and \$5.50 an hour and cannot afford the benefits the company 'offers,' more of the men who show up for temp jobs or irregular seasonal work and still live in homeless shelters" (Butler, Gench, Howard, and Moore 1993). BUILD leaders challenged city officials and corporate leaders to consider the plight of the working poor, the men and women who are "invisible in the bustling downtown, who arrive early to prepare for those valuable tourists, and who clean up after the business executive go[es] home" (Butler, Gench, Howard, and Moore 1993). From BUILD's analysis, companies that benefited directly or indirectly from the infusion of tax dollars have a public obligation to provide jobs and wages that pull people out of poverty.

We believe in work and the dignity of work—the old concept of a decent day's wages for a decent day's work. We believe in families and that if you work, you should have the ability to sustain a family. We believe in accountability, not just for individuals but for government and corporate institutions. BUILD churches will not stand by while the taxpayers of our city and state subsidize and encourage more Baltimore poverty. We believe the proper goal of investment in economic development is to assure that the jobs created are the kind that end poverty in our city. (Butler, Gench, Howard, and Moore 1993)

In April 1993, BUILD leaders approached hotels near Inner Harbor about the social compact. BUILD's initial request—that the management of the Hyatt and other Inner Harbor hotels release detailed information about wages, benefits, and the racial composition of the work force they employed—was quickly rebuffed. Hotel management maintained that wages and other employment data were proprietary. The hotels' refusal to release details of their employment practices became a sticking point in the negotiations.

In June and September 1993, BUILD held mass meetings, attended by about 500 to 700 volunteers, to show public support for the social compact. At both meetings, Mayor Kurt L. Schmoke was asked where he stood on the social compact, to help BUILD leaders arrange a meeting with the downtown hotels, and whether he would use "the power of his office" to link future downtown development subsidies and compliance with the social compact. BUILD also sought Schmoke's help in obtaining the hotels' employment data. At one point in the September rally, the Reverend Douglas Miles, a BUILD leader, drew a chalk line on the stage and asked Schmoke to step across the line if he supported BUILD's social compact. After some hesitation, Schmoke walked across the line and shook Miles's hand.

Before the raucous crowd, Schmoke eventually vowed to help arrange another round of talks between BUILD and the hotels. However, on the most critical question—explicitly linking future public subsidies with the goals of the social compact—Schmoke demurred. Schmoke maintained that hotel management disputed BUILD’s assertions about the wages of hotel workers. Yet, Schmoke maintained that he could not force the hotels to release their employment data. Schmoke argued (as he would throughout) that he did not have the legal authority to force businesses to pay wages that exceed the legal minimum established by federal law. “The problem is that the social compact includes something that I cannot affect by law,” Schmoke explained (Duffy 1993). When asked whether paying higher wages could be made a precondition to the awarding of contracts to corporations doing business with the city, Schmoke repeated that he did not have the legal authority to dictate wages.

At a November 1993 mass meeting held at the Hyatt Hotel on the Inner Harbor, Mayor Schmoke was called again before the BUILD membership to declare where he stood. Schmoke essentially gave the same response he had given previously. However, City Council President Mary Pat Clarke—who had announced in September 1993 (two years prior to election day) that she would challenge Schmoke in the 1995 Democratic primary—told the crowd that she would “work with BUILD, the mayor and the business community” to promote the goals of the social compact (Duffy 1993). Two other city councilors came forth to express their general support for BUILD’s goals. Before the Hyatt rally ended, materials were distributed, including a month-by-month outline of the city’s budgeting process and a sign-up sheet for BUILD members who wished to participate in the budget-related sessions.

BUILD turned its attention to making the living wage a part of the process of developing the 1994 Baltimore City budget. In December 1994, Clarke introduced and the council passed legislation providing for a living wage ordinance. The ordinance required all businesses that obtained new contracts with the city to pay workers a wage rate of \$6.10 an hour in fiscal year 1996, \$6.60 in 1997, and \$6.90 in 1998. The city’s goal was to phase in an hourly rate of \$7.70 by fiscal year 1999. It was estimated that the new ordinance would affect approximately 4,000 to 5,000 workers.

Talks between Baltimore’s business community and BUILD concerning the living wage, however, never got off the ground. Corporate leaders cautioned that instituting a mandatory minimum wage of \$7.70 would stifle business development. However, the hotels vowed to address the issue of racial diversity within the management of the city’s large hotels. In the spring of 1994, Hyatt announced that an African American would become general manager of its Inner Harbor hotel, becoming the first major downtown Baltimore hotel with a management staff headed by an African American. In addition, in response to the social compact campaign, downtown hotels helped set up a hospitality management program at Southwest High School.

Finally, in early 1999, after a two-and-a-half year struggle, BUILD and a coalition of labor unions successfully lobbied the administrators of Johns Hopkins University to bring the wages of 1,000 workers in line with Baltimore City's living wage ordinance.

CHILD FIRST AUTHORITY

The establishment of the Child First Authority provides another indication of BUILD's role as a governing nonprofit. Formed in 1996, the Child First Authority provides an extended-day program (from 3:00 P.M. to 6:00 P.M.) for Baltimore's schoolchildren. The extended-day programs operate in 10 Baltimore schools with plans to expand to 40 schools.

BUILD spearheaded the establishment of the Child First Authority. In the spring of 1996, a committee of BUILD volunteers developed a detailed "concept paper" outlining the need for quality after-school activities for Baltimore's youth, the objectives of the proposed Child First Authority, and how such extended-day programs could be funded. BUILD's concept paper argued that additional after-school programs were needed to stem juvenile delinquency and to provide academic and cultural activities that were unavailable during the school day. From a political and policy perspective, BUILD noted that inadequate funding of the city's schools had negatively impacted programmatic initiatives within the schools. "For a number of years," BUILD leaders argued, "Baltimore City public school students have received a limited amount of cultural and recreational experiences. In many instances music, arts and crafts, and physical education programs have been severely diminished in the public schools" (BUILD 1996). BUILD sought to address this problem, proposing a program to provide a safe place for Baltimore's youngsters during after-school hours and to enhance the education process through quality academic, tutorial, and recreational experiences. Consistent with IAF's notion of relational power, BUILD acknowledged that addressing these needs required a partnership: "This effort will require a concerted effort on the part of the BUILD organization, government and business leaders, the churches and other civic and social organizations, school principals and teachers, students and most importantly, the students' parents" (BUILD 1996). BUILD vowed to play a significant role in helping create the extended-day programs, stating in its concept paper that it would "take the responsibility of assisting selected schools in organizing the parents, community, teachers and administrators to develop an effective program"; "organize school partners and volunteers from the community to work with the Authority's program"; and "work with the Mayor, state officials and other elected officials to secure funding for the Authority" (BUILD 1996).

BUILD proposed a unique mechanism for funding the extended-day programs, calling for the establishment of a "public authority" dedicated to providing enrichment activities for children. Public authorities are typically

large area-wide institutions that are established by state law. They are usually charged with providing a single service for a region or community. The Maryland Port Authority, for example, is charged with maintaining Maryland's ports, including the port of Baltimore. States have created sports authorities, empowered to build sports facilities. The two new sports stadiums in downtown Baltimore were financed, constructed, and are operated under the auspices of the Maryland Stadium Authority.

BUILD's proposal for a Child First Authority was predicated on a number of factors. First, creating an authority, BUILD believed, would illustrate "the importance" Baltimore places "on the development of our children." For BUILD leaders, an authority dedicated to extended-day programs would suggest that the development of children is just as important as the development of a sports stadium. "We see no greater priority than the development of our children," BUILD leaders proclaimed. Second, BUILD argued that "an Authority gives us a vehicle to raise substantial dedicated funds and funds from private sources without having to tax an already overburdened city budget." Moreover, BUILD leaders maintained that, like other authorities, the Child First Authority would have the capacity to raise money through the sale of bonds for capital improvement and the purchase of equipment.

In the summer of 1996 BUILD held a public assembly at the St. Mary of the Assumption Roman Catholic Church to show support for the Authority. Attended by more than 1,000 people, members of BUILD called on Baltimore's political and civic leaders to support the Child First Authority by committing to help fund it. Mayor Kurt Schmoke, an early supporter, committed to raising \$1.5 million for the Authority. A bill introduced in the Maryland legislature by Howard "Pete" Rawlings, a Baltimore legislator and chair of the Maryland House of Delegates' Appropriations Committee, authorized a state grant of \$400,000 for the Authority. BUILD also called on the owners of the Baltimore Orioles (the pro baseball team) and the Ravens (the pro football team) to make at least a "six figure" contribution to help fund the Authority. A few days later, the Peter and Georgia Angelos Foundation, named for the owner of the Orioles and his wife, donated \$500,000.

CONCLUSION

BUILD was formed out of a concern for improving and expanding the life chances of Baltimore's disadvantaged residents. The founding members of BUILD viewed the organization as an avenue to bring the voice of the poor into "the corridors of power." In its formative years, BUILD emphasized protest, confronting the defenders of the status quo and harassing established power holders into concessions. Over the years, however, BUILD leaders recognized that developing relations with other power forces—mayors, governors, state legislators, business leaders—is critical to address-

ing the needs of the thousands of families they represent. As Stone (1999, 851) recently observed, “civil society in poorer neighborhoods and the public sector are interdependent so that what can be accomplished in alliance with one another is different from what each can accomplish separately.”

The Baltimore Commonwealth became the first significant outcome of BUILD’s relational power. The Commonwealth brought business and community leaders together to address mutual concerns. Business leaders are not necessarily indifferent to an issue like improving the quality of public education. They have a stake in ensuring that the public schools perform well. The Commonwealth was an effort to bring the various community sectors together, serving as “a community-wide arena that reknit and created relationships that were badly frayed in some cases, virtually nonexistent in others, but which were essential for effective action” (Boyte 1989, 125). Alan Hoblitzel, the banker who served as president of the GBC during the formation of the Commonwealth, explained that the Commonwealth “created a vehicle by which we could continue to have a dialogue about the school system and other issues in ways that I never would have expected. It’s just not my normal experience to sit down with a black minister and talk about the issues we do” (cited in Boyte 1989, 125).

BUILD is able to rely on relational power because it is an organized force in Baltimore and Maryland politics. For example, in the summer of 1998, leading to the fall gubernatorial election, BUILD registered approximately 10,000 new city voters. Before election day, Democratic Governor Parris Glendening appeared before a BUILD assembly and endorsed several specific BUILD issues, including a proposal for Maryland to provide \$500,000 per year for the Child First Authority. BUILD could not formally endorse Glendening because of its nonprofit tax status, but BUILD leaders and volunteers aggressively spread the word that the governor supported their agenda. On election day, BUILD ran the most visible get-out-the-vote operation in Baltimore, increasing voter turnout in the overwhelmingly Democratic city. BUILD’s effort helped energize the Democratic effort in the city (voter turnout in the city jumped from 41 percent in the 1994 gubernatorial election to 53.6 percent in 1998) where Glendening won 81 percent of the ballots cast. In the months leading to the opening of the 1999 legislative session, BUILD leaders “worked with Glendening’s staff to draft bills for its agenda items. While the General Assembly was in session, BUILD members communicated with the governor’s office every week to 10 days, met repeatedly with key legislators, testified on bills” (Rath 1999). As legislators deliberated over the budget, BUILD members lobbied in the state capital daily. Among the items included in the budget was \$2 million for the Child First Authority. As Arnie Graf explains, BUILD “used campaigns as [tools] to force a conversation, to lift up an agenda that comes from some place other than polls or the business community, as a way of accessing the debate—whether it’s the living wage, which we lifted up in the 1995

campaign, or Nehemiah homes, which we lifted up in the 1987 campaign” (cited in Rath 1999).

As Hula, Jackson, and Orr (1997) have shown, a “flexible” policy agenda is another feature of governing nonprofits. Over the past two decades, BUILD has used its relational power in a number of policy areas. For example, in the early 1990s BUILD took on the issue of the lack of racial diversity within the management of the major hotels in downtown Baltimore. Before BUILD raised the matter, the issue of jobs and representativeness in downtown hotels (construction costs for many of these hotels were assisted by public dollars) had never been publicly debated. Affordable and safe housing is another policy arena that BUILD has sought to shape. BUILD can claim responsibility for the Nehemiah Housing program in the Sandtown-Winchester community. Mayor Kurt Schmoke publicly acknowledges BUILD for providing the stimulus for the massive Sandtown-Winchester community development project on the city’s westside. As Schmoke explained: “When I came into office, I felt that there was a way in which I could really improve the quality of life there [in Sandtown-Winchester] but it was going to take a remarkable partnership and once again, the BUILD organization, that I’ve worked with on so many other things, gave me or pointed to me a model which was the Nehemiah Housing in New York” (cited in Orr 1999, 67).

Nonprofit organizations like BUILD can play a crucial role in the governing process. BUILD illustrates a role that is distinct from the traditional service provider or policy advocates nonprofits. BUILD assumed the responsibility traditionally identified with formal governmental authorities, recognizing a public need, formulating a policy response, and securing public and private resources. As a governing nonprofit, BUILD “bring[s] together key stakeholders to formulate policies and forge coalitions between disparate communities” (Jackson 1995, 14). BUILD’s experience in Baltimore suggests an emerging role for governing nonprofits. The presence of a governing nonprofit like BUILD is perhaps one of the answers to the question of creating a broader and more inclusive form of political incorporation.

REFERENCES

- Boyte, H. C. 1989. *Commonwealth*. New York: Free Press.
- BUILD. 1996. “The Child First Authority: Concept Summary.” Author.
- Butler, R., R. Gench, A. Howard, and D. Moore. 1993 “A Social Compact That Would Attack Poverty.” *The Baltimore Sun*, December 7.
- Cortes, E. 1993. “Reweaving the Fabric: The Iron Rule and the IAF Strategy for Power and Politics.” In *Interwoven Strategies*, edited by Henry Cisneros. New York: W. W. Norton and Co.
- . 1996. “Community Organization and Social Capital.” *National Civic Review* 85 (Fall): 49–53.

- Duffy, J. 1993 "BUILD Brings Campaign for Social Compact to Inner Harbor." *City Paper*, November 26.
- Ferris, J. M. 1994. "The Role of the Nonprofit Sector in a Self-Governing Society." Paper presented at the Workshop in Political Theory and Policy Analysis, Indiana University.
- Freedman, S. 1993. *Upon this Rock*. New York: Harper-Collins.
- Horwitz, S. D. 1989. *Let Them Call Me Rebel*. New York: Vintage Books.
- Hula, R. C., C. Y. Jackson, and M. Orr. 1997. "Urban Politics, Governing Nonprofits, and Community Revitalization." *Urban Affairs Review* 32: 459-489.
- Industrial Areas Foundation [IAF]. 1978. *Organizing for Family and Congregation*. Chicago: Industrial Areas Foundation.
- Jackson, C. Y. 1995. "Governing Urban America: Emerging Roles for Nonprofit Organizations." Paper presented at the Independent Sector Research Forum, Washington, D.C.
- Levine, M. V. 1987. "Downtown Redevelopment as an Urban Growth Strategy." *Journal of Urban Affairs* 9: 103-123.
- Logan, J. R., and H. Molotch. 1987. *Urban Fortunes: The Political Economy of Place*. Berkeley: University of California Press.
- McDougall, H. 1993. *Black Baltimore*. Philadelphia: Temple University Press.
- Orr, M. 1992. "Urban Regimes and Human Capital Policies: A Study of Baltimore." *Journal of Urban Affairs* 14: 173-187.
- . 1999. *Black Social Capital*. Lawrence: University Press of Kansas.
- Perry, C. 1990. *IAF: Organizing for Change*. New York: Industrial Areas Foundation.
- Rath, M. 1999. "BUILD and the Groups It's Inspired Remake Baltimore Politics from the Ground Up." *City Paper*, June 16.
- Rogers, M. B. 1990. *Cold Anger*. Denton: University of North Texas Press.
- Shirley, D. 1997. *Community Organizing for Urban School Reform*. Austin: University of Texas Press.
- Stone, C. N. 1989. *Regime Politics*. Lawrence: University Press of Kansas.
- . 1999. "Poverty and the Continuing Campaign for Urban Social Reform." *Urban Affairs Review* 34: 843-856.
- United States Commission on Civil Rights. 1983. *Greater Baltimore Commitment: A Study of Urban Minority Economic Development*. Washington, D.C.: U.S. Government Printing Office.

Black Church–Affiliated Community Development Corporations and the Coproduction of Affordable Housing in New York City

Michael Leo Owens

Thousands of nonprofit organizations, both secular and religious, operate in urban Afro-American neighborhoods. Their intent is to stabilize physical environments, reverse downward social trajectories, and advance economic opportunity. “Black churches” are the vanguard of nonprofit organizations working to better the conditions of inner-city blacks.¹ They extend the legacy of Afro-Christianity as an institution of racial uplift and social justice with what Peter Paris (1985, 2) describes as “a profound concern for the bitter and painful realities of black existence in America.” These faith-based nonprofits give succor to black people. Few, if any, ration relief. Those of the faith and those without are recipients of good will. Black churches provide freely and indiscriminately. Their provisions include spiritual, moral, physical, social, economic, and political support. They, as Reverend Dr. W. Franklyn Richardson (1994, 116), pastor of Grace Baptist Church in Mt. Vernon, New York, intones, “secure the [black] community on every leaning side.”

Striving to better the life-chances of blacks and the social milieu of their neighborhoods is hard. Black churches have limits. However, they do not resign. Instead, black churches experiment. In particular, they experiment with a variety of institutional approaches designed to address the range of factors halting black progress in cities (Clemetson and Coates 1992). Many of their institutions are traditional. For example, the history of black churches in America is replete with schools, credit unions, and food pantries. Other institutions are novel, but far from new to black churches. Examples include

community investment funds, transportation companies, and consignment shops. A few institutions, however, are wholly modern and fresh to black churches. Construction management firms and philanthropic foundations are two examples. The activities of the various types of institutions affiliated with black churches differ. Rarely, however, do their legal statuses: the institutional approaches of black churches commonly take the form of Internal Revenue Service 501(c)(3) tax-exempt nonprofit affiliates or subsidiaries. (Some churches do incorporate for-profit affiliates.) The use of formal nonprofit affiliates by black churches displays their “flexibility in adopting new approaches to the exigencies of the times” (Wilson and Green 1988, 64). It also demonstrates their desire to increase the production and reliability of their services to black communities, along with the efficiency and effectiveness of their work.

Although the range of types of black church-affiliated nonprofits is broad, community development corporations (CDCs) are becoming the nonprofit affiliate of choice among urban black churches. Similar to secular CDCs, black church-affiliated CDCs are what Lester Salamon (1992) terms “service-oriented” nonprofits. Nonprofits of this type “serve primarily a public or charitable purpose, direct their efforts to a broader public than only the immediate members of the organization and provide actual services” (Salamon 1992, 263). Black churches use them to engage in neighborhood-based redevelopment projects. The specific purpose of the black church-affiliated CDC, which foundation grants, corporate equity investments, and government contracts often underwrite, is to reconstruct the physical, economic, and social environment of a targeted area or neighborhood. Across Afro-America, their presence is noticeable.² There are Los Angeles’ Renaissance Development Corporation (an affiliate of First AME Church); Kansas City, Kansas,’ City Vision Ministries; and Detroit’s REACH, Inc. (an affiliate of Twelfth Street Missionary Baptist Church), to name a few.

Black church-affiliated CDCs provide a variety of benefits to their sponsors. These nonprofits are seen as advancing the religious ministry of the church. This is not to argue that religious indoctrination is an explicit purpose or activity for these organizations. Black church-affiliated CDCs are administratively and financially autonomous from their church sponsors. They do not expect or require that their clients be church congregants, or even Christian. Nor does religion play a factor in their hiring practices. These CDCs are not “pervasively sectarian” (*Lemon v. Kurtzman* 1971). Although the activities of a black church-affiliated CDC appear wholly secular on the surface, they do manifest Afro-Christian theology. Soul salvation, communication of the Gospel, and the application of the Golden Rule are inherent in the actions of a black church-affiliated CDC. The lay executive director of a black church-affiliated CDC describes himself and his vocation this way: “I serve as a technician.

But, one who works from can't see in the morning to can't see at night to make the Word flesh."

In addition to spiritual utility, black church-affiliated CDCs are seen to have *financial utility*. A cardinal reason the churches charter CDCs is to protect their finances and manage risk. A CDC ensures that the capital assets of the church remain unaffected by the potential legal and economic liabilities inherent in "doing" development projects (e.g., land acquisition or housing construction). Furthermore, the CDC is an instrumentality by which black churches may obtain resources—public and private—that are normally not available to them because they are religious organizations. A black church-affiliated CDC, for example, can obtain money from the state without upsetting the legal doctrine of no public aid to religious organizations and the strict church-state separation convention. An official with a national faith-based technical assistance organization describes the financial utility of black church-affiliated CDCs this way:

Black churches desire to make a difference in their local neighborhoods and it is necessary to structure other nonprofit entities separate and distinct from the church corporation. The reasons include legal liability issues to protect the assets and resources of the "mother ship" and the access to funding under the current separation of church and state context. Those are primarily the motivations. They would not be establishing separate corporate entities if it did not allow them to protect their assets, get resources, and access funding that would not otherwise be available to a religious-missioned, corporate entity. (Interview)

Beyond spiritual and financial utility, black church-affiliated CDCs possess a *production utility*. Churches intend for affiliated CDCs to produce goods and services that better the conditions of blacks, individually and collectively. To this end, black church-affiliated CDCs engage in a host of activities. Affordable housing development, employment creation, and social services delivery are common. The effectiveness of their production utility, however, is not secure from the influence of another utility of black church-affiliated CDCs—*political utility*. Black church-affiliated CDCs rarely, if ever, step into the arena of electoral politics (Owens, forthcoming). Nevertheless, they are active contestants on behalf of blacks in public policy arenas, mainly at the municipal level (Owens 1998). Black church-affiliated CDCs purposively act to influence the use of public authority and affect the allocation of public resources. Constituent advocacy, policy hearing testimony, voter registration, and community organizing are customary activities. Through these activities, black church-affiliated CDCs continue the historic pursuit of black citizen inclusion in urban governance. There is, however, another political action of black church-affiliated CDCs that advances the political development of urban blacks, one that induces greater responsiveness from government programs to urban black interests and needs—coproduction.

Black church-affiliated CDCs deliberately engage in a politics of coproduction. They purposively blend their capacities with the resources of government to deliver collective goods to black people and their neighborhoods. The cooperation of black church-affiliated CDCs with government entails political calculation and action on the part of these nonprofits. These CDCs seek opportunities to collaborate with public bureaucracies to provide public services jointly. More important, they consciously try to exploit the opportunities. Biasing public action to the advantage of black citizens, or at least minimizing its potential for black detriment, is their objective. In the process, black church-affiliated CDCs connect black citizens to government and government to black citizens. They forge vertical links between society's institutions of power and the communities they serve. Specifically, these black-controlled conduits channel substantive resources (e.g., money and property) and symbolic resources (e.g., legitimacy and prestige) from the larger external community to the smaller internal communities of blacks (Hunter and Staggenborg 1988).

In many American cities, the linchpins of government initiatives to improve black neighborhoods are black church-affiliated CDCs. Their involvement in public neighborhood redevelopment is political, albeit in nonelectoral form. This chapter explores how the political act of coproduction of public services by black church-affiliated CDCs may facilitate greater black participation in municipal policymaking. Influenced by Gordon Whitaker (1980, 240), it reflects on how black church-affiliated CDC coproduction creates "the possibility that [black] citizens might influence the execution of public policy as well as its formulation." Additionally, it addresses how coproduction may make black church-affiliated CDCs integral to public policymaking and deepen relationships between black citizens and government (Levine 1984). Furthermore, it considers how the "public actions" of black church-affiliated CDCs affect government responsiveness (i.e., influence the distribution of collective resources) to urban black citizens. This chapter explores the policy impacts of coproduction of affordable housing by black church-affiliated CDCs in New York City.³ It relies on a set of CDC directors and public officials interviews, public records, and unpublished data. In the process the role of the black church-affiliated CDCs in public policy and program administration, and their political utility in assisting blacks in influencing urban governance and policymaking, is made clearer.

The next section of the chapter looks through the lens of urban regime theory to identify the place and role of nonprofits in government and governance in general. Subsequent sections review the specific involvement of black church-affiliated CDCs as nonprofits in the governance of affordable housing in New York City. Of particular importance is the participation of these nonprofit organizations in the administration of Part-

nership New Homes, a celebrated affordable housing program. The chapter concludes with a review of the political potential of black church-affiliated CDCs.

CITY GOVERNANCE: THE ROLE OF NONPROFIT ORGANIZATIONS IN COLLECTIVE PROBLEM MANAGEMENT

Primary responsibility for the management of collective problems in urban America belongs to the multitude of mayors and managers, along with city council members and public bureaucrats. Yet, the capacity of local governments to act is constrained, especially by political will and fiscal imperatives (Peterson 1981). Furthermore, private interests hold and control much of the administrative resources public officials need for effective problem management in their cities. Stephen Elkin (1987, 26) observes that this “division of labor” results in an urban governance environment where “many of the most important social decisions are made by private actors who can only be cajoled and enjoined, not commanded.” To manage city problems elected and administrative municipal officials must induce private citizens, both corporate and noncorporate, to collaborate with them. Without collaboration, or coproduction, effective governance remains impossible. City governments, therefore, must “blend their capacities with those of various non-governmental actors” (Stone 1993, 6).

While mandates remain a tool of city governments, public officials often leave them in their policy kits, favoring instruments of cooperation over coercion. Incentives, capacity building, and systems-change are the chief implementations of city officials trying to construct effective governing apparatuses. Susan Clarke, L. Staeheli, and L. Brunell (1995, 219–220) remark that the strategy of cooperation and partnership by public officials “allows even weak [governments] to increase their effectiveness. This occurs not by the extension of central government power . . . but by legitimating and coordinating [non-governmental], or intermediate organizations.” When governments blend their capacities and resources with nongovernmental capacities and resources, responsibility for addressing public problems rests ultimately with the formal and informal networks and arrangements among governmental and nongovernmental actors that share financial and programmatic responsibilities (Stone 1993). Political scientists term these arrangements “governing regimes” (see, e.g., Elkin 1987; Stone and Sanders 1987; Stone 1989).

A city government’s reliance on a particular set of nongovernmental actors to facilitate collective problem management rests on the actors’ specific capacities. (Their resources often determine their capacities.) City governments rely more on those nongovernmental individuals and institutions that possess the resources they most need for public action than on those with inferior resources. Therefore, city governments, as Gerry Stoker (1998, 59) comments, will normally only “cooperate with those who hold resources

essential to achieving a range of [public] policy goals.” Essential resources include material resources, namely, money, land, and labor. Nevertheless, public action often requires extra-material resources. Nonmaterial resources such as organizational capacity, moral authority, technical and/or political knowledge and/or skill, and reputation are equally, if not more, necessary for collective problem management by city governments to be effective.

A collection of nongovernmental organizations contribute the resources city governments need to administer public policy. In most instances, the nongovernmental actors who are predominant in governing regimes come from the private, *for-profit* sector of urban society. However, for-profit actors do not monopolize the resources city officials require for collective problem management. Groups standing outside the sector of profit maximization and capital accumulation may be members of the governing regimes in American cities. In fact, action on the part of private, *not-for-profit* sector actors is often crucial to the governance of cities. Like their for-profit counterparts, the resources and capacities of nonprofit organizations determine their inclusion in governing regime membership. Clarence Stone (1987, 282–283) reminds us that city governments “want dependable forms of cooperation; they want to deal with those capable of contributing to, or even undertaking, large and complicated projects.” Most nonprofits, because they lack the resources and capacities to assist public action on a large scale, cannot give city governments what they need or want. However, some can “affect the capacity of governing groups to meet their various imperatives” (Stone 1987, 282). The nonprofits that can do this may gain access to governing regimes, and in turn become recipients of local state power. This is evident in the policy domain of affordable housing.

Theodore Koebel (1998, 3), among others, notes that “the failure of government to directly provide decent housing for low income families is now accepted as a given.” Consequently, city governments sponsor the development of affordable housing, rather than develop it themselves. Public officials allocate affordable housing money and then channel it through a complex multistage process of requests for qualifications, contracts, and fees. There is no unitary recipient of the money. Instead, a broad mix of private for-profit and not-for-profit actors, whose actions include structuring the finances, building the housing, and marketing it, are paid for their services. Thus, nongovernmental agents execute public affordable housing policy. Nonprofits often outnumber for-profits among the ranks of nongovernmental agents of affordable housing. This dominance of nonprofit organizations in housing is not accidental, but rather the result of an explicit strategy by public officials (Nathan 1996).

City governments, perhaps more than ever, are making deliberate decisions to abandon direct government action on affordable housing problems through public organizations in exchange for indirect public action via non-

profit organizations at public expense. City governments use nonprofits because they frequently are “the only organizations willing and able to assemble the multiple sources of funding necessary to produce low-income housing” (Keyes et al. 1996, 206). City governments also rely on nonprofits because federal elites have structured public funding streams to incorporate nonprofits in affordable housing administration. The federal Section 202 Supportive Housing for the Elderly program, along with the nonprofit set-aside provision of the HOME Investment Partnership, affirms this point.⁴ Furthermore, city governments perceive nonprofits to be more effective and efficient at serving citizens than their public bureaucracies do. They also know that nonprofits make useful scapegoats if their implementation of public policy fails. For these and other reasons, city governments contract with citywide and community-based nonprofit housing organizations to deliver affordable housing provided for by collective decisionmaking (Koebel, Steinberg, and Dyck 1998). CDCs constitute a majority of these housing nonprofits, which local states commonly contract as their agents for managing their affordable housing problems. CDCs, not municipal agencies, for example, are increasingly responsible for all phases of rehabilitating and managing city-owned housing stock, both vacant and occupied units. They select the redevelopers (or are the redevelopers), pick rental management firms (or manage the property themselves), and choose tenants and buyers. In executing these administrative acts, which was once the role of city agencies, CDCs have “in part taken on the service functions of the local state” (Clavel, Pitt, and Yin 1997, 452).

The supply of affordable housing services by not-for-profits rather than municipal workers increases the importance of nonprofits in urban governance. Their importance goes beyond the advancement of new forms of public service. Nonprofitization paves the way for greater nonprofit incorporation in city policymaking. In Boston, Cleveland, Minneapolis, Pittsburgh, and a few other cities, nonprofitization yielded governance environments that were characterized by nonprofit institutionalization in public administration (Ferman 1996; Goetz 1993; Metzger 1998; Yin 1998). Regime membership grants nonprofits the opportunity to affect the redistribution politics of their cities (Keyes et al. 1996, 212). The transfer of municipal authority and responsibility for affordable housing development to nonprofits increases the number of groups directly involved in the who-what-when-how-where politics of distributing city resources. Nonprofit organizations, in assisting in their cities’ management of the problem of affordable housing, receive “fragments of governmental power” (Judd and Swanstrom 1998, 410). With them, CDCs exercise power over public policy, especially at the stages of program formulation and implementation. This exercise of public power by CDCs in program formulation and implementation continues in American cities. New York City is one of them. There black church-affiliated CDCs, in particular, possess

particles of public power, which allow them to influence public land use and housing development in black neighborhoods to their liking, along with the relationships between black citizens and the local state.

THE PLACE AND PUBLIC POWERS OF BLACK CHURCH-AFFILIATED CDCs IN AFFORDABLE HOUSING GOVERNANCE IN NEW YORK CITY

The stock of affordable housing in American cities is limited. There is a demand for affordable housing but a dearth of it. This is especially true of New York City, where the affordable housing market is tight, and demand continues to outpace supply (Schill 1999). To its credit, the city of New York tries to manage the problem of affordable housing. Guided by the idea that city-owned land and buildings (both vacant and occupied) can and should be redeveloped for affordable housing by nonprofit housing organizations, the New York City Department of Housing Preservation and Development (HPD) maintains a collection of programs that rely on nonprofit coproduction. Concerning new affordable housing construction and rehabilitation, HPD relies on a diversity of programs that enable families to either purchase new homes developed on vacant city-owned properties by nonprofits or rent/purchase units in rehabilitated city-owned buildings from nonprofits. Some of these programs, like the Neighborhood Redevelopment Program, are creations of the Republican Giuliani administration. Many others were enacted under prior administrations. For example, HPD's Nehemiah Housing program, made famous by East Brooklyn Congregations' construction of 2,300 affordable homes—single-family, owner-occupied row houses—in the impoverished East New York neighborhood, is a creature of the Democratic Koch and Dinkins administrations (Ross 1997).

HPD's affordable housing programs address the current state of affordable housing in the city. Nevertheless, all share a common history rooted in the Koch administration's attempt to manage the city's affordable housing problem. During the post-fiscal crisis years of the 1980s, civic concern over affordable housing for low- and middle-income groups in New York City was at its apex. Interest groups routinely pressured the Koch administration to revive the affordable housing market. Not only were grass-roots groups troubled and in search of an appropriate public policy, private sector elites were concerned, especially the New York City Partnership.⁵ After years of public pressure, the Koch administration responded with a policy to better the housing opportunity structure for low- and moderate-income families: the city of New York would use public resources to provide for new affordable housing. The essence of the Koch programs was the use of *in rem* and the capital budget for affordable housing development.⁶ Specifically, it called for the production of low- and moderate-income housing on city-owned property, both by for-profit and not-for-profit developers. Additionally,

rather than public management of redeveloped *in rem*, the city government encouraged the disposition of land and buildings to moderate-income buyers, low-income renters, and nonprofit organizations. The general policy remains in effect today. As a result, writes Alex Schwartz (1998, 1), “No city in the United States can match New York City’s commitment to the development and rehabilitation of affordable housing.”

AFFORDABLE HOUSING POLICY SUBREGIME MEMBERSHIP

A commitment to the development and rehabilitation of affordable housing on the part of a municipal government is not enough to manage this collective problem. Lacking monopoly control over societal resources, cities must rely on nongovernmental—for-profit and not-for-profit—actors to assist them in the coordination of resources and management of the affordable housing problem. Successive mayoral administrations must seek, entice, and often fund the cooperation of nongovernmental organizations. In doing so, responsibility for the management of the city comes to rest with a “subregime” (Koschinsky and Swanstrom 1999). A housing subregime is nested within the larger corpus of an urban governing regime. Like the overarching governing regime, a subregime constitutes “the informal arrangements by which public bodies and private interests function together in order to be able to make [formulate] and carry out [implement] governing decisions [public policies]” (Stone 1989, 6). Thus, a coalition of public and private individuals and institutions, one sustained through trust and reciprocity among members, governs. Merely having a stake in policy outcomes does not determine a group’s membership in the subregime. Membership in the subregime requires that a group(s) possess the capacity and ability to access institutional resources. It also requires that the group be able to apply those resources to the execution of collective decisions. The relationships among the members of the subregime form what Jordan Yin (1998, 138) observed in Cleveland, “a local system of differentiated organizations in which the design and implementation of community development programs are interactive across organizations.” This interaction among organizations and sectors of production is wedded to the need of and for government to act and maintain its legitimacy.

In New York City, where housing authority is fragmented and municipal resources are limited, a diversity of public and private individuals share responsibility for governing the development of affordable housing. Each member of the affordable housing policy subregime acknowledges the need for cooperation among the groups in order for the city of New York to manage affordable housing issues in a substantive way. At a minimum, the membership of the subregime is composed of 16 individuals and/or institutions (see, e.g., Orlebeke 1997, 221–225). Its membership includes elected and administrative officials such as the mayor and his housing officials, city

council members and their staff, staff in the City Planning Department, and others located in the municipal bureaucracy. Nongovernmental actors include executives and staff of commercial lenders, for-profit real estate developers, nonprofit neighborhood development organizations, and attentive and self-interested citizens, especially homeowners.

The principal governmental actor in the affordable housing policy subregime in New York City is the New York City Department of Housing Preservation and Development (HPD). HPD is the municipal agency responsible for addressing housing problems through policy formulation and program implementation in New York City. Its mission is to enhance affordable housing opportunities for the city's residents. It does this by promoting nonpublic development, ownership, and management of residential buildings. HPD's resources, namely, its stock of *in rem* property, capital programs, and authority (e.g., to take property and to abate taxes), are crucial to the development of affordable housing in the city. These resources provide "the raw material for a giant urban housing laboratory" (Wylde 1999, 77). But, in performing its experiments at affordable housing development, HPD solicits nongovernmental participation, especially in the disposition of city-owned land and buildings and the development of new units (New York City Department of Housing Preservation and Development 1998, 6). In particular, it relies on the resources and capacities of the nonprofit New York City Housing Partnership (New York City Housing Partnership 1999).

The New York City Partnership and Chamber of Commerce established the Housing Partnership in 1982. Its purpose is to address the shortage of affordable housing in New York City and the lack of private investment in the city's low-income neighborhoods. Presently, it is the foremost not-for-profit organization involved in the New York City affordable housing policy subregime.⁷ As the chief nonprofit delivering affordable housing services in New York City, the Housing Partnership functions as an intermediary between the city government and private—for-profit and not-for-profit—builders and community organizations.

While not as influential as the Housing Partnership, other nonprofit organizations are members of the affordable housing policy subregime in New York City. Some of these organizations are interest groups that promote the values of nonprofit community-based housing developers, low-income housing tenants, and community service providers. The Association for Neighborhood and Housing Development (ANHD), a member organization comprised of 83 neighborhood-based housing organizations from across the city, is one of them. It represents the interests of its members before the government, and it formulates and proposes policy alternatives to advance the cause of grass-roots, community-based housing development in the city. According to Wylde (1999, 79), it "exercise[s] significant influence over city housing policies, including neighborhood planning, disposition of city-owned property, and capital budget priorities." ANHD's membership in the

affordable housing policy subregime stems from its role as the advocate for the city's CDCs. It is also rooted in its ability to draw on the resources—research, staff, knowledge, and political influence—of other nonprofit-based advocates (e.g., Community Service Society of New York) that endorse its work. Nevertheless, while ANHD exists for CDCs and other types of neighborhood-based housing organizations, most of the approximately 200 CDCs in the city do not belong to ANHD.

Like their counterparts in Boston (Dreier 1989), Cleveland (Keating, Krumholz, and Metzger 1995), and Pittsburgh (Ferman 1996), many local CDCs are incorporated in the affordable housing policy subregime. Of course, this is not true of all CDCs. Regime incorporation varies across organizations for a number of reasons. Obviously CDCs with political capacity are most likely to be members of the subregime. A CDC's influence and legitimacy (Glickman and Servon 1998) determine its political capacity. A CDC derives influence from the breadth and depth of its preexisting relationships with government officials and private sector elites. It derives its legitimacy from the involvement of common citizens in its activities, while effectively representing its community to external institutions of power and authority.

It is hardly surprising that another key correlate of regime membership is a demonstrated capacity to design and implement affordable housing programs. Successful housing policy demands the close coordination among federal Community Development Block Grant and HOME funds, and allocations from the city's capital budget, along with private, for-profit capital obtained through sources such as the Low Income Housing Tax Credit program. CDCs may also gain membership to the subregime because of their potential to register voters, mobilize electoral blocs, and deliver votes. Such CDCs, particularly those affiliated with political black churches, could disrupt the political status quo of the city, at least at the councilman level.

Not all CDCs are integrated into the housing subregime. Indeed, some make a conscious decision to remain apart. A few prefer to oppose it; others fear it. There are CDCs that will not collaborate with the subregime because of strident ideological differences with its dominant members, particularly the mayor and officials from the New York City Department of Housing Preservation and Development. Others merely wish to avoid the potential for or appearance of co-optation; they seek to protect their missions and objectives from government influence, be it political, programmatic, or financial. For both groups, collaboration is not an option, especially for the former, which often seeks to make overt political statements.

Nevertheless, most CDCs seek to be involved in the affordable housing policy subregime. As Stone (1989, 321) concludes from his study of regime politics in Atlanta, noncollaboration may yield nongovernance (i.e., the lack of government action) “on the issues (noncollaborators) care about, and nongovernance is a form of powerlessness.” Therefore, most CDCs, when

given the opportunity to partner with the city of New York and other non-governmental organizations, choose to be pragmatic and acquire as much power over public authority and resources as possible. None are more pragmatic than the 10 to 15 black church-affiliated CDCs operating in the city, most of which possess high levels of political capacity.

Black church-affiliated CDCs take one of two organizational forms. The first form is the free-standing black church-affiliated CDC. It is normally associated with large urban, mainline congregations. The Abyssinian Development Corporation, an affiliate of the historic Abyssinian Baptist Church, is an exemplar. Often these black church-affiliated CDCs initially rely on the resources of their chartering churches, particularly congregants' tithes and church office space and equipment. Eventually, by acquiring resources beyond the congregation, the entity gains its independence and becomes a separate legal entity. It continues to rely, however, on the nonfinancial resources of its parent church, namely, volunteers, pastoral reputation, and church political legacy and community standing. Some black church-affiliated CDCs of this type, however, are independent of their churches from their inception. This is the case for a coalition-based CDC affiliated with a formal or an informal association of churches, which is the second form of black church-affiliated CDCs. (Association membership may include nonblack churches and other religious institutions such as synagogues and mosques.) Examples are the Association of Brooklyn Clergy for Community Development, Harlem Congregations for Community Improvement, and East Brooklyn Congregations. The collective action of coalition-based black church-affiliated CDCs may have an advantage over free-standing CDCs. This form allows its member-churches to build capacity collectively and reduces their operating costs. Coalition-based CDCs rely on the strength of their numbers. When seeking to leverage church resources for their activities, for example, coalition-based black church-affiliated CDCs can rely on their member-churches' moral, financial, and symbolic assets, as well as political capital gained from past electoral involvement, to provide a fulcrum.

The prime objectives of black church-affiliated CDCs are to broaden and to better the socioeconomic opportunity structures of their neighborhoods (i.e., service delivery areas). To this end, their activities address the range of physical, commercial, and human capital needs of black people.⁸ Table 8.1, which identifies the activity areas of nine prominent black church-affiliated CDCs in New York City, illustrates the point. In targeting areas like housing, social services, and education, black church-affiliated CDCs hope to affect positively the physical and commercial infrastructures of their clients. They also hope that their activities will foster upward mobility among the areas' individuals and families. To date, the effects of black church-affiliated CDCs' activities include increased numbers and quality of housing and jobs in black neighborhoods, along with the delivery of a host of social services

Table 8.1
Program Areas and Activities of Nine Black Church–Affiliated Community Development Corporations in New York City

Community Development Corporation	Program Areas and Activities
Abyssinian Development Corporation	Advocacy/Community Organizing/ Economic Development/Education/ Health Services/Housing/Social Services/Youth Development
Allen Neighborhood Preservation and Development Corporation	Advocacy/Economic Development/ Health Services/Housing/Senior Citizen Services/Social Services
Association of Brooklyn Clergy for Community Development	Advocacy/Economic Development/ Housing/Social Services
Bridge Street Development Corporation	Advocacy/Computer Literacy/ Economic Development/Housing
Canaan Housing Development Corporation	Advocacy/Housing/Senior Citizen Services
Concord Community Development Corporation	Advocacy/Housing
Bronx Shepherds Restoration Corporation	Advocacy/Housing
Harlem Congregations for Community Improvement	Advocacy/Community Organizing/ Economic Development/Education/ Health Services/Housing/Social Services/Youth Development
Southeast Queens Clergy for Community Empowerment	Advocacy/Health Services/Housing/ Social Services/ Youth Development

and the promotion of public order and safety. In the area of housing, for example, the nine black church–affiliated CDCs have been involved in the development of 5,567 units of affordable housing.

Philanthropy from the black congregants of their sponsor churches underwrites some of the achievements of black church–affiliated CDCs in New York City, but not much. No black church–affiliated CDCs receive the bulk of their administrative and programmatic resources from their affiliated churches. Instead, black church–affiliated CDCs have “found [and

followed] an avenue of funding beyond Sunday collections” (Richardson 1994, 122). This route has led black church–affiliated CDCs to the doorsteps of a host of private funders, both not-for-profits and for-profits. Table 8.2 details the most common funding sources for the aforementioned nine black church–affiliated CDCs in New York City. Black church–affiliated CDCs rely on a diversity of funders. These sources include national foundations like the Ford Foundation, development intermediaries such as Local Initiatives Support Corporation, and corporations, primarily through the national government’s Low Income Housing Tax Credit program. The capital black church–affiliated CDCs obtain from this funding mix accounts for a large proportion of their programmatic achievements.

In addition to philanthropy and private sector financial commitments, the programmatic activities of black church–affiliated CDCs depend on the public sector. In *When Sacred and Secular Mix*, Stephen Monsma (1996) speaks to this issue of religious nonprofits like black church–affiliated CDCs receiving public support for their programs. He observes that “one of the best kept secrets in the United States is that when it comes to public [resources] and religious nonprofit organizations, sacred and secular mix” (Monsma 1996, 1). Black church–affiliated CDCs, like other religious nonprofit organizations, as well as nearly all CDCs (Vidal 1992), commonly rely on public interventions. These interventions include infrastructure upgrades, build-

Table 8.2
Sources of Funding for Nine Black Church–Affiliated Community
Development Corporations in New York City

Funding Source	% of CDCs Reporting That They Rely on Funding Source
State Government	100
Contracts or Fees for Services	89
Local Government	89
Banks	89
Nonprofit Intermediaries	78
Federal Government	78
National/Community Philanthropic Foundations	67
Corporations (e.g., Low-Income Tax Credits)	55
Constituent Donations	33
Church Operating Budgets	33
Returns on Investments	11

ings, and land. Other interventions are tax abatements, mortgage insurance, and loan guarantees. Funding, however, is the chief intervention black church-affiliated CDCs rely on from the government. Because they are not pervasively sectarian, the transfer of public resources, both monetary and nonmonetary, to black church-affiliated CDCs does not conflict with convention regarding church-state separation. The Supreme Court's *Everson v. Board of Education* (1947) decision ruled that public money may go to support the secular activities of a religious organization. Monsma (1996, 42) clarifies this point: "public money may flow to religiously based nonprofit organizations as long as the money goes to support secular services and programs and the nonprofit organizations to which the money goes are not pervasively sectarian." Therefore, black church-affiliated CDCs, like religious nonprofits such as Catholic Charities, seek, acquire, and use contracts, fees, grants, and subsidies. Consequently, an unknown proportion of the reported successes of black church-affiliated CDCs results from these nonprofits "eating of the King's meat."⁹ The leadership of black church-affiliated CDCs does not attempt to conceal their religious organizations' reliance on public support. Rather, they want the world to know that public action benefits them, and that such action must be sustained if black church-affiliated CDCs are to remain effective, especially in the area of housing. The executive director of an influential black church-affiliated CDC in New York City, is clear and direct: "We are very quick to acknowledge that public support has to continue for our success."

A few black church-affiliated CDCs are passive regarding the intervention of government; they need public resources to do their work, but they will wait for government to invite them to be contractual agents of local, state, and federal governments. Most of the city's black church-affiliated CDCs, however, act purposively. They are deliberate and aggressive in seeking opportunities to use public (i.e., government) resources. They will participate in almost any government program, as long as it provides public (local, state, or federal) resources and authority to them, or if they can use it as a fulcrum for leveraging private resources. Consequently, black church-affiliated CDCs consistently search for programmatic opportunities to assist the municipal government, regardless of the party identification of mayoral administrations. They purposively seek to work with the city of New York to rehabilitate and redevelop affordable housing in the city's majority-black neighborhoods.

"City and State funds," notes another executive director of a black church-affiliated CDC, "go hand in hand [in terms of their importance to black church-affiliated programming]." The use of public dollars (along with other government resources) by this and other black church-affiliated CDCs may surprise some. The rhetoric regarding black church-affiliated CDCs (and other black church nonprofit program affiliates) is conservative in tone, with a notion that urban black church-affiliated CDCs can and do

compete against government ringing through it. A sober review of black church–affiliated community development, especially the political philosophy behind its organization, along with its sources of governmental funding and its political activities, belies its conservative nature (Owens, forthcoming). Despite what conservative commentators may think or say about them, black church–affiliated CDCs are more often progressive in character and action than not. Black churches do not intend their affiliated CDCs to replace urban municipal government as the provider of public goods in urban black neighborhoods. Even if they did, the financial barrier, as a staff member of a Manhattan-based black church–affiliated CDC clarifies, is too high for black church–affiliated CDCs to overcome:

Our success gives or allows some public agencies to think that, “O.K. then they can do more.” But, ours is *never* to replace government. . . . As much as we are seen as a model and a leading [CDC] we are barely surviving and that is just the operational costs. The needs and demands of a faith-based development corporation are, maybe not greater [than a nonfaith-based CDC], but it’s something that—the resources to support it are not equal to the demand and the level of services that are required by the people in the neighborhoods we serve—. (Interview)

The intent of black church–affiliated CDCs in New York is to work with government, not against it, to produce and distribute collective goods like housing, jobs, and day care. They are coproducers, funded in part by government money, working cooperatively with institutions of public power to determine the quantity and quality of services provided in black neighborhoods.

Among the nine black church–affiliated CDCs aforementioned, all but one—Concord Development Corporation—participates in government programs that channel public resources for neighborhood redevelopment projects. These programs range from the city of New York’s Neighborhood Redevelopment Program to the state of New York’s Neighborhood Preservation Company program. Federal programs include the United States Federal Housing Administration’s Section 203(k) Rehabilitation Mortgage Insurance program.

BUILDING AFFORDABLE NEW HOMES

Partnership New Homes (NEW HOMES) is the HPD program most responsible for altering the opportunity structure of housing in the city’s low- and moderate-income neighborhoods, especially those that are majority-black. In line with the policy formulated under the Koch administration, NEW HOMES attempts to increase the stock of affordable housing (i.e., owner-occupied) and redevelop city-owned land to attract private residential development (Wylde 1986, 116). From 1982 to 1997, NEW HOMES yielded approximately 13,500 new units of housing and facilitated the investment of more than \$885 million in some of the city’s poorest neighbor-

hoods (Orlebeke 1997). One source estimates the program's total investment at \$1.5 billion, of which one-quarter of the financing was government subsidized (Wylde 1999, 83). Annually, the program produces an average of 1,200 homes and apartments (New York City Housing Partnership 1999, 2). Most have been located in majority-black and majority-Latino neighborhoods, where the bulk of *in rem* land and buildings available for use in NEW HOMES is located. Housing styles range from single-family townhouses and two- and three-family homes to condominiums and cooperatives. Subsidies from the state of New York make the housing units affordable to families with annual incomes between \$32,000 and \$70,950 (New York City Department of Housing Preservation and Development 1998, 27). Below-market-rate interest mortgages from the State of New York Mortgage Agency (SONYMA) and the New York State Affordable Housing Corporation, along with partial exemptions of New York City real property taxes, help keep mortgages and rents affordable. The city of New York also provides a subsidy in the form of a 25-year loan (up to \$20,000), while the state provides a subsidy of up to \$30,000. To date racial and/or language minorities comprise a majority of NEW HOMES homebuyers. Blacks and Latinos account for 47 percent and 30 percent, respectively, of all buyers of NEW HOMES housing (Orlebeke 1997, 142).

HPD needs the participation and cooperation of nonprofits to execute the city of New York's policy of low- and middle-income housing development on city-owned property. The use of nonprofits allows the city to mitigate against its "regulatory, procurement, and political encumbrances, while not losing control of the development process or tying up sites and subsidies with individual developers" (Wylde 1999, 82). Nonprofits depend on HPD to increase their access to public resources and gain development experience, which leverage the creation of new community-based development entities or the expansion of the capacity of existing ones. In particular, through NEW HOMES nonprofits can pursue public and private finances for neighborhood redevelopment, as well as expand their organizational and political capacity. HPD seeks and gains private legitimization for its policy of promoting affordable housing, while the nonprofits seek and gain public legitimization for their private redevelopment agendas. In sum, "selective incentives" (Olson 1965) and "small opportunities" (Stone 1989) for collective action abound, and these enable governance to occur.

The Housing Partnership dominates the administration and implementation of NEW HOMES (Orlebeke 1997). It selects public land for development sites and pieces together project financing. It also markets the program to prospective developers, solicits their qualifications and development bids, and guides them through the bewildering process of housing construction in New York City. The Housing Partnership, however, shares its responsibilities with a contingent of smaller, community-based, nonprofit organizations (CBNOs), including the city's CDCs. CBNOs participate in the administration of NEW

HOMES as partners, albeit unequal ones, of the affordable housing policy subregime. Since 1983, 99 CBNOs have participated in NEW HOMES as *community partners* (New York City Housing Partnership 1999, 12). Some community partners are housing developers. Most are not. Instead, they are housing sponsors, lacking responsibility for overseeing the entire process of NEW HOMES housing production. They perform minimal duties regarding site selection, engineering, and construction. Much of their role involves nothing more than marketing the program and its products. An official with HPD describes the typical role of a community partner for a NEW HOMES development project this way:

They hold community meetings where they have materials [regarding the development]. They open a site office where people can receive information about the homes. They must have a capacity to explain the homebuilding process. The [Housing] Partnership offers training courses to many of the community partners prior to their actually having any meeting between the community sponsor and residents from the community. So, they receive a thorough training before they are off on their marketing pitches. (Interview)

In short, community partners are responsible for recruiting homebuyers, screening their eligibility, and counseling them regarding the purchase and retention of their homes. CDCs like the Banana Kelly Improvement Association and the Bedford-Stuyvesant Restoration Corporation, as well as community organizing groups like the Associated Community Organizations for Reform Now (ACORN), have performed these roles as community partners. Religious institutions like the Archdiocese of New York and the Masjid-Malcolm Shabazz Mosque, along with social welfare providers like the Children's Aid Society, are also community partners. For some of these groups, HPD and the Housing Partnership cede greater responsibility for NEW HOMES development than the typical community partner. This has been the case for a few of the city's black churches and their affiliated CDCs.

Black churches and black church-affiliated CDCs are the most conspicuous groups among the ranks of NEW HOMES community partners. Their presence is strong. As of 1998, black churches and their CDCs accounted for 16 percent of all NEW HOMES community partners, and 74 percent of all faith-based community partners.¹⁰ Nine black churches, including Antioch Baptist Church (Brooklyn), Cauldwell AME Zion Church (Bronx), St. Luke's Baptist Church (Queens), and Abyssinian Baptist Church (Manhattan), have been NEW HOMES community partners. As for black church-affiliated CDCs, eight have been involved in NEW HOMES. These community groups have sponsored 14 percent (1,535) of the approximately 13,500 housing units completed under NEW HOMES since 1984.¹¹ Nearly 91 percent of NEW HOMES housing sponsored by them is located in the

majority-black neighborhoods of central Brooklyn (55.7 percent) and south-east Queens (35 percent).

The involvement of black churches and their affiliated CDCs in NEW HOMES extends the mission of these institutions. As a HPD official notes, “in trying to promote their faith [through] community outreach . . . [they] have looked to [NEW HOMES] as a means of helping their community.” From HPD’s perspective, black churches and black church–affiliated CDCs are vital to the success of NEW HOMES. A high-ranking official at HPD comments on the involvement of black churches and black church–affiliated CDCs as community partners:

I don’t think [NEW HOMES] would be as effective without [black churches and black church–affiliated CDCs] as community partners. Number one, it’s good for any initiative [government] undertakes—it’s a good thing to have community support. And, more importantly, they build support among the residents of the area, whose support is crucial to having a successful project. (Interview)

The city of New York needs black churches and their CDCs to participate in NEW HOMES. It cannot act alone to develop affordable housing in its majority-black neighborhoods. An HPD official acknowledges that:

HPD, as an administrative agency of the mayor, really isn’t in the business of lobbying people. We try to build a consensus. But, our time is better suited to doing the work of government and being bureaucrats, and to having a community resident, i.e., a black church or affiliated CDC, work on gathering support from Community Boards and from elected officials for the projects that are needed. (Interview)

Two black church–affiliated CDCs that HPD has relied on as agents for NEW HOMES are the Allen AME Neighborhood Preservation and Development Corporation (Allen NPDC) and the Southeast Queens Clergy for Community Empowerment (SQCCE). Allen NPDC and SQCCE deserve recognition for their partnerships with the program because of their service area’s uniqueness, the number of units they have sponsored, the age of their relationships to NEW HOMES, and their use of public power.

Allen NPDC and SQCCE are involved in an array of housing activities, including owner-occupied and rental housing development, supportive housing management, housing rehabilitation and repair, and home ownership counseling. Their service areas are located in the southeastern section of the borough of Queens. Southeast Queens is the city’s third node of black settlement. Like central Brooklyn and upper Manhattan, it is comprised of a collection of majority-black neighborhoods, some middle-income, some moderate-income, and others low-income neighborhoods (Nathan, Chow, and Owens 1995). Southeast Queens, however, is more middle class in its status than either central Brooklyn or upper Manhattan. Yet, the conditions in one of its neighborhoods, South Jamaica, lag far behind those of the area’s

11 other neighborhoods (Owens 1997a). It maintains the highest rates of unemployment and poverty in southeast Queens, along with the lowest rates of homeownership and affordable housing. It is in this neighborhood that Allen NPDC and SQCCE do most of their work, particularly concentrating on affordable housing. While the former is the preeminent black church-affiliated CDC in the area, the latter has overseen the development of the largest concentrations of NEW HOMES housing in the area.¹² Combined, Allen NPDC and SQCCE have collaborated with the city of New York under NEW HOMES to develop approximately 500 units of affordable housing in and around the southeast Queens neighborhood of South Jamaica.

Founded in 1978, Allen NPDC is one of 10 nonprofit affiliates of the 11,000-member Allen African Methodist Episcopal Church (Allen AME Church). Allen NPDC was the first organization in southeast Queens, and one of the first in the city, to participate in NEW HOMES as a community partner. The reputation of the Allen AME Church influenced the initial involvement of Allen NPDC in NEW HOMES. During the middle part of the 1970s, Allen AME Church established itself as a dominant institution in southeast Queens. Under the stewardship of Reverend Floyd Flake, it incorporated a collection of nonprofit subsidiaries that gained city, state, and national attention for effective service delivery. For example, the Allen AME Housing Corporation, which is distinct from Allen NPDC, acquired U.S. Department of Housing and Urban Development Section 202 funds to provide housing for the elderly. The result was the 1978 construction of the \$10.7 million Allen Senior Citizen Complex, consisting of 300 units in two buildings; it is the largest Section 202 project in the United States. Furthermore, the church's pastor maintained the support of political elites from both the Republican and Democratic parties, particularly U.S. Senator Alfonse D'Amato and New York City Mayor Edward I. Koch. Together, the programmatic and political reputation of the church facilitated the incorporation of Allen NPDC in the city's affordable housing policy subregime. As of 1998, Allen NPDC assisted HPD and the Housing Partnership on two NEW HOMES development projects. The first, Guy Brewer Homes, resulted in the construction and sale of 160 units of housing. The second project, the \$10.9 million Allen AME/Hall Estates, yielded 171 housing units, situated behind the Allen Senior Citizen Complex.

Chartered as a coalition-based black church-affiliated CDC in 1986, SQCCE is the affiliate of 84 black churches and 100 clergy members. Before it became a CDC, SQCCE was a nonpartisan church-based political organization focused on influencing the selection of elected officeholders (Owens 1997b). For example, Jesse Jackson's 1984 presidential campaign was the catalyst for the formation of a black ministerial alliance that grew into a CDC. SQCCE also provided the structure and resources necessary for Floyd Flake's election to the U.S. House of Representatives. In running Flake as a challenger to the Queens Democratic party's nominee, and beating the party,

SQCCE established a name for itself in city politics as an organization that could create winning coalitions and mobilize resources. Despite its organizational reputation, neither HPD nor the Housing Partnership initially considered SQCCE for participation in NEW HOMES. The involvement of SQCCE in NEW HOMES required an intercessor—Congressman Flake. Flake owed SQCCE a debt, which he repaid by introducing SQCCE to officials of HPD and the Housing Partnership. Additionally, Flake volunteered the staff of Allen’s CDC to shepherd SQCCE through its first NEW HOMES project. One long-time member of SQCCE notes:

Reverend Flake’s folks, Congressman Flake at that time, brought [NEW HOMES] information to us, along with Senator D’Amato, who was on the Housing Committee. . . . Actually, the first home we did [under NEW HOMES] when we first started, Allen did the marketing for a while. But, basically, by 1992 or 1993, somewhere around then, we were able to do it ourselves. (Interview)

Another community leader concurs: “[Allen NPDC] trained the Southeast Queens Clergy staff to be able to do the same thing as Allen [i.e., participate in the Partnership New Homes program].” By 1994, SQCCE had been a community partner for two NEW HOMES projects—Arlington Terrace Phase I and Phase II. The combined costs of the projects were approximately \$25 million. Phase I resulted in the construction of 22 semi-detached, two-family, owner-occupied homes, while Phase II produced another 92 two-family homes. Currently, SQCCE is involved in two more NEW HOMES projects—Renaissance Homes and Bayswater—that, when completed, will yield another 29 two-family homes in southeast Queens.

Sometimes CDCs “do not simply implement city policies decided by city officials but make policies on their own,” contend Judd and Swanstrom (1998, 410) in *City Politics*. The involvement of Allen NPDC and SQCCE in NEW HOMES as community sponsors supports the contention that CDCs are more than administrative automatons merely following the instructions of public officials. Under NEW HOMES, Allen NPDC and SQCCE acquired public powers—authority and discretion—over the implementation of NEW HOMES in South Jamaica. As community partners, Allen NPDC and SQCCE assumed responsibilities generally reserved for government itself. With them, the CDCs biased the process by which NEW HOMES developed affordable housing in the neighborhood to the advantage of its black citizens.

One public power held by Allen NPDC and SQCCE while assisting in the implementation of NEW HOMES was authority over public land use. Normally HPD and the Housing Partnership control the selection of NEW HOMES development sites. In their initial dealings with Allen NPDC and SQCCE, HPD and the Housing Partnership strictly followed protocol: They shared responsibility for site selection of the first NEW HOMES projects

sponsored by Allen NPDC and SQCCE in South Jamaica. In their subsequent projects, however, HPD and the Housing Partnership granted their community partners the power to select the parcels of public land in South Jamaica where NEW HOMES would develop new affordable owner-occupied housing. HPD and the Housing Partnership did not cede this power immediately to the two CDCs. They granted it gradually. Another community leader familiar with the history of Allen NPDC and its work recounts the process of HPD/Housing Partnership accommodation:

During the first round [i.e., Guy Brewer Homes], the [Housing Partnership] designated the sites. With this most recent project, Allen Hall Estates, [we] selected the site. It was the one chosen for initial redevelopment by Allen [AME Church] twenty years ago, when development of the [Allen AME] Senior Citizens' Center began. Allen NPDC selected the site [which served for years as a used tire and hubcap bazaar]. Our ability to do this stemmed from the good job we did marketing the first project, along with our initiation of independent development projects that were extremely successful. (Interview)

The power of site selection wielded by the CDCs fell short of the power of eminent domain. Nevertheless, in having authority over site selection during the Allen AME/Hall Estates project, Allen NPDC achieved what most black organizations in New York City could only dream of. It determined, albeit with the consent of HPD and the Housing Partnership, the type of and location where new housing would be built in a black neighborhood. This had three effects. First, Allen NPDC's sponsorship of NEW HOMES' low-density, two-family housing on its chosen site, which the community's residents favored over alternative plans for high-density multi-family housing, spurred private investment near the site (Owens 1997a). New private investment continues in the area today. Second, by replacing the tire bazaar with new owner-occupied housing, Allen NPDC altered the administration of public land to the advantage of the neighborhood's middle-class homeowners. In addition to bettering the appearance of the neighborhood, the new use of the site for housing increased property values around it. It also benefited low-income folks in the neighborhood, who had not had access to new affordable rental housing in more than a decade. Third, it laid the foundation for implementing a three-part strategy of low/moderate-income homeownership, incumbent upgrading, and middle-class resettlement that has ended the community's social decline (Owens 1997a).

Another power the black church-affiliated CDCs acquired under NEW HOMES was the power to recruit and select contractors. For its first project, Allen NPDC remained passive in regard to the developer selection process. Being new to the program, it chose to study the process rather than try to directly intervene. Throughout the planning phase for its second project, however, Allen NPDC asked for and received from HPD and the Housing

Partnership the responsibility for identifying candidates to develop the newest spate of NEW HOMES houses in South Jamaica. Allen NPDC exercised its new power by advertising in the community for contractors, reviewing the qualifications of prospective developers, and conducting background checks of the developers and their prior projects. An officer of the organization comments on this point:

In the initial Guy Brewer Homes, the developer was selected or recommended [by the Housing Partnership]. The developer was Bluestone [a white developer]. But, with Allen AME/Hall Estates, we asked the Reverend [Flake] to recommend [Raleigh W.] Hall to the Housing Partnership, and that's how we got him involved. We wanted a minority developer involved in the redevelopment of the neighborhood, and Hall is not just a minority; he grew up right there near Jamaica Houses [the public housing project in South Jamaica]. He still lives in southeast Queens. (Interview)

The Housing Partnership chose R. W. Hall General Contractors, Inc., to build Allen AME/Hall Estates, which is the largest NEW HOMES project constructed by a minority contractor. Allen NPDC demonstrated that the power to determine who would build and benefit from the construction and development fees of NEW HOMES is an important one for black-led organizations and the communities they serve. With its power Allen NPDC could and did bias the selection of a developer to their liking in particular and the benefit of the black community in general. Beyond giving Allen NPDC a greater role in implementing public policy, responsibility over developer selection enabled the CDC to incorporate more black citizens in the redevelopment of South Jamaica. Not only was Allen NPDC successful at hiring a black developer, it fostered black employment: nearly all of the members of the crew that built Allen Hall Estates were black; most came from one of southeast Queens' majority-black neighborhoods.

With public monies underwriting the redevelopment of South Jamaica's housing, as well as leveraging private funds, another responsibility assumed by Allen NPDC and SQCCE was brokerage of private investment in the neighborhood. For both Guy Brewer Homes and Allen AME/Hall Estates, Allen NPDC served as the intermediary between mortgage lenders and prospective black homebuyers. It used its position as a neighborhood institution and its legitimacy derived from being a NEW HOMES community partner to influence, for example, how participating commercial lenders treated and evaluated blacks looking to purchase a NEW HOMES house. Consider the recollections of one community leader:

We worked to change the banks' ways of looking at minorities and their qualifications for mortgages. So, as opposed to looking at their credit card [history], because you know not many of us [blacks] have credit cards or checking accounts, we convinced them to start looking into less traditional ways of qualifying [prospective homebuyers]. We arranged it so that they could bring a year's worth of phone bills

and rent receipts, and that's what they [the banks] judged them on—their ability and frequency to pay. Another good thing was that we invited the bank [to] come into [Allen NPDC's] office. We set them up in an office over there across the hall. So, when homebuyers would come to apply, we would guide them through the process of getting a mortgage, and that really was helpful. (Interview)

The result was that most of the blacks applying for a mortgage to purchase a NEW HOMES house received one.

Finally, the two CDCs assumed the powers of public benefit gatekeepers; they played a central role in determining who would and who would not occupy NEW HOMES housing in South Jamaica. In the Arlington Terrace I and II projects, SQCCE was responsible for marketing all of the new housing. It, not HPD or the Housing Partnership, advertised the product, held information meetings, and screened all prospective buyers. The screenings included credit history checks, employment and earnings verification, contacting references, and visits to the prospective buyers' residences. Following the screenings, SQCCE counseled prospective homebuyers on finances and even good homemaking. Furthermore, SQCCE calculated, based on household finances and credit, the level of public subsidy homebuyers would receive for their properties. In short, SQCCE had the authority that allowed it to influence rent setting. SQCCE influenced which citizens would be the beneficiaries of "public" development in South Jamaica. Similar to Allen NPDC with Allen AME/Hall Estates, SQCCE determined who would live in the new housing, including both owners and renters. On the surface, SQCCE only implemented city policy decided by local government officials, but it is evident that it also made policy on its own regarding to whom the public benefit of new homes in South Jamaica would be distributed.

CONCLUSION

Social scientists have long fancied CDCs serving as political institutions. Speaking directly to the political potential of CDCs for urban black citizens, Reginald Earl Gilliam, Jr., (1975) identified the CDC as a nongovernmental institution blacks could use to increase their influence over city policy-making. CDCs had the potential to serve blacks as a nonelectoral means to express their needs and interests to public officials. As brokers of black interests, Gilliam (1975, 18) theorized in *Black Political Development* that CDCs could be instruments "by which [black] political articulation is delivered and maintained. At a minimum, Gilliam (1975, 18) anticipated that CDCs would serve blacks as "a nonpersonalized vehicle for the delivery of [public] goods and services" to urban black neighborhoods. In a utopian vein, he envisioned blacks consciously using CDCs as a "political voice" to alter public resource allocations to their advantage and increase black influ-

ence over the redevelopment of neighborhoods, even entire cities (Gilliam 1975, 243). Ultimately, he anticipated that CDCs would allow urban blacks to affect the distribution of public resources, such as land, money, and authority, in their favor. In today's environment of devolved policymaking, particularly affordable housing policy, black church-affiliated CDCs, at least in New York City, are proving Gilliam correct.

By sharing in the formulation and implementation of municipal affordable housing policy in South Jamaica, Allen NPDC and SQCCE acquired powers that would not have been theirs had they been observers of NEW HOMES development. Although Allen NPDC and SQCCE possessed less than absolute power over the affordable housing development agenda and program of the city of New York in South Jamaica, during their sponsorships of NEW HOMES projects they acquired and used aspects of public power (i.e., authority and responsibility). The involvement of Allen NPDC and SQCCE in NEW HOMES as agents of HPD and the Housing Partnership provided a means beyond electoral politics for their community to acquire more representation in government decisionmaking. It also deepened the incorporation of their constituents' values and interests in governance. In the process, the two black church-affiliated CDCs redirected the course of housing development in one of the city's most desperate black neighborhoods, and it did so to the benefit of the neighborhood's current residents. In the end, the participation of these two black church-affiliated CDCs in public decisions over the location, building, and recipients of new housing strengthened the voice of their community in public policymaking.

This examination of the political utility of black church-affiliated CDCs suggests that these nonprofit organizations are a vehicle by which black citizens can connect to urban government and have their interests represented and incorporated in urban governance. Black church-affiliated CDCs offer blacks an indirect political approach to increasing their influence in municipal policy processes surrounding redevelopment and land use, while improving black citizens' access to collective resources. It is too early to claim that these nonprofit organizations are capable of reconstituting local politics as a progressive and equitable system for distributing societal resources. However, black church-affiliated CDCs are among the few nonprofits that showed promise at century's end.

NOTES

This research was supported by a Doctoral Dissertation Research Grant (#H-21182SG) from the U.S. Department of Housing and Urban Development, and resources from the Nelson A. Rockefeller Institute of Government, State University of New York. The findings and statements contained here do not necessarily represent those of the Department of Housing and Urban Development or the Rockefeller Institute. The author presented earlier versions of this research at the

annual meetings of the Association for Research on Nonprofit Organizations and Voluntary Action (1999) and the American Political Science Association (1998), and at the Century Foundation's Summer Institute (1999).

1. *Black churches* are those churches associated with one of the eight historically black religious denominations that are administratively independent of predominantly white denominations. The denominations are: African Methodist Episcopal; African Methodist Episcopal Zion; Christian Methodist Episcopal; National Baptist Convention of America, Inc.; National Missionary Baptist Convention of America; National Baptist Convention, USA, Inc.; Progressive National Baptist Convention, Inc.; and Church of God in Christ.

2. There are no statistics on urban black church-affiliated CDCs. I predict, however, a growth in their number. Five catalysts will be responsible. First, commercial financial institutions regularly lend to black religious organizations. Chase Manhattan Bank, Fleet Bank, and others have lending programs for sanctuary construction and "faith-based" development projects. Second, black churches are eager to contract with technical assistance organizations to charter, organize, and finance CDCs. The training courses of the National Congress for Community Economic Development and the seminars of the Faith Center for Community Development, Inc., are often standing room only. Third, philanthropic foundations are committed programmatically and financially to expanding the capacity of existing and new black church-affiliated CDCs. For example, through its Asset Building and Community Development program, the Ford Foundation underwrites development initiatives led by black religious institutions. Fourth, academic courses on congregation-based community development are multiplying. Universities and colleges like Harvard, Michigan State, New Hampshire College, the New School for Social Research, and Yale offer courses. Fifth, the U.S. Department of Housing and Urban Development acknowledges a positive role for religious organizations, especially black churches, in public policy. It relies on its Center for Community and Interfaith Partnerships to promote secular-sacred development collaborations.

3. I use New York City because its black churches are the primary redevelopers of black neighborhoods (Wilson and Green 1988). Also, black electoral and administrative representation in city government is relatively high, but black political incorporation is symbolic, not substantive: the black electorate wields little power over the municipal government, especially the mayoralty (Mollenkopf 1995). Furthermore, the use of CDCs as instruments of black political incorporation in the city government is novel, but not new (Mollenkopf 1995). Additionally, for more than a decade, the city of New York has been in the process of devolving community development policy, especially low- and moderate-income housing policy, to nonprofit organizations (Fainstein 1994; Orlebeke 1997). Moreover, there is a record of CDC involvement in public policymaking and governance, albeit limited (Wylde 1999).

4. The Section 202 program funds the development of affordable housing for senior citizens and the disabled. It is open only to nonprofit organizations. The HOME program is a federal affordable housing block grant to states, which distribute it to their localities. HOME grant recipients must allocate a minimum of 15 percent of their HOME funds to housing developed, sponsored, or owned by nonprofit housing organizations.

5. The New York City Partnership is a not-for-profit corporation started by David Rockefeller to improve the city's economic climate. Founded in 1979, it develops public-private initiatives targeted on affordable housing and neighborhood development, job creation and retention, and leadership training and educational reform. It is an advocate for the city's largest commercial interests.

6. *In rem* refers to formerly private-owned land and buildings taken by a city government as payment of property tax arrears. Schwartz (1998) notes that, as of 1997, the city of New York owned 8,177 units of vacant *in rem* housing, down from a high of more than 53,000 units in 1986. As for occupied *in rem* housing units, he finds that the city of New York owns 28,000, down from 41,000 in 1993. According to HPD (New York City Department of Housing Preservation and Development 1998), the city-owned stock of vacant and occupied *in rem* units stands at 26,595 units.

7. The Housing Partnership epitomizes a "governing nonprofit" (Hula, Jackson, and Orr 1997). It advises public policymakers on community development issues; formulates policy proposals regarding the finance and construction of affordable housing in low-income neighborhoods; and creates coalitions to mobilize around the municipal policymaking processes. Generally, it is an advocate of nongovernmental development of affordable housing, incentive-based affordable housing policies, and regulatory repeals.

8. The activities of black church-affiliated CDCs often include political activities. Some direct their activities at affecting the selection of government officials. Others direct their activities at influencing the policy decisions of elected and appointed officials. Most do both. See Owens (forthcoming) for more on the political activities of black church-affiliated CDCs, especially in New York City.

9. This phrase comes from a black pastor of a black church in Brooklyn's Bedford-Stuyvesant neighborhood. Pastors of his ilk oppose the use of public resources by black churches, either directly through the churches or indirectly through their CDCs. For them, government money, along with land and other items, exacts too high a price: it stifles the prophetic voice of black churches. Yet many, perhaps most, black pastors do not agree. Dissenters hold, often simultaneously, and express multiple opinions of the government-supported work of black church-affiliated CDCs (Owens, forthcoming). They believe that public money and other resources of the state are crucial to the development of black neighborhoods, particularly in terms of leveraging greater investments in black communities by private sector institutions (e.g., banks, insurance companies, and manufacturers). They also see it as a way for blacks to influence the allocation of public resources. It is also a means of returning to blacks a portion of the taxes paid by blacks, even if they distribute the returns collectively rather than individually.

10. I derived this figure from the annual report of the Housing Partnership (New York City Housing Partnership 1999, 12). I confirmed it using unpublished data on the NEW HOMES program I obtained from the New York City Department of Housing Preservation and Development.

11. I derived these figures from unpublished data from the New York City Department of Housing Preservation and Development.

12. Secular CDCs buttress the housing development activities of Allen NPDC and SQCCE in southeast Queens (Owens 1997a). These include the Neighborhood Housing Services of Jamaica and the Urban Renewal Committee of South Jamaica.

REFERENCES

- Clarke, S. E., L. A. Staeheli, and L. Brunell. 1995. "Women Redefining Local Politics." In *Theories of Urban Politics*, edited by D. Judge, G. Stoker, and H. Wolman. London: Sage.
- Clavel, P., J. Pitt, and J. Yin. 1997. "The Community Option in Urban Policy." *Urban Affairs Review* 32, no. 4: 435–458.
- Clemetson, R., and R. Coates. 1992. *Restoring Broken Places and Rebuilding Communities: A Casebook on African-American Church Involvement in Community Economic Development*. Washington, D.C.: National Congress for Community Economic Development.
- Dreier, P. 1989. "Economic Growth and Economic Justice in Boston: Populist Housing and Jobs Policies." In *Unequal Partnerships: The Political Economy of Urban Redevelopment in Postwar America*, edited by Gregory Squires. New Brunswick, NJ: Rutgers University Press.
- Elkin, S. L. 1987. *City and Regime in the American Republic*. Chicago: University of Chicago Press.
- Everson v. Board of Education*. 330 U.S. (1947).
- Ferman, B. 1996. *Challenging the Growth Machine: Neighborhood Politics in Chicago and Pittsburgh*. Philadelphia: Temple University Press.
- Gilliam, R. E., Jr. 1975. *Black Political Development: An Advocacy Analysis*. Port Washington, NY: Dunellen Publishing.
- Glickman, N., and L. Servon. 1998. "More than Bricks and Sticks: Five Components of Community Development Corporation Capacity." *Housing Policy Debate* 9, no. 3: 497–540.
- Goetz, E. 1993. *Shelter Burden: Local Politics and Progressive Housing Policy*. Philadelphia: Temple University Press.
- Hula, R. C., C. Y. Jackson, and M. Orr. 1997. "Urban Politics, Governing Nonprofits, and Community Revitalization." *Urban Affairs Review* 32, no. 4: 459–489.
- Hunter, A., and S. Staggenborg. 1988. "Local Communities and Organized Action." In *Community Organizations: Studies in Resource Mobilization and Exchange*, edited by C. Milofsky. New York: Oxford University Press.
- Judd, D. R., and T. Swanstrom. 1998. *City Politics: Private Power and Public Policy*. New York: Longman.
- Keating, D. W., N. Krumholz, and J. Metzger. 1995. "Postpopulist Public-Private Partnerships." In *Cleveland: A Metropolitan Reader*, edited by W. D. Keating, N. Krumholz, and D. C. Perry. Kent, OH: Kent State University Press.
- Keyes, L. C., A. Schwartz, A. C. Vidal, and R. Bratt. 1996. "Networks and Nonprofits: Opportunities and Challenges in an Era of Federal Devolution." *Housing Policy Debate* 7: 201–229.
- Koebel, C. T. 1998. "Nonprofit Housing: Theory, Research, and Policy." In *Shelter and Society: Theory, Research, and Policy for Nonprofit Housing*, edited by C. T. Koebel. Albany, NY: State University of New York Press.
- Koebel, C. T., R. Steinberg, and R. Dyck. 1998. "Public-Private Partnerships for Affordable Housing: Definitions and Applications in an International Perspective." In *Shelter and Society: Theory, Research, and Policy for Nonprofit Housing*, edited by C. T. Koebel. Albany: State University of New York Press.

- Koschinsky, J., and T. Swanstrom. 1999. "Community Development and Equality: The Political Construction of Policy Subregimes." Paper presented at the annual meeting of the Urban Affairs Association.
- Lemon v. Kurtzman*. 403 U.S. (1971).
- Levine, C. H. 1984. "Citizenship and Service Delivery: The Promise of Coproduction." *Public Administration Review* (March): 178–187.
- Metzger, J. T. 1998. "Remaking the Growth Coalition: The Pittsburgh Partnership for Neighborhood Development." *Economic Development Quarterly* 21: 12–29.
- Mollenkopf, J. H. 1995. "New York: The Great Anomaly." Paper presented at the annual meeting of the American Political Science Association, Chicago.
- Monson, S. V. 1996. *When Sacred and Secular Mix: Religious Nonprofit Organizations and Public Money*. Lanham, MD: Rowman & Littlefield Publishers.
- Nathan, R. P. 1996. "The Nonprofitization Movement as a Form of Devolution." In *Capacity for Change? The Nonprofit World in the Age of Devolution*, edited by D. F. Burlingame, W. A. Diaz, W. Ilchman, and Associates. Bloomington: Center on Philanthropy, Indiana University.
- Nathan, R. P., J. Chow, and M. L. Owens. 1995. "The Flip Side of the Underclass: Minority Working and Middle Class Neighborhoods." *Rockefeller Institute of Government Bulletin*. Albany, NY: Nelson A. Rockefeller Institute of Government.
- New York City Department of Housing Preservation and Development. 1998. *Breaking New Ground: A Guide to the Programs and Services of the Department of Housing Preservation and Development*. New York: New York City Department of Housing Preservation and Development.
- New York City Housing Partnership. 1999. *Revitalizing Neighborhoods through Affordable Housing and Community Involvement*. New York: New York City Housing Partnership.
- Olson, M. 1965. *The Logic of Collective Action*. Cambridge, MA: Harvard University Press.
- Orlebeke, C. J. 1997. *New Life at Ground Zero: New York, Homeownership, and the Future of American Cities*. Albany, NY: Rockefeller Institute Press.
- Owens, M. L. 1997a. "Renewal in a Working-Class Black Neighborhood." *Journal of Urban Affairs* 19: 183–206.
- . 1997b. "Local Party Failure and Alternative, Black Church-Based Nonparty Organizations." *Western Journal of Black Studies* 21: 162–172.
- . 1998. "Black Church-Based Community Development Corporations and Urban Housing Policy: A Re-consideration of Black Representation and Incorporation in Cities." Paper presented at the annual meeting of the American Political Science Association, Boston.
- . Forthcoming. "Pulpits and Policy: The Politics of Black Church-Based Community Development in New York City." Ph.D. diss., State University of New York at Albany.
- Paris, P. 1985. *The Social Teaching of Black Churches*. Philadelphia: Fortress Press.
- Peterson, P. 1981. *City Limits*. Chicago: University of Chicago Press.
- Richardson, W. F. 1994. "Mission to Mandate: Self-Development through the Black Church." In *The State of Black America*, edited by B. Tidwell. New York: National Urban League.

- Ross, T. 1997. "The Impact of Industrial Areas Foundation Community Organizing on East Brooklyn: A Study of East Brooklyn Congregations." Ph.D. diss., University of Maryland.
- Salamon, L. M. 1992. *America's Nonprofit Sector*. New York: The Foundation Center.
- Schill, M. H., ed. 1999. *Housing and Community Development in New York City: Facing the Future*. Albany: State University of New York Press.
- Schwartz, A. 1998. "New York City and Subsidized Housing: Impacts and Lessons of the City's \$5 Billion Capital Budget Housing Plan." Paper presented at the annual meeting of the Association of Collegiate Schools of Planning, Pasadena.
- Stoker, G. 1998. "Regime Theory and Urban Politics." In *Theories of Urban Politics*, edited by D. Judge, G. Stoker, and H. Wolman. London: Sage Publications.
- Stone, C. N. 1987. "Summing Up: Urban Regimes, Development Policy, and Political Arrangements." In *The Politics of Urban Development*, edited by C. N. Stone and H. T. Sanders. Lawrence: University Press of Kansas.
- . 1989. *Regime Politics: Governing Atlanta*. Lawrence: University Press of Kansas.
- . 1993. "Urban Regimes and the Capacity to Govern: A Political Economy Approach." *Journal of Urban Affairs* 15, no. 1: 1–28.
- Stone, C. N., and H. T. Sanders, eds. 1987. *The Politics of Urban Development*. Lawrence: University Press of Kansas.
- Vidal, A. C. 1992. *Rebuilding Communities: A National Study of Urban Community Development Corporations*. New York: Community Development Research Center, New School for Social Research.
- Whitaker, G. P. 1980. "Coproduction: Citizen Participation in Service Delivery." *Public Administration Review* (May/June): 240–246.
- Wilson, B., and C. Green. 1988. "The Black Church and the Struggle for Political Empowerment in New York City." *Afro-Americans in New York Life and History* (January): 51–79.
- Wylde, K. 1999. "The Contributions of Public-Private Partnerships to New York City's Assisted Housing Industry." In *Housing and Community Development in New York City: Facing the Future*, edited by M. H. Schill. Albany, NY: State University of New York Press.
- Yin, J. S. 1998. "The Community Development System: A Case Study of Politics and Institutions in Cleveland, 1967–1997." *Journal of Urban Affairs* 20: 137–157.

9

Governance Tasks and Nonprofit Organizations

Susan E. Clarke

NONPROFIT ORGANIZATIONS AND THE PROSPECTS FOR DEMOCRATIC GOVERNANCE

A framework of governance tasks allows for a systematic assessment of nonprofit organizations' potential contributions to local democratic governance. To avoid using "governance" as an umbrella term for all forms of social coordination problems (Jessop 1993), the focus here is on the governance and coordination issues emerging in new decision arenas linking market and state spheres in a global era.

These new decision arenas exist outside of, but not independent of, traditional electoral and administrative decision arenas. They are constructed through horizontal networks of citizens and groups often working through nonprofit organizations rather than the voluntary associations characteristic of civil society in the past. Decisions allocating public benefits and costs that shape the quality of everyday life for citizens are increasingly made in these arenas; yet, the implications of this new civic world for local democratic governance remain relatively unexamined (Skocpol 1999).

Governance strategies operate through markets, hierarchies, and networks (Cox 1997). Nonprofit organizations draw on all three strategies: they operate in a quasi-market context; they are privileged and constrained by an array of laws and rules operating at different scales; and they necessarily rely on coalitions to build the trust and reciprocity allowing them to operate. Nonprofits' salience arises both from their locus in the intersect of economic

and political structures—they offer a form of coordination outside of market forces and state hierarchies—and from their potential for mobilizing and coordinating organizational resources necessary for governance tasks.

Governance Tasks

In Salamon's view (1994), the spread of these nonprofit organizations and networks connotes a global "associational revolution." It gives rise to a global third sector of self-governing organizations pursuing public purposes independent of the market and the state.¹ The appearance of this third sector as an institutional feature in a range of political-economic settings warrants considering these organizational forms as governance mechanisms and assessing their contribution to democratic governance. In this analysis, I ask how well nonprofit organizations in the United States contribute to four tasks that March and Olsen (1995, 45–46) see as integral to the "craft of governance": developing accounts of political events; developing identities of citizens and groups in the political environment; developing capabilities for appropriate political action among citizens, groups, and institutions; and developing an adaptive political system. After sketching features of the nonprofit landscape in the United States, this chapter assesses whether and how nonprofit organizations contribute to these governance tasks (see n. 1) and considers the constraints on their effectiveness as a governance mechanism.

THE NONPROFIT LANDSCAPE IN THE UNITED STATES

This "associational revolution" is indeed global. Comparative, cross-national research on nonprofit organizations (Salamon and Anheir 1996a, 1996b) depicts nonprofit organizations—defined as institutionalized organizations separate from the government, non-profit-distributing, self-governing, nonreligious, nonpolitical (but including advocacy groups), and involving some voluntary participation (Salamon and Anheir 1996a, 4)—as visible and active organizations across a range of political-economic settings.² Looking at the scale of nonprofit organizations in terms of their share of national employment, Salamon and Anheir find an average of 3.3%, with a low of 0.8% in Hungary (in 1990) and a high of 6.9% in the United States and Italy; Japan and Sweden score relatively low and Germany, the United Kingdom, and France score relatively high (Salamon and Anheir 1996a, 6). When volunteer staff is added in, Sweden shows up as having one of the largest nonprofit sectors in Europe. Across these countries, four components of the nonprofit sector dominate expenditures: education and research, health, social services, and culture and recreation, although there is much variation in composition across countries (Salamon and Anheir 1996a). Similarly, revenue structures are relatively consistent with 49% of nonprofit income across eight countries coming from fees and sales and 41% from gov-

ernment. Yet in Germany and France, government funds are the primary revenue source, and in all countries there is substantial variation by subsector.

These comparative analyses underscore the growing significance of the nonprofit sector as well as the wide variations in its configuration and composition. This argues for the analytic utility of the construct as well as the importance of understanding country-specific features. In the United States, for example, there has been a remarkable upward trend in the number of nonprofit organizations—those registered as 501 (c)(3): by 1996, there were approximately 1.2 million nonprofit associations in the United States, a 40.9% increase from 1989. But issues of scale can confound our understanding of this sector in two ways: the size of nonprofit organizations varies substantially, with the definition encompassing an enormously variable set of organizations ranging from billion-dollar enterprises to shoestring operations; and the locus of nonprofit organizations varies spatially, with the activities of local organizations more salient to local governance than the density of nonprofit organizations that happen to be headquartered in a city.³ In the American context, therefore, statements about the nonprofit sector and democratic governance must be sensitive to these scale issues.

From Cookies to Cancer to Catholics—The Nonprofit Scene in the United States

Most Americans are surprised to learn that the National Football League is a nonprofit organization, as are the Girl Scouts of America, the American Cancer Society, and the Catholic Charities of USA. All of these organizations fit the Internal Revenue designation of nonprofit organizations, registering as private, tax-exempt organizations and filing federal Form 990 annually as 501(c)(3) or (c)(4) organizations.⁴ Not only are these organizations not the typical image of nonprofit organizations, they are immensely wealthy enterprises. The Girl Scouts brought in \$605 million in revenues in 1997, the American Cancer Society \$540 million, and the Catholic Charities of the USA \$2.2 billion.⁵ The concentration of wealth within the American nonprofit sector is remarkable: the General Accounting Office estimates 1.6% of charitable and educational organizations controlled 79% of all such organizational assets and 61% of revenues in 1989. To these organizations, portfolio management and Wall Street markets had more to do with their revenue successes than the (heavily regulated) fund-raising dinners more commonly associated with nonprofit organizations' revenue efforts.

The tax code allows 25 different types of tax-exempt organizations—501(c)—including business leagues, cemetery companies, social and recreational clubs, and labor organizations; it also provides for additional categories to encompass groups such as cooperative hospital service organizations, religious organizations, and farmers cooperatives. The 501(c)(3) classification is

the most visible category, with the largest number of organizations (654,186 in 1996) and the greatest increase in organizations. According to Salamon's (1998) calculations, if this portion of the American nonprofit sector were a nation, its economy would be larger than all but 10 national economies—including the Netherlands, India, Australia, and Mexico.

There is tremendous variation within this category, however. Four giants stand out: educational institutions (14.2%), human services (14.5%), arts and culture (9.8%), and health (8.2%) dominate the organizational field and rely the most heavily on public funds for support (21.2%, 15.4%, 6.1%, and 9.4%, respectively). Nearly half of the U.S. hospitals, half of its colleges and universities (Harvard University was America's first nonprofit corporation), 60% of its social service agencies, nearly all its symphony orchestras, and most civic organizations fall under this categorization (Salamon 1998). Those organizations most frequently drawing political challenges are modest sectors: civil rights, social action, and advocacy groups are 0.7% of the reporting public charities with 0.5% of their budgets coming from public support; environmental groups are 1.7% of the population and average 1.2% of their budgets from public support; and community improvement groups are about 3.9% of the field and rely on public funds for 3.0% of their budgets (NCCS 1997b). Many nonprofits, especially in these embattled arenas, are turning to the model developed by the anti-hunger group Share Our Strength (SOS) and are seeking to "create new wealth" through long-term marketing agreements with corporations, rather than relying on government and foundation support. To speak of the role of nonprofit organizations in local governance will require some reconceptualization of this widely varying field in order to focus on those organizations most directly involved in local mobilization, coordination, and representation strategies.

The Geography of Nonprofits

The geography of nonprofits in the United States is distinctive. The aggregate national data mask substantial variation in the location of nonprofit organizations by region and by state. New York State is home to 26 of the richest nonprofit organizations, with Virginia (12), Colorado (9), and Illinois (9) following (NPT 1998). If we look at all reporting public charities rather than just the richest, California takes the lead as home to 11.6% of all such organizations, followed by New York (7.9%), Texas (5.4%), Pennsylvania (5.1%), and Illinois (4.2%) (NCCS 1997b).

Employment in nonprofits tends to be highest in the heavily populated northeastern and midwestern regions. Although individual states are now collecting data on reporting public charities within their state, there is little data available on the number, wealth, or employees of nonprofit organizations at the city level. This further limits our ability to assess the contribution of nonprofit organizations to democratic governance arrangements.

HISTORICAL ACCOUNTS AND POLITICAL MYTHS: THE MEANING OF NONPROFIT ORGANIZATIONS

To begin, as March and Olsen suggest (1995, 46), we ask how nonprofits feature in the social construction of events that gives meaning to history—that is, we are seeking accounts of the emergence of the nonprofit sector: what has happened, why it happened, and how we should evaluate events. The current view, for example, of nonprofit organizations as a third or independent sector—even part of a “third way”—is as much a mirror of our era as a necessary characterization of their potential governance roles.

These mythic accounts play both a conservative and creative role in mediating social, economic, and ideological change (deNeufville and Barton 1987) since different accounts will permit different options and actions. As such, these myths or accounts provide important links between citizen and government (March and Olsen 1995, 46). Similar to the myth of public-private partnerships, these accounts of nonprofits are employed to justify and encourage the restructuring of the critical relationships—here the relation between citizen and the state (deNeufville and Barton 1987). As deNeufville and Barton (1987) point out, by drawing on myths of private efficiency, public waste or ineptitude, and cultural values of volunteerism and community to restructure civic responsibilities, issues are reframed in ways that gloss over contradictions, normative concerns, and pragmatic issues. Although myths allow for traditional values to be translated into action and new policies, deNeufville and Barton note they also can legitimate policies that benefit the powerful and support distorted understandings of policy problems.

Three accounts of contemporary governance dilemmas feature the emergence of nonprofit organizations; each provides this emergence with a different “meaning” and anticipates distinctive roles for nonprofit organizations in local governance. A state-centered perspective identifies nonprofit organizations as aspects of broader decentralization and devolution trends; a strategic actor orientation presents nonprofit organizations as adaptive state responses to fiscal and political crises; and a regime-based perspective characterizes nonprofit organizations as elements of governance regimes.

A State-Centered Account: Nonprofit Organizations as Aspects of Broader Political Restructuring Processes

The state-centered perspective sees nonprofit organizations as elements in a larger historical process of devolution, decentralization, and privatization in the contemporary welfare state. This presumes that the relatively centralized, national bureaucratic structure established for administration of social provision is a historically specific mode of social regulation; as Salamon and Anheir (1996a) note, there is a tendency to assume that industrialization and

expansion of the state displaced premodern social organizations and took on their functions. Now, as new economic forces are undermining the legitimacy, rationality, and efficiency of such structures, there is a tendency to assume the reversal of these processes: as the national government pulls back from social obligations, civil organizations will take them on to compensate for this retrenchment. The locus of policy responsibilities shifts to better “match” new conditions; in a post-Fordist era of flexible capital and labor, these functional demands appear to require more privatized, less bureaucratic institutions for meeting social needs. In this account, the increased visibility and inclusion of nonprofit groups in political processes can be traced to changing state needs as much as to resource mobilization and entrepreneurial leadership of any particular group.

In these accounts, political developments and institutional changes such as the rise of the nonprofit sector reflect the efficiency of history (March and Olsen 1995). The devolution of welfare state responsibilities is interpreted as a response to these historical challenges; devolution and decentralization reflect a political restructuring process linking citizen and state in ways that better “fit” these new economic times. We can evaluate these new arrangements in Salamon’s terms (1994, 112): as they respond to pressures from “below” as grass-roots groups press for more responsiveness; to pressures from the “outside” as various public and private institutions seek more efficient service delivery strategies; and to pressures from “above” as national governments push for devolution due to state crisis and functional restructuring—both in the United States and Europe. The blossoming of nonprofit organizations in highly centralized states such as France, under socialist auspices, underscores accounts interpreting them as a historical phase of welfare state development (Smith and Lipsky 1993; Ullman 1999) rather than merely as a neo-conservative dis-investment strategy.

The result is greater institutional complexity, with “a shift from direct to indirect or ‘third-party’ government” to carry out public purposes (Sharpe 1993). As this process unfolds, it is legitimized by rhetorical arguments and normative discourse of decentralization and privatization encouraging a receptivity to nonbureaucratic organizations and values. This discourse of decentralization and privatization finds fertile ground in federal systems; in the decentralized American federal system, the discourse of limited local responsibility (due to an inelastic tax base or legal frameworks) and of local government responsiveness and responsibilities to local electorates is used to legitimate the growing roles of nonprofit organizations and the shrinking responsibilities of the public sector.

A Strategic Actor Account: Nonprofit Organizations as Adaptive Responses to Fiscal and Political Crises

These institutional features and organizational forms are found in both federal and nonfederal political systems and are associated with both the expansion and the retrenchment of the welfare state (Lovenduski and Randall

1993; Ullman 1999; Smith and Lipsky 1993). An alternative account views them as strategic state responses to fiscal and political crises and evaluates nonprofit organizations in terms of their effects on state capacity. In this account, history is somewhat efficient but is also contingent: it is possible for political actors to intervene in the unfolding of political restructuring processes to foster different and diverse institutional outcomes. This account moves away from emphasizing uniquely determined institutional outcomes—such as systematic devolution and privatization—and recognizes several pathways to an institutional landscape featuring nonprofits as governance mechanisms. For public officials as strategic actors, making use of nonprofit organizations provides self-regulating local groups that have legitimacy with subcommunities, personalized communications networks, and specialized and institutional expertise in particular policy areas (cf. Barrow 1993). In less functional terms, Lovenduski and Randall (1993, 142) point out that establishing these new expanded structures is less troublesome than disrupting the patronage and incumbency dynamics in established organizations by forcing integration of new groups and demands.

Although critics dispute the scale and scope of this phenomenon (Putnam 1996), the emergence of the “contracting regime” (Smith and Lipsky 1993) attendant to political restructuring has important implications for state capacity and for the relation of citizen and state. From a strategic actor perspective, the options for responding to fiscal and political crises range along a continuum of tactical, pragmatic, and systematic privatization strategies (Henig, Cordes, and Twombly 1999) rather than an inevitable match to historical contingencies requiring retraction and displacement of public authority and responsibilities. This strategic account shifts the analytic and evaluative focus to the variations in institutional strategies and in types of nonprofit organizations involved. By using nonprofit organizations as agents of tactical or pragmatic privatization strategies, public officials can reallocate public responsibilities without necessarily displacing public institutions and responsibilities. Tactical and pragmatic privatization strategies potentially can expand state capacity: this occurs not by extension of central governmental power (limited by the fragmented institutional design of the American system) but by legitimating and coordinating intermediate organizations such as nonprofit organizations. This institutional strategy allows even weak states (such as the fragmented American state) to increase their effectiveness (Barrow 1993); contracting out and privatization strategies can overcome the weakness of state institutions and stagnant economies (Salamon 1994).

This strategic actor account underscores the ties, rather than the gaps, between nonprofit organizations and governments. These ties are not without cost: one estimate is that American nonprofit organizations receive about 31% of their income from government sources, with social service organizations even more dependent (42%) on public funds (cited in Monsma 1994) that are generally gained through contracting to provide services

(Terrell and Kramer 1984). But this tax-exempt status is a drain on public treasuries at every level: American nonprofit organizations generate \$1.1 trillion annually and control assets of \$1.475 trillion but pay little or no taxes. And to many scholars, this dependency on public funding potentially compromises the ability of nonprofit organizations to offer clear alternatives to state actions and priorities (Smith and Lipsky 1993, 207).

A Regime-Based Account: Nonprofit Organizations as Coalition Partners

A third account emphasizes the increased need for coalitions and coordination in a political context of greater decisional interdependence, ambiguity, and uncertainty. In this view, the need for cooperation among interdependent, competitive interests points to a co-evolutionary relationship among political institutions and their environment (March and Olsen 1995, 190). The growing salience of nonprofit organizations reflects this co-evolutionary process: these organizations coordinate market and state demands in a post-Fordist institutional environment in ways not available to bureaucratic public organizations, corporate private organizations, or voluntary associations. From this perspective, nonprofit organizations compensate for the incapacities, inappropriateness, or unavailability of governmental responses (Rosenau 1998, 141); they become necessary partners in responding to governance needs.

In these accounts, history is inefficient and political change stems from “locally adaptive histories.” These reflect “ecologies of competition, cooperation, and other forms of interaction” (March and Olsen 1995, 42) that provide stability and reliability in decision processes and accommodate conflicts through symbolic and substantive actions. Although they do not use this terminology, March and Olsen’s emphasis on the need to create the conditions for cooperation in situations of interdependency and on the importance of locally adaptive histories in shaping political change corresponds to regime perspectives on local governance processes.

A regime perspective anticipates that the uncertainty and tensions marking state and market relations can be overcome through coalitions relying on informal governance strategies. These coalitional relations operate outside of formal institutional structures through cross-sectoral, primarily horizontal, decision ties (John and Cole 1998, 387). Stone (1989) argues that governing coalitions seek sufficient scope to encompass and coordinate the actors and groups necessary for generating “enough cooperation” to carry out governance activities. Regimes, therefore, are purposive and engaged in mobilization around collective projects.

From a regime perspective, the focus is on the actors, strategies, and mechanisms engaged in producing the cooperation necessary for democratic governance (Stone 1989). In the American context, local regimes nearly always

involve business and government interests but because nonprofit organizations control strategic knowledge about particular policy areas and political constituencies, they can be essential to the collaborative and cooperative efforts of public and private partners. They bring distinctive organizational qualities, representation of alternative perspectives and groups, and legitimation capacities (IPS 1996) that increase their value to governing coalitions. The extent to which they actually become part of local governance coalitions, and the conditions under which this occurs, are not well studied.

Two critiques evaluate the consequences of these coalitional roles for local democratic practice in negative terms. Both argue that the rising political prominence of nonprofit organizations results in a conservative influence on politics (Jones 1994). One concern is that the growing importance of nonprofit organizations, including their potential incorporation into governing coalitions, will compete with the salience of electoral politics. The growth of these organizations may deflect energies and attention from electoral politics to third-sector systems in which opportunities for participation are much less direct (Smith and Lipsky 1993). This could divert energies and attention from more direct challenges to extant power structures (cf. Salamon 1994); indirectly, therefore, the growth of nonprofit institutions and their capacity to define and structure issues could disempower coalitions seeking to change the status quo. Ironically, this may increase the influence of local leaders by removing or rechanneling oppositional energy from electoral politics.

A second critique focuses on the potential demobilizing effects of community development corporations (CDCs), one of the major types of nonprofit organizations found in American cities. Although these nonprofit organizations emerged from neighborhood struggles, their incorporation as tax-exempt nonprofit agencies is seen as diminishing their ability to advocate for social change and to empower neighborhoods and their residents (Goetz and Sidney 1995). But Goetz and Sidney challenge this CDC-demobilization thesis: they find that many CDCs are politically active, precisely in coalitional (rather than individual advocacy) forms and for the reasons anticipated by regime approaches. In their empirical work, they demonstrate that CDCs form new institutions, citywide nonprofit coalitions, to increase their influence and ensure their voice is heard in political arenas. In response, city officials give them greater political access because of their coherent voice, local knowledge, and ability to carry out agreements.

DEVELOPING POLITICAL IDENTITIES: NONPROFITS AND THE CIVILIZED CITIZEN

Do nonprofit organizations promote political identities that allow and encourage individuals to act as democratic citizens and officials (March and Olsen 1995, 50)? Here we are asking whether involvement in nonprofit organizations engenders the “civilized citizen” (March and Olsen 1995, 57),

one who shares a democratic commitment and culture but is free and responsible in exercising rights, duties, and responsibilities. As noted below, this is intertwined with the issue of political capabilities; here, the emphasis is on the ways in which institutions shape identities and create the grounds for social solidarities.

As Jones (1994, 242) puts it, "much of politics is about the making and unmaking of communities of interest." Although this seems to refer primarily to electoral constituencies, nonprofit organizations have this same capacity to create communities of interest by drawing attention to salient aspects defining their constituencies. This capacity for mobilizing attention and identities is critical for any efforts to give voice to the underrepresented (Salamon 1998). This solidarity becomes the basis for discourse and the means by which the civilized citizen mobilizes and coordinates resources.

Nonprofits as Communities of Interest: The Gendered and Racialized Nonprofit Sector in the United States

Whether the nonprofit sector is capable of developing political identities and creating communities of interest depends on who participates in them. National surveys indicate that women are much more likely to be employed in the nonprofit sector than men: 18.8 percent of all women were employed in the nonprofit sector in 1990 but only 6.5% of all men (Burbridge 1998). At the national level, black women and men were somewhat overrepresented: 20% of black women were employed in the nonprofit sector, compared to 18.8% of all female workers, and 7.3% of black men, compared to 6.5% of all men (Burbridge 1998). Although the data on gender and race dimensions of nonprofit organizations are scarce at the local level, data available for some selected organizations show similar trends but reveal significant occupational segmentation. Gittell and Covington (1998), for example, surveyed 2,370 neighborhood development organizations (NDOs) in six states and found that women were highly represented and that this representation made a difference: when women comprised 50% or more of the NDO boards, the rate of adoption of programs and policies responsive to women rose significantly.

But other studies indicate that women's participation and representation is segmented. While women are overrepresented as workers and volunteers, men dominate most management positions. Indeed, the *Nonprofit Times*' annual listing of the 100 largest nonprofit organizations in the United States reports 82 were led by men, 18 by women (*Nonprofit Times* 1998). Vidal's (1992) assessment of the representativeness of community development corporations' (CDCs) staff found that women were underrepresented in senior staff positions. Similarly, female CEOs were found predominately in those NDOs with limited resources (Gittell and Covington 1998). This corre-

sponds to Skocpol's characterization of the "new civic universe" as oligarchical and top-heavy, privileging wealthier and better educated members (1999, 72), who, the data suggests, are most often male.

Political Identity, Social Solidarity, and Agendas

Many fear that the resource dependency and legal regulations constraining the nonprofit sphere inhibit political identity and mobilization. Empirical work on these complex links of funding and agendas reveals a more nuanced picture of these relationships of political identity, social solidarity, and political mobilization. My research on community-based organizations in seven American cities in the early 1990s sketches a political landscape in which those groups most likely to be involved in political mobilization and empowerment strategies, indeed, are those relying on internal resources and not dependent on governmental or patron (e.g., foundation) support. Those organizations receiving government funds and other external support are less likely to report political mobilization agendas. But since some of these groups include 501(c)(3) nonprofit organizations prohibited from overt political activity, their legal status partially determines their formal responses; it is notable that a high proportion of these groups, nevertheless, emphasize their involvement in educational campaigns and issue awareness efforts.

These framing effects hint at a broader view of "political activities." Since the seemingly clear-cut category of "funding source" is also relatively complex, the link between funding source and depoliticization is not as straightforward as it appears. Many community organizations, including nonprofit organizations, package disparate funding sources together; their funding is best characterized as hybrid combinations of resources with indeterminate agenda impacts. Looking at women's groups specifically, two-thirds of the local women's groups in this national study appear in clusters characterized by high dependence on internal funding and one-third surface in the cluster featuring hybrid funding, including revenue-generation activities. At the local level, women's groups clearly do not enjoy the luxury of detachment described by Walker (1991, 189): nationally, women's groups were the least likely of any citizen's groups to rely on internal membership dues, and most likely to have patrons outside government, and were more involved in transformational strategies than targeting political institutions.

Although local women's groups enjoy only modest external support, we do see differences in agendas by funding source. The sharpest distinction is between women's groups with patron funding and service agendas and those relying on internal dues and pursuing empowerment strategies. Yet women's groups providing services with external support are not necessarily beholden to and compromised by external patrons; their dense agendas suggest an alternative interpretation. Of all groups, they are most likely to be service

providers, but they are also in the top ranks of those with empowerment agendas; it is likely that these groups do not distinguish between these categories in a facile way.⁶ Women's political style and framing of policy issues may encourage a perspective that recognizes the empowering capacities of service provisions, particularly those involving alternative institutional designs. In this sense, these women-oriented associations are creating the civic virtues, community ties, and ethos of duty and obligation essential to formation of the civilized citizen and democratic governance.

Nonprofits and Citizenship

To the extent that nonprofit organizations provide political identities that place the civilized citizen within a community of shared rights, duties, and responsibilities, they reinforce claims to citizenship (March and Olsen 1995, 57). The citizenship burden for nonprofits is to reconnect citizens to the state in an era dominated by consumerist rhetoric and mistrust of authority and expertise. To redress the democratic deficit in modern American society, citizens must be more informed and engaged in analysis and deliberation on policy issues (Durant 1998). As the empirical work on local organizations suggests, public education and awareness activities are significant agenda priorities for many local organizations, even those involved in more mundane service delivery activities. This enhances the prospect for reconnecting citizens although the corporate structures necessary in nonprofit organizations may be less conducive to the discourse and debate essential to exercising these citizenship rights.

But these new local decision spaces also can be seen as potentially distorting citizenship. To Smith and Lipsky, the devolution of social service responsibilities through privatization means social citizenship rights become variable and less universalistic (1993, 208). Reliance on nonprofit organizations can alter the equity obligations of public officials through organizational eligibility and treatment criteria; government accountability in contracting and privatization arrangements tends to be modest and ill-defined (Smith and Lipsky 1993). In this sense, citizenship becomes more a matter of social class than of legal status, especially as funding pressures and financial dependencies force nonprofit service providers to ration services (Smith and Lipsky 1993; Henig, Cordes, and Twombly 1999).

DEVELOPING POLITICAL CAPABILITIES: CIVIC VIRTUES AND SOCIAL CAPITAL

To the extent that the blossoming of third-sector organizations generates a new decision terrain at the local level, issues of participation and representation become significant questions. To March and Olsen (1995, 91), the question is whether the nonprofit sector provides opportunities—resources

and capabilities—to act on political identities and participate in democratic processes. This would require modifications in the existing distribution of capabilities in society to enhance the citizenship and participation of more marginalized groups.

This governance question corresponds to an ongoing debate over the potential of nonprofit organizations to generate social capital. One of the most prominent scholars of social capital processes, Robert Putnam (1996), dismisses the prospect for accruing social capital through nonprofit organizations. To Putnam, these organizations are corporate entities that lack the face-to-face interactions that build trust, reciprocity, and stocks of social capital. Similarly, Skocpol (1999) warns that the rise of associations without members means a loss of the citizenship functions membership federations provided, particularly the opportunity to work together toward common goals and to engage political issues. Others (e.g., Salamon 1998), however, argue that this is a simplistic and undifferentiated view of the nonprofit sector. The many local membership-based nonprofit organizations can provide opportunities for marginalized groups to develop exactly these skills and to link these skills with the political process. From this perspective, social capital becomes converted into political capital: counter to Putnam's (1996) claim, many nonprofit organizations are similar to other social organizations in fostering the cultivation of civic skills in problemsolving that are essential for meaningful political participation. And perhaps they do so with lower organizational maintenance costs and fewer demands on personal lives than voluntary associations.

This appears particularly important for women: empirical studies indicate that women's rate of political participation in American politics is significantly shaped by the extent of their organizational affiliation (Verba, Schlozman, and Brady 1995; Staeheli and Clarke 1995). Women historically have been the mainstays of American voluntary associations and, as is shown above, are overrepresented in the nonprofit sector as well. In contemporary American politics, the historical white male Anglo-Saxon experience of political mobilization and incorporation through labor union activity and electoral organizations may be less relevant to understanding the mobilization and incorporation of women and other marginalized groups into local politics.⁷

By creating new political resources for participation, nonprofit organizations can modify the existing distribution of capabilities. As Hernes (1988, 211) sees it, the absence of clear institutional boundaries in the nonprofit sector facilitates the entry of women and other groups into public space so the inherent fuzziness of the public/private boundaries may be advantageous. And, as noted above, women's unpaid activism in health, employment, education, and other local arenas makes them likely participants in paid employment and leadership in the third sector as local government transforms. Not that women will automatically gain these positions but the

gendered division of labor and the historical pattern of women's voluntarism in social and educational programs ironically increases the likelihood that women will be able to move into this new decision space. In this sense, nonprofit organizations may be an important means to compensate for the lack of other political resources. Nevertheless, the gendered leadership segmentation within the nonprofit sector noted above cautions against seeing nonprofits as unique political career pathways for women.

These organizations also can provide the means for generating social and political capital in communities with low levels of cooperation and trust. As Smith (1994) puts it, community-based coalitions can accelerate the seemingly fragile and slow process by which historical stocks of social capital accumulate in communities (Putnam 1993). But these coalitions are more likely to emerge in communities with some measure of pre-existing social capital and with local political institutions capable of responding effectively to the fiscal and political demands placed on them.

Nonprofit organizations cannot be expected to generate social and political capital independent of the context in which they operate. They are highly context-sensitive sites for reconstructing citizenship; their abilities to encourage development of civic skills, creation of social capital, and formation of distinctive relations between citizen and state will be contingent on other local factors and their own internal capacities. Too often, these organizations suffer from weakly developed leadership and challenges to their efforts to expand political incorporation of their members and clients.

DEVELOPING AN ADAPTIVE POLITICAL SYSTEM: NONPROFITS AS FLEXIBLE GOVERNANCE TOOLS

Determining whether nonprofit organizations contribute to political identities and capabilities that strengthen citizenship in local communities is a significant concern. More broadly, March and Olsen (1995, 46) also ask if they enhance the adaptiveness of the political system by providing resources and capabilities for learning from history and from the changing environment.

To many, the contribution of nonprofit organizations to the adaptiveness of the political system is axiomatic: the flexibility and adaptiveness of the nonbureaucratic nonprofit sector is presumed to be one of its many virtues. In contrast to more bureaucratic institutions, these community-based institutions allow for creative solutions rather than channeling them into routine paths and potentially can replace service with care (McKnight 1987). As a governance tool, nonprofit organizations resonate with American political values of minimalist government, pragmatism, and individualism. Even those advocating activist government roles recognize the value of nonprofits for improving on bureaucratic performance and reinventing government to do more with less. Nonprofits' adaptiveness capabilities are especially significant in the context of what Durant (1998, 212) calls the D³ agenda—

“downsizing, defunding, and devolution.” In challenging the administrative state created during the industrial era, these trends yield distinctive paradoxes: a neo-administrative state featuring fewer bureaucrats but not fewer bureaucracies and an extension of state capacity through reliance on non-governmental partners. Thus, nonprofit organizations act as problem-solving structures rather than as preference-satisfying groups (Jones 1994). These organizations provide greater flexibility, more context-sensitive responsiveness, and fresh perspectives on pervasive problems. They constitute new ways of learning from the environment but also introduce the potential for fragmented knowledge and destabilization in expanding networks. In decentralizing functions and diffusing authority, the networked neo-administrative state may eventually require more centralization to achieve the coordination—or governance—necessary (Jones 1994, 233).

Constraints on Nonprofits as Governance Tools

But several factors may limit the flexibility and adaptiveness—and thus the effectiveness—of nonprofit organizations in governance processes. These include the tendency to romanticize the nonprofit sector, the social construction of nonprofit organizations as just another set of special interests, the perceived distributional consequences for private firms and other social groups, and the potential erosion of accountability.

The romanticization of the nonprofit sector. Nonprofits are subject to a great deal of romanticism (Salamon 1994) and symbolic politics (Smith and Lipsky 1993) regarding their nature and capacity to act; this overlooks the real organizational imperatives and pressures facing these organizations. This romanticism also extends to the funding of these organizations; despite the myth of voluntarism, government funds are the major source of support for these organizations in the United States and even more so in other advanced societies. This resource dependency and the consequences of increased market dependency in an era of fiscal retrenchment will affect dramatically the ability of nonprofit organizations to address democratic governance tasks. To some (McCormack 1996), restructuring of the nonprofit sector will be an inevitable response to demographic changes and the shrinking funding base available to nonprofit organizations although the consequences for democratic practice remain unclear (Henig, Cordes, and Twombly 1999).

This romanticized policy image belies a complex and increasingly differentiated sector. Many are membership-based organizations but an increasing share exemplify the new civic universe of associations without members and controlled by professional staff (Skocpol 1999). This limits the development of a shared identity as a sector; as a consequence, nonprofit organizations often end up working at cross-purposes or miss opportunities for collective action (IPS 1996). In the future, there will be a need for a better,

more precise delineation of the nonprofit sector and perhaps a more differentiated sector that distinguishes the large corporate enterprises such as the National Rifle Association from the community-oriented groups such as Second Harvest and national development organizations. But such delineations can take many forms.

In 1998, the reauthorization of the Community Services Block Grant (CSBG) allowed states to create a non-refundable tax credit against state income taxes for individual contributions to nonprofits that serve the poor directly. States can use a portion of federal CSBG funds to offset revenue losses from the state tax credit. Some nonprofit leaders see this federal provision as creating a hierarchy among charities and nonprofit organizations by giving special status to those serving the poor and making contributions to organizations with civil rights, environmental, international, and other orientations less attractive. Furthermore, only charities primarily engaged in “direct services” are eligible, excluding those involved in legal service and advocacy (OMB 1998b). Despite the lofty goals of this provision, the unanticipated consequences may include polarization of the nonprofit sector. Henig, Cordes, and Twombly (1999) find that fiscal retrenchment, more donor choice arrangements, and consolidation of the human services nonprofit sector in the Washington, D.C., area had negative consequences for advocacy groups as well as those serving more difficult groups, such as teenage constituencies.

The social construction of nonprofit organizations. As with any group, the policy images of nonprofit organizations are socially constructed and subject to change. These images have less to do with the material dimensions of the nonprofit sector than with how the sector is linked to cultural and social values and symbols. The romanticized policy image emphasizes compassion, voluntarism, and social care values embodied in nonprofit organizations. Since the 1980s, however, the nonprofit sector policy image has been vulnerable to reconstruction as just another set of special interests (Wyszomirski 1996). To many, this more negative perception stems from accusations of fraud and revelations of internal dissent in large nonprofit organizations such as the American Red Cross and the NAACP. Instances of fraud, charges of nonprofit organizations’ abuse of their tax-exempt privileges through political advocacy, and local complaints about tax-exempt organizations’ failure to pay their fair share for local public services through voluntary fees contribute to a changing, less positive view of the nonprofit sector. These internal organizational struggles over issues of democratic and transparent practices and accountability make nonprofit organizations appear to be no different from other corporations or, even worse, public bureaucracies. Changing images of the constituencies served by some nonprofit organizations also undermine support for this sector (Wyszomirski 1996). The social groups often served by nonprofit organizations—the elderly, educators, artists—are portrayed as privileged rather than needy and garnering discretionary benefits not available to nonmembers or nonclients.

Perceived distributional consequences of nonprofit activities. Two of the more serious challenges to the policy images of the nonprofit sector in the United States stem from the perceived distributional consequences of their quasi-market, quasi-public status. By carrying out market activities such as housing construction and commercial development—even in the absence of profit distribution—entrepreneurial nonprofit organizations appear as competitors to other firms operating in the same sector. Since their tax-exempt status lowers their business costs, this appears to be unfair competition, even though nonprofit organizations tend to enter areas characterized by market failures to produce certain goods and services. Nevertheless, charges of unfair advantage gained from the privilege of tax exemption abound.

As a result, the political roles of nonprofit organizations are continuously and directly challenged at the national and state levels. While nonprofit organizations are precluded by law from engaging in political advocacy, they are allowed to engage in political activities associated with education and awareness of issues important to their mission. This fine line is often blurred in the public perception, particularly by those antagonistic to the mission of these groups and their stance on political issues. At the national level, some elements of the nonprofit sector have been targeted for violating legal restrictions on political advocacy. Most recently, these challenges arose in the 104th Congress (1995) when Congressman Istook initiated a debate on changes in regulatory monitoring of the nonprofit sector. Istook's amendment proposed lowering the cap on the amount of money nonprofit organizations could spend on advocacy, including limits on their use of both federal funds and revenues generated by the organization. He also attempted to redefine "advocacy" as any attempt to influence policy, including the educational and awareness campaigns engaged in by many nonprofit organizations. The Istook amendment rallied nonprofit organizations on all sides of the political spectrum and each introduction (again in 1996) of this (and similar) proposal has been eventually defeated in Congress, although not without bitter debate (Wyszomirski 1996).

Potentially more successful efforts to dampen the political voice of nonprofit organizations are now being waged at the state level. Beginning with the targeting of trade unions but now including other nonprofit organizations, foes are using state initiative channels to place "paycheck protection" proposals on state ballots. More than 25 state bills or referenda (as of 1998) now target union dues and could affect other nonprofit organizations. Under these provisions, those members not agreeing to some or all of the stated purposes for the use of these funds can refuse to allow that share of the union dues to be deducted from their payroll check. The target is clearly trade unions, professional associations, and other organizations with salaried members.⁸ Unions are frequent allies of nonprofit organizations in local communities, serving on boards and contributing to organizational projects; nonprofit leaders trace the state "payback protection" movement to unions'

criticism of Republican candidates and positions during the 1996 elections. Many nonprofit organizations have been active on issues such as immigration, bilingual education, and abortion; opponents in these cultural conflicts see the symbolic issue of “taxation without representation” as a means of hampering the internal operations of these organizations. By limiting union and charitable organizations’ involvement in ballot initiative campaigns (permissible under the federal tax code), such measures use state direct democracy provisions to infringe on the rights protected by national legislation.

States and counties are new nonprofit political arenas in the legislative domain as well. To the extent that major national funding is delivered in the form of block grants to the states rather than categorical programs administered by federal guidelines—as is the case now for block grants for welfare, community development, jobs and training, and social services—states and counties gain more discretion over funding priorities and delivery mechanisms (McCormack 1996). For nonprofit organizations, this will mean greater competition over discretionary state dollars; this could mean more efficient operations but also changes in organizational missions that displace more difficult cases and causes with those that appear to be more congruent with political agendas (Henig, Cordes, and Twombly 1999). Ironically, nonprofits need to become advocates and entrepreneurs in a climate that makes this a hazardous path (McCormack 1996).

The potential erosion of accountability. Relying on these indirect, less visible, less administratively complex nonprofit organizations to implement public policies offers many attractions to public officials. It may spur less opposition, exhibit fewer visible costs, and promise greater administrative ease with fewer side effects and greater emphasis on performance standards than more conventional direct government intervention does (Salamon 1981). This was a familiar argument in welfare “reform” debates culminating in Clinton’s 1996 TANF bill: “reform” advocates claimed that charities could close any gaps in the safety net caused by the “reform” legislation and could provide more context-sensitive responses to local needs. To some nonprofit organizations already involved in workfare programs, such as Goodwill Industries, this opened new possibilities of direct involvement in job creation. But other nonprofit leaders fear an overestimation of the capacity of nonprofits to meet new social needs in the face of government retrenchment in the very programs that provide them with organizational resources.

The debate over TANF highlights the ways in which nonprofit organizations’ implementation roles are subject to distortion. Reliance on third-party organizations as indirect forms of government action may make achievement of program purposes less certain, may exacerbate the leakage of program benefits, and may make generation of political support more problematic (Salamon 1981, 269). Many nonprofit organization leaders are urging more explicit partnerships between the government and the nonprofit human service sector to respond to welfare reform initiatives. Goodwill

Industries, for example, is the largest nonprofit provider of welfare-to-work services in the country, with over \$300 million in contracts for these services. These explicit arrangements, rather than the implicit and unmonitored devolution encouraged by the TANF legislation, would restore some public accountability to welfare programs and increase the likelihood that they will achieve the intended purposes. Hiving off responsibilities to nonprofits without some institutional design for centralized monitoring and intervention is likely to lead to the same dependency and organizational lethargy that nonprofit organizations were intended to challenge. The tensions between institutional adaptiveness and efficiency (March and Olsen 1995, 213) can threaten the long-term effectiveness of any political arrangement; democratic governance arrangements must devise ways to encourage experimentation and new possibilities and avoid the tendency to exploit known procedures and practices.

CONCLUSION

If we assess nonprofits in terms of tasks integral to the “craft of governance”—developing accounts of political events; developing identities of citizens and groups in the political environment; developing capabilities for appropriate political action among citizens, groups, and institutions; and developing an adaptive political system—we come up with a rather mixed view. Although this discussion was necessarily limited to the American context, it raises broader questions. The varied accounts of nonprofits’ roles, indeed the myths about the nonprofit sector, suggest the malleability and plasticity of the nonprofit construct as well as the remarkable diversity of the sector itself. The prospects for developing political identities and capacities through involvement in nonprofit organizations appear especially strong for women in the United States. To many advocates, nonprofit organizations’ special strength is in providing this democratic political opportunity structure, encouraging indigenous leadership capabilities, shifting to an asset- rather than a deficit-based understanding of communities, and providing a forum for citizenship (Kretzmann and McKnight 1993; Salamon 1998). But to the extent that these are oligarchical, professionalized organizations with weak links to members and gendered leadership structures, the opportunities for developing political identities and skills seem less obvious. Finally, the emergence of the nonprofit sector appears to provide distinctive coordination mechanisms allowing for more flexible and adaptive responses to the governance dilemmas of a global era. Yet efforts to mobilize, coordinate, and represent interests can backlash and lead to constraints on nonprofits’ effectiveness in governance processes. This apparent politicization of the nonprofit sphere is a constitutive element of larger trends rather than a narrow question of political mobilization of and by these groups. Any advocacy of governance roles for nonprofit organizations must recognize the

challenges stemming from the tendency to romanticize the nonprofit sector, the perceived distributional consequences for private firms and other social groups, and the potential erosion of accountability and democratic control.

NOTES

1. Although the nonprofit sector is diverse and diffuse, nonprofit organizations are distinguished by five critical features: they have meaningful formal organizational structures; they are nongovernmental; they are nonprofit distributing; they are self-governing; and they are supportive of some public purpose (Salamon 1998). This sector is often promoted as a means of strengthening civil society and finding a more appropriate “third way” between state and market strategies for addressing societal concerns.

2. Salamon and Anheir (1996a, 1996b) compile data from the United States, United Kingdom, France, Germany, Italy, Sweden, Hungary, and Japan.

3. In the United States, the tax-exempt status of nonprofit organizations such as hospitals, universities, and national associations can cause serious fiscal problems for cities unable to derive tax revenues from major users of city services. In some cities, nearly 50 percent of the tax base is exempt from taxation.

4. The IRS codes charitable organizations as 501(c)(3) and social welfare organizations as 501(c)(4); since 1989 the (c)(3) organizations rose from 36.8% of all tax-exempt organizations registered with the IRS to 44.9% in 1996 while the (c)(4) organizations declined from 11.2% in 1989 to 9.6% in 1996 (NCCS 1997a). From 1950 to 1990, the share of workers in the nonprofit sector in the United States increased substantially, with 12.3% of jobs being in the nonprofit sector in 1990 (Burbridge 1998).

5. The top revenue raiser in 1997 was the YMCA with \$2.8 billion; over six nonprofits in 1997 had at least \$1 billion in revenue (*Nonprofit Times* 1998).

6. Goetz and Sidney (1995) find similar fault with the dualisms of advocacy and development put forward by CDC critics; in their study, as in Vidal’s (1992) and Gittell, Gross, and Newman’s (1994), most CDCs report these as complementary and interactive strategies.

7. This section draws on S. E. Clarke, L. Staeheli, and L. Brunell, 1995, “Women Redefining Local Politics,” in *Theories of Urban Politics*, edited by D. Judge et al., 205–227 (London: Sage).

8. California’s Proposition 226 in 1998, for example, targeted trade unions and promised “paycheck protection” to union members against any efforts to influence voters on candidates or ballot measures at the state or local level without the express permission of the union member. Thanks to poor wording, however, OMB (1998) determined that it could apply to all charitable organizations relying on payroll deductions, as well as the individual charities supported by them.

REFERENCES

- Barrow, Clyde W. 1993. “State Autonomy, State Strength, and State Capacities: A Problem of Theory in the New Institutionalism.” Paper presented at the Annual Meeting of the Western Political Science Association, Pasadena CA. March.

- Burbridge, L. C. 1998. "Government, For-Profit, and Third Sector Employment: Differences by Race and Sex, 1950–90." Washington, D.C.: Aspen Institute: Nonprofit Sector Research Fund.
- Clarke, S. E. 1998. "Economic Development Roles in American Cities: A Contextual Analysis of Shifting Partnership Arrangements." In *Public Private Partnerships in Local Economic Development*, edited by N. Walzer and B. D. Jacob, 19–45. Westport, CT: Greenwood Publishing.
- . 1999. "The Politicization of the Nonprofit Sphere: Implications for Local Governance." Paper presented at the NIBR/EURA workshop on Innovations in Urban Governance, Oslo, Norway. April.
- Clarke, S. E., and G. L. Gaile. 1997. "Local Politics in a Global Era: Thinking Locally, Acting Globally." *Annals: American Academy of Political and Social Sciences* 551 (March): 27–42.
- . 1998. *The Work of Cities*. Minneapolis: University of Minneapolis Press.
- Clarke, S. E., L. Staeheli, and L. Brunell. 1995. "Women Redefining Local Politics." In *Theories of Urban Politics*, edited by D. Judge et al., 205–227. London: Sage.
- Covington, S. 1994. "Who Governs the Nonprofits?" *Fund Raising Management* 25: 33–36.
- Cox, K. 1997. "Governance, Urban Regime Analysis, and the Politics of Local Economic Development." In *Reconstructing Urban Regime Theory: Regulating Urban Politics in a Global Economy*, edited by M. Lauria, 99–121. Thousand Oaks, CA: Sage.
- deNeufville, J., and S. Barton. 1987. "Myths and the Definition of Policy Problems." *Policy Sciences* 20: 181–206.
- Durant, R. F. 1998. "Agenda Setting, the 'Third Wave,' and the Administrative State." *Administration and Society* 30 (July): 211–247.
- Elkin, S. L. 1985. "Twentieth Century Urban Regimes." *Journal of Urban Affairs* 7, no. 2: 11–28.
- Gittell, M., and S. Covington. 1998. "The Difference Gender Makes: Women in Neighborhood Development Organizations." Washington, D.C.: Aspen Institute, Nonprofit Sector Research Fund.
- Gittell, M., S. Gross, and K. Newman. 1994. "Women and Minorities in Neighborhood Development Organizations." Paper presented at the annual meeting of the Urban Affairs Association, New Orleans. March 2–5.
- Goetz, E. G., and M. Sidney. 1995. "Community Development Corporations as Neighborhood Advocates: A Study of the Political Activism of Nonprofit Developers." *Applied Behavioral Science Review* 3, no. 1: 1–20.
- Henig, J., J. Cordes, and E. C. Twombly. 1999. "Nonprofit Human Service Providers in an Era of Privatization: Toward a Theory of Economic and Political Response." Paper presented at the annual meeting of the Urban Affairs Association, Louisville, KY. April.
- Hernes, H. M. 1988. "The Welfare State Citizenship of Scandinavian Women." In *The Political Interests of Gender*, edited by K. B. Jones and A. G. Jonasdottir, 187–213. London: Sage.
- Institute for Policy Studies (IPS). 1996. *Nonprofits and Development: The Challenge and the Opportunity*. Baltimore: IPS, Johns Hopkins University.
- Jessop, B. 1993. "Towards a Schumpeterian Workfare State? Preliminary Remarks on Post-Fordist Political Economy." *Studies in Political Economy* 40: 7–39.

- John, Peter, and Alistair Cole. 1998. "Urban Regimes and Local Governance in Britain and France." *Urban Affairs Review* 33: 382–404.
- Jones, B. D. 1994. *Reconceiving Decision Making in Democratic Politics*. Chicago: University of Chicago Press.
- Jones, B. D., and L. Bachelor. 1986. *The Sustaining Hand*. Lawrence: University Press of Kansas.
- Kretzmann, J. P., and J. L. McKnight, 1993. *Building Communities from the Inside Out: A Path toward Finding and Mobilizing a Community's Assets*. Chicago: ACTA Publications.
- Lovenduski, J., and V. Randall. 1993. *Contemporary Feminist Politics: Women and Power in Britain*. Oxford: Oxford University Press.
- March, J. G., and J. P. Olsen. 1995. *Democratic Governance*. New York: Free Press.
- McCormack, P. J. 1996. "Nonprofits at the Brink." *New Federalism*. mncn.org/newfed/brink.htm
- McKnight, J. 1987. "Regenerating Community." *Social Policy* (Winter). See journalism.wisc.edu:80/cpn/sec...munity/civic_perspectives/regen_comm.html
- Monsma, S. V. 1994. "Public Money and Religiously Based Nonprofit Organizations: The Church-State Dance." Paper presented at the annual meeting of the American Political Science Association, New York City.
- NCCS. 1997a. *Number of Nonprofit Entities in the United States, 1989–1996*. Washington, DC: Urban Institute, Center on Nonprofits and Philanthropy, National Center for Charitable Statistics.
- . 1997b. *United States Nonprofits, by Type*. Washington, D.C.: Urban Institute, Center on Nonprofits and Philanthropy, National Center for Charitable Statistics.
- Nelson, B. J. 1992. "The Role of Sex and Gender in Comparative Political Analysis: Individuals, Institutions, and Regimes." *American Political Science Review* 86: 491–495.
- Nonprofit Times* (NPT). 1998. "Overall Revenue up to \$29.4 billion, but Many Losses Are Seen in Numbers." *Nonprofit Times*, November.
- OMB Watch Analysis. 1998a. "Impact of California's Proposition 226 on Nonprofit Organizations." April 24.
- . 1998b. "Charity Tax Credit Passes, Contains Language of Concern to Nonprofits." December 23.
- Powell, W. W. 1987. *The Nonprofit Sector: A Research Handbook*. New Haven, CT: Yale University Press.
- Putnam, R. D. 1993. *Making Democracy Work*. Princeton, NJ: Princeton University Press.
- . 1995. "Bowling Alone: America's Declining Social Capital." *Journal of Democracy* 6.
- . 1996. "The Strange Disappearance of Civic America." *The American Prospect* 24: 34–48.
- Reid, B. 1999. "Policy Advocacy and Political Participation." In *Nonprofits and Government: Collaboration and Conflict*, edited by E. Boris and C. B. Steurele. Washington, D.C.: Urban Institute Press.
- Rosenau, J. N. 1998. "Governance and Democracy in a Globalizing World." In *Reimagining Political Community*, edited by D. Archibugi, D. Held, and M. Kohler, 28–57. Cambridge, UK: Polity Press.

- Salamon, L. M. 1981. "Rethinking Public Management: Third-Party Government and the Changing Forms of Government Action." *Public Policy* 29: 255–275.
- . 1994. "The Rise of the Nonprofit Sector." *Foreign Affairs* 73: 109–122.
- . 1998. "Nonprofit Organizations: America's Invisible Sector." *Issues of Democracy* (January).
- Salamon, L. M., and H. K. Anheir. 1996a. "Social Origins of Civil Society: Explaining the Nonprofit Sector Cross-Nationally." Paper presented at the Second Annual International Society for Third Sector Research, Mexico City. July 18–21.
- . 1996b. *Defining the Nonprofit Sector: A Cross-National Analysis*. Manchester, UK: Manchester University Press.
- Sharpe, L. J. 1993. "The European Meso: An Appraisal." In *The Rise of Meso Government in Europe*, edited by L. J. Sharpe. London: Sage.
- Skocpol, T. 1999. "Associations without Members." *The American Prospect* (July–August): 66–73.
- Smith, S. R. 1994. "Social Capital, Community Coalitions and the Role of Institutions." Paper presented at the annual meeting of the American Political Science Association, New York City.
- Smith, S. R., and M. I. Lipsky. 1993. *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press.
- Staheli, L. A., and S. E. Clarke. 1995. "Gender, Place, and Citizenship." In *Gender in Urban Research*, edited by J. A. Garber and R. S. Turner. Newbury Park, CA: Sage.
- Stevenson, D., et al. *State Nonprofit Almanac*. Independent Sector, various years.
- Stone, Clarence. 1989. *Regime Politics*. Lawrence, KS: University Press of Kansas.
- Terrell, Paul, and Ralph M. Kramer. 1984. "Contracting with Non-Profits." *Public Welfare* (Winter): 31–37.
- Ullman, C. 1999. *The Welfare State's Other Crisis; Explaining the New Partnership between Nonprofit Organizations and the State in France*. Bloomington: Indiana University Press.
- Verba, S., K. L. Schlozman, and H. E. Brady. 1995. *Voice and Equality: Civic Voluntarism in American Politics*. Cambridge, MA: Harvard University Press.
- Vidal, A. 1992. *Rebuilding Communities: A National Study of Urban Community Development Corporations*. New York: New School for Social Research.
- Walker, J. L. 1991. *Mobilizing Interest Groups in America: Patrons, Professionals, and Social Movements*. Ann Arbor: University of Michigan Press.
- Wyszomirski, M. J. 1996. "Policy Images, Nonprofit Organizations and the Istook Amendment." Paper presented at the annual meeting of the American Political Science Association, San Francisco. August.

Concluding Comments

*Cynthia Jackson-Elmoore
and Richard C. Hula*

The chapters in this book demonstrate that nonprofit organizations and voluntary associations provide a mechanism to foster social and political capital in urban communities. Not only are nonprofit organizations viable partners in efforts to address specific pressing urban problems, they sometimes engage in key elements of urban governance itself. However, the pattern of engagement between nonprofits and urban political regimes is complex and dynamic. The result of this engagement can be profound, not only for the local community, but also for the nonprofit organization. Some of the chapters argue that the response of nonprofit organizations to environmental change has generated a very different solution set for the community than we are accustomed to thinking about. This shift may make it very difficult for nonprofit organizations to remain true to their original mission. Thus, devolution and other changes characteristic of the “newest” new federalism simultaneously provide opportunities for nonprofit organizations and voluntary associations to reshape urban regimes, and fundamental challenges to their institutional integrity.

This book demonstrates that much is possible through the nonprofit sector. But one warning is advised: the capacity of nonprofit organizations and voluntary associations to engage in urban governance is significantly constrained by a number of political and social factors. Just as it is clear from more traditional analysis of nonprofit capacity to produce and distribute goods and services that these organizations cannot replace the market, it is equally clear that it would be a fundamental error to see nonprofit organizations as a

substitute for government. One must not romanticize the roles, responsibilities, and possibilities of nonprofit organizations and voluntary associations. To do so would surely distort their true capabilities. We also need to consider the externalities of the engagement of nonprofit organizations in urban governance. For example, what impact might nonprofit organizations have on levels of public accountability and responsiveness? Finally, it is important to remember that the organizations reviewed in the book represent a small portion of the universe of nonprofit organizations and voluntary associations. While such organizations provide a fascinating venue for the study of local politics, it is quite unlikely that they are in any sense representative of the nonprofit sector.

Continued research on these types of nonprofit organizations, their activities and accomplishments, is essential to our complete understanding of the nonprofit sector. This work can also provide clues as to how localities and organizations can cope with changing environments. Efforts to look at the intersections of public policy, political action, and nonprofit organizations will also help forward our collective understanding of how best to govern society. To be sure, this is an ambitious agenda. We know that intellectual progress will not come easily, nor will the practical lessons always be obvious or transferable. Nevertheless, it is impossible to deny that in the recent past there has been an increased reliance on the nonprofit sector to reach public and community goals. In effect, we are observing a dramatic social experiment. It is an experiment that demands our attention.

Index

- Abyssinian Baptist Church (New York City), 180
- Abyssinian Development Corporation, 180, 181
- Accountability, 214–216
- Afro-Christian theology, 169, 170
- agendas, 209
- Aid to Families with Dependent Children (AFDC), 47
- Aldrich, H., 42, 43
- Alinsky, S., 48, 152
- Allen African Methodist Episcopal (AME) Church, 188
- Allen AME Neighborhood Preservation and Development Corporation (Allen NPDC), 181–183, 187–193; Allen AME/Hall Estates, 188, 190–192; Guy Brewer Homes, 188, 190–191
- Allen Senior Citizen Center, 188
- Allen’s Lane Art Center, 101, 103, 108–109, 113
- Antioch Baptist Church (New York City), 186
- assets-based approach, 10
- Associated Community Organizations for Reform Now (ACORN), 186
- Association for Neighborhood and Housing Development (ANHD), 178–179
- Association of Brooklyn Clergy for Community Development, 180–181
- Bailey, R. W., 129
- Baltimoreans United in Leadership Development (BUILD), 14, 15, 151–166
- Baltimore Commonwealth, 158–160, 165
- Baltimore Teachers Union, 157
- Banana Kelly Improvement Association (New York City), 186
- Baumgartner, F. R., 142 n.7
- Bedford Stuyvesant Restoration Corporation (New York City), 186
- Ben-Ner, A., 143 n.14
- Bielefeld, W., 42, 43
- black church–affiliated community development corporations (CDCs): funding, 181–183; general, 170–172;

- New York City, 180–184; politics, 171–172; program areas, 181; public powers, 189–192; utilities, 170–171
 black churches, 169–170
 black political development, 192–193
 Blake, R. N., 130
 block grants, 214, 216
 Bobo, L., 126
 Bockmeyer, J., 143 n.16
 Boston, 81
 Boyte, H. C., 152
 Branch, T., 130
 Bratt, R., 144 n.23
 Brehm, J., 126
 Bridge Street Development Corporation, 181
 Bridges, A., 141, 142 nn.2, 5
 bridging capital, 14, 15, 94, 98, 111–114, 115–116
 Brilliant, E., 56
 Bronx Shepherds Restoration Corporation, 181
 Brooklyn, 72
 Brown, R. A., 124, 125, 142 n.4
 Browning, R. P., 123, 124, 125, 141 n.2
 Brudney, J. L., 136
 BUILD. *See* Baltimoreans United in Leadership Development
 Burlington, 81
 Bush, George W., 25
 Byer, J. M., 42

 Campbell, A., 142 n.6
 Canaan Housing Development Corporation, 181
 capacity: defined, 26–27; long-term, 36–37; short-term, 36
 captured agencies, 53
 Cauldwell AME Zion Church (New York City), 186
 CDCs. *See* community development corporations
 Center for Education Reform, 52
 Chambers, Edward T., 152
 charter schools, 42, 52
 Chicago, 76, 81
 Child Care Development Block Grant, 50
 Child First Authority, 163–165
 Chisholm, S., 122
 citizenship, 207, 209–212
 city politics, 189
 City Vision Ministries (Kansas City, Kansas), 170
 civic engagement, 99
 Clark, T. N., 125
 Clarke, Susan, 173
 Cleveland, 81
 collective action, 94, 102, 115
 Combined Federal Campaign (CFC), 55
 community, 93–97, 100–114. *See also* community building
 Community Action Agencies (CAAs), 9
 Community Action Program, 71
 community-based housing organizations (CBHOs), 19–20
 community-based nonprofit organizations (CBNOs), 185–186
 community-based organizations, 65–67, 70, 72–73, 75–77, 79–85
 community building, 94–99, 106–108, 114–115
 Community Development Block Grant, 179
 community development corporations (CDCs), 17, 19–20, 170, 175, 179, 182, 192, 207–213, 218 n.6
 Community Mental Health Centers Act, 47
 community policing, 67
 Community Reinvestment Act, 72
 Community Services Act, 72
 Concord Community Development Corporation, 181, 184
 consumer choice, 50
 Converse, P. E., 142 n.6
 coproduction, 172, 175
 Cordes, J. J., 58, 61
 Cortes, Ernesto, 153, 154, 155
 CSBG (Community Services Block Grant), 214

 Dahl, R. A., 142 n.6
 Daley, Richard J., 81
 D’Amato, Alphonse, 188
 Dawson, M. C., 142 n.4

- Dees, J. G., 143 n.14
 democratic choice, 59
 democratic control, 59
 democratic decision making, 59
 deracialized politics, 123
 Detroit, 76, 131–132
 Detroit Compact, 137–138
 Detroit Public School System, 137–139
 Detroit Renaissance, 8, 15, 17, 21, 132–141
 De Vita, C. J., 47
 devolution/decentralization, 203–205, 210, 213
 discourse, 204, 208, 210
 diversity, 94–95, 98–106, 108–109, 114–115
 Dobson, V., 155
 donor choice, 42, 54, 55
 donor designation, 55
 Douglas, J., 143 n.14
 Downs, Anthony, 71
- East Brooklyn Congregations, 176, 180
 East Mt. Airy Neighbors (EMAN), 106–109
 economic actors, 42
 Economic Opportunity Act (1964), 47, 71
 Eisinger, P. K., 125
 electoral politics, 199, 207
 Elkin, S., 142 n.8, 173
 Employment and Training Administration, 50
 empowerment, 209–210
 Engstrom, R. L., 142 n.2
 Erie, S. P., 125
Everson v. Board of Education, 183
 exit, 45
- faith-based organizations, 25, 28; compared to lay organizations, 30, 33
 Federal Emergency Management Agency, 36
 Federal food assistance, 25; budget, 37 n.1; commodity programs, 26; Food Stamps, 26; Emergency Food and Shelter Program, 36
 federal housing policy, 72, 78, 82
 federalization, 41, 47, 48
 federal system, 204
 Feigenbaum, H., 48, 59
 Ferguson, L. C., 125
 Ferman, Barbara, 81
 Ferris, J. M., 136, 143 nn.14, 15
 First African Methodist Episcopal Church (Los Angeles), 170
 Fisher, R., 144 n.23
 Flake, Floyd H., 188–190
 flexibility, 212–213
 Focus Hope, 36
 food banks, 16
 for-profit schools, 52
 foundations, 80
 Freeman, R. B., 125
 Frisema, H. P., 121
 Frumkin, Peter, 68
- gender, 208–212, 217
 Germantown Jewish Centre, 101, 104, 106, 108–110, 112–113
 Giles, M., 130
 Gilliam, F. D., 122, 124, 126, 135, 142 n.4, 190
 Gittell, M., 142 n.11, 143 n.16
 Giuliani administration, 176
 Gleaners, 29, 35
 Glendening, P., 165
 Glendon, M. A., 47, 60
 Goodwill Industries, 216–217
 Gore, A., Jr., 25
 governing nonprofits, 8, 15, 129, 134–139
 governing regimes, 173; management of collective problems, 173–176
 Graf, A., 156, 165
 Graves, H. M., 144 n.20
 Greater Baltimore Committee, 158–160, 165
 Greenstone, J. D., 129
 Gronbjerg, Kirsten, 43, 45, 50, 56
 Grossman, B., 137
- Hall, P. D., 45, 143 n.12
 Hamnett, C., 48, 59
 Harlem Congregations for Community Improvement, 180–186

- Hatcher, Richard, 121
 Havurah, 109, 110
 Henig, J. R., 48, 54, 58, 59, 61, 125
 Hirschmann, Albert, 45
 Hoblitzel, Alan, 158, 165
 Hodgkinson, V. A., 143 n.14
 HOME Investment Partnership funds, 175, 194 n.4
 HOPE team (Hayden, Olmstead, and Patrick for Education), 138, 144 n.24
 Housing nonprofits, 65, 67, 71, 76–77
 housing subregimes, 77, 79–84
 Houston, 82
 Hula, R. C., 125, 134, 136, 143 n.17, 144 n.24, 151, 166
 Hunger Action Coalition, 35
 Huskissen, G., 133
- IAF. *See* Industrial Areas Foundation
 identity, 94–95, 97–99, 102, 104–105, 107
 incentives, 59
 Industrial Areas Foundation, 152–155
 inequality, 66, 73–74, 84–85
 initiative process, 215–216
 In rem, 175, 185
 inside-oriented reforms, 45
 institution, 94–96, 98–101, 103, 105–116
 institutional venues, 41, 42, 46
 interest groups, 53
 iron triangle, 53
 Istook, Congressman, 215
- Jackson, C., 151, 166
 Jackson-Elmoore, C., 134, 136, 143 n.17
 James, E., 143 n.14
 Jelier, R. W., 145 n.24
 Jensen, Lotter, 85
 Johns Hopkins University, 163
 Jones, B. D., 142 n.7
 Jones, C. E., 123
- Karnig, A. K., 123, 125
 Kaufman, K. M., 126
 Kaylor, P., 129
- Kemerer, P., 53
 Kennedy, Robert, 72
 Kimberley, J. R., 45
 Kingdon, J. W., 142 n.7
 Kirp, L. L., 46
 Koch administration, 176, 188
 Koebel, T., 174
 Kramer, R. M., 46, 137
 Krumholz, N., 125, 135
 Kruytbosch, C., 42
- leadership, 207–209, 210–212, 216
Lemon v. Kurtzman, 170
 Leong, A., 42
 Levine, E. M., 125
 Lindsay, R., 143 n.16
 linkage policies, 81
 Lipsky, M., 46, 47, 48, 129, 130, 136, 142 n.9, 144 n.23
 living wage, 160–163
 lobbying, 45, 52
 Logan, John, 75
 Long, Norton, 79
 Longoria, T., 141 n.1
 Low Income Housing Tax Credit (LIHTC), 8, 10, 179, 182
- market forces, 48, 49
 market models, 54, 59
 Marris, P., 129
 Marshall, D. R., 123, 124, 125, 142 n.2
 Masjid-Malcolm Shabazz Mosque, 186
 mayors, policy outcomes, 124–125
 McAdam, D., 130
 McCormick, J., 123
 McKnight, J., 47
 Medicaid, 57
 Metropolitan Washington Human Services Coalition, 58
 Miles, Douglas, 161
 Miller, W. E., 142 n.6
 Milofsky, C., 130, 142 n.9
 Minyan, 101, 109, 110
 Model Cities, 71
 Mollenkopf, John, 71
 Molotch, Harvey, 75

- Monsma, Stephen, 182
 Morris, A. D., 130
 Moser, M., 54
 Moses, Robert, 71
 Moynihan, D. P., 47, 143 n.10
 Mt. Airy Learning Tree (MALT), 100, 101, 106, 108, 113
 Myrdal, Gunnar, 75
- Nehemiah Housing Program (New York City), 166, 176
 neighborhood, 93, 95–97, 100, 107, 113–115
 neighborhood associations, 13–14
 Neighborhood Housing Services, 72
 networks, 93–94, 97–99, 105–107, 111–112, 114–116, 219
 New Detroit, 8, 15, 17, 21, 132–141
 new urbanism, 93
 New York City Department of Housing Preservation and Development (HPD), 176, 178, 184–187;
 Neighborhood Redevelopment Program, 176, 184; Partnership New Homes Program, 184–187
 New York City Partnership and Chamber of Commerce, 176
 New York State Affordable Housing Corporation, 185
 Nie, N. H., 142 n.6
 nonprofitization, 174–175
 nonprofits: constituencies, 207–218, 214, 220, 222; cross national comparisons, 200–201; employment, 202, 208; funding, 200–202, 205, 209, 213–214, 216, 218 nn.2–5, 8; geography, 202; implementation roles, 204–205, 207, 214; myths, 203, 213–217; political image, 207, 213–214, 217; political roles, 207, 209, 215–217; sector, 200–212, 213–215, 217; strategic knowledge, 207
 nonprofits and the State, 203–205, 212–213
 nonprofit theory, 65, 68, 70, 76
 Northwest Interfaith Movement (NIM), 104, 111
- O'Dwyer, C., 156
 organizational mission, 46
 organizational norms, 45
 organizational response, 41, 42
 Orr, M., 125, 139, 151, 166
 outside-oriented reforms, 45
- Paris, P., 169
 participation, 94, 96, 98–102, 105, 106, 108, 110, 115–116, 210
 partnership model (of government-nonprofit relations), 65, 67–73, 85
 Partnership New Homes (NEW HOMES) program, 184–193, 195 n.10
 partnerships, 204, 206–207, 216
 paycheck protection, 215, 218 n.8
 Pedescleaux, D., 125
 Perry, H. L., 123
 Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 26
 Peterson, P. E., 123, 129
 Pfeffer, J., 42, 43
 Philadelphia, 94, 95, 102, 105, 110, 113
 Phillips, W., 156
 Pierre, J., 127
 Pittsburgh, 76, 81
 Pohlman, M. D., 121
 police-community relations, 123
 political actors, 42
 political capital, 211–212
 political machines, 80
 politicization of nonprofits, 48
 Portland (Oregon), 81
 Pressman, J., 60
 Private schools, 52
 privatization, 15–16, 18, 59, 205
 professionalization, 41, 46, 47
 Provan, K. G., 42
 public-private partnerships, 65, 76
- race, 208
 Ramsay, M., 130
 REACH, Inc., 170
 Reagan, R., 72, 83
 Reed, A., 125

- Reese, L. A., 130
 regime theory, 66, 77–79, 82, 84, 127–129
 Rein, M., 129
 relational power, 152–155, 165
 Renaissance Development Corporation (Los Angeles), 172
 resource dependency, 42, 42
 resource diversification, 51
 Rich, M., 130
 Richardson, W., 169
 Rogers, Mary Beth, 153
 Rose-Ackerman, S., 143 n.14
 Rosentraub, M. S., 127, 129, 135
 Rowan, B., 45
 Rubin, H. J., 136, 144 n.23
 Rustin, B., 122
- Salamon, L. M., 65, 67–69, 143 nn.12, 14, 170
 Salancik, G., 42
 Saltzstein, A., 124
 San Francisco, 81
 Santa Monica, 81
 Sanyal, Bishwapriya, 76
 Schattschneider, E. E., 142 n.7
 Schauer, M., 144 n.24
 Schmoke, Kurt L., 161–163
 Schwartz, Alex, 177
 Sebastian, P., 55
 Second Harvest, 25–27, 37 nn.1, 3
 Section 8 certificates, 49
 Sen, Amartya, 73–74
 service-oriented nonprofits, definition, 170
 Shields, G., 130
 Shirley, Dennis, 153
 Skocpol, T., 129
 Smith, S. R., 46, 47, 48, 129, 130, 136, 142 n.9, 144 n.23
 social arenas, 94, 98, 107–111, 115
 social capital, 7, 12–14, 67, 93, 105, 211–212
 Social Security Act, 47
 solution sets, 43
 Southeast Queens Clergy for Community Empowerment (SQCCE), 181, 187–193; Arlington Terrace Phase I and II, 189
 South Jamaica, Queens (New York City), 187–188
 Spayd, L., 55, 56
 state, as strategic actor, 204–205
 state capacity, 205, 212–213, 216
 State of New York Mortgage Agency (SONYMA), 185
 Stern, E., 130
 Steuerle, C. E., 50
 St. Luke's Baptist Church (New York City), 186
 Stoecker, R., 144 n.23
 Stoker, G., 139, 173
 Stokes, A., 123
 Stokes, C., 121
 Stokes, D., 142 n.6
 Stone, C. N., 142 n.8, 154, 174, 179
 Stone, Clarence, 78
 subregime, affordable housing policy, 177–180
 Sugarman, S., 53
 Swanstrom, T., 129, 130, 136, 144 n.23
 symbolic politics, 213, 216
- Tabb, D. H., 123, 124, 125, 142 n.2
 TANF (Temporary Assistance for Needy Families), 216–217
 tax-exempt status, 201–213, 207, 218 nn.3–4
 third-party government, 69
 Third Way, 203, 218 n.1
 Thomas, J., 130
 Tocqueville, A. de, 143 n.12
 trade unions, 215
 Tufts University, 26
 Twelfth Street Missionary Baptist Church (Detroit), 170
- Underwood, K. 123, 141, 142 nn.2, 5
 Unitarian Society of Germantown 101, 104–105, 108, 110
 United Way, 35
 United Way of the National Capital Area, 55

- University of Minnesota, 52
- urban renewal, 71
- U.S. Conference of Mayors, 26, 37 n.5
- U.S. Department of Housing and Urban Development, Section 202 Supportive Housing for the Elderly Program, 175, 188
- U.S. Federal Housing Administration Section 203(k) Rehabilitation Mortgage Insurance Program, 184

- values, 210, 212, 214
- Van Riper, P. P., 125
- Verba, S., 142 n.6
- Viteritti, J. P., 125
- voice, 45, 47
- vouchers, 42, 49, 50

- Wagner Act, 71
- War on Poverty, 41, 47, 48, 71–72
- Warren, R., 127, 129, 135, 136
- Washington, Harold, 76
- Weaver's Way Food Cooperative, 100–101, 104, 106, 110, 113
- Weber, Max, 60

- Weisbrod, B., 143 n.14
- Weitzman, M. S., 143 n.14
- Welch, S., 123, 125
- welfare economics, 68, 83
- welfare reform, 49, 216–217
- Weschler, L. F., 127, 129, 135
- West Mt. Airy, 94, 96, 98–100, 102, 104–112, 116
- West Mt. Airy Neighbors (WMAN), 100–101, 103, 106–109
- Wheeler, L., 124
- when sacred and secular mix, 182
- Whitaker, Gordon, 172
- Whitby, K. J., 142 n.4
- WIC (Supplemental Food for Women, Infants and Children), 26, 37 n.3
- Wildavsky, Aaron, 60
- Wilson, J. Q., 59

- Yin, Jordan, 81, 177
- Young, C., 124
- Young, Coleman, 67, 81
- Young, D. R., 143 n.14

- Zdenek, R., 142 n.9

About the Contributors

SUSAN E. CLARKE is Professor of Political Science at the University of Colorado at Boulder. Her recent publications include *The Work of Cities* and articles on local economic development, education reform, and local cultural conflicts.

JOSEPH CORDES is Professor of Economics and Director of the Ph.D. Program in Public Policy at The George Washington University. He is a co-editor of the *Encyclopedia of Taxation and Tax Policy* (1999) and *Democracy, Social Values and Public Policy* (Praeger, 1998). He has published over 50 articles on tax policy, government regulation, government spending, and nonprofit organizations in numerous journals. He has been a contributor to *The Economics of Technological Change on Employment and Growth*, *State Taxation of Business* (Praeger, 1992), *Labor Market Adjustments in the Pacific Basin*, (1987), *Cooperative Research and Development: The Industry-University-Government Relationship*, *Readings in Public Policy* (1995), and *To Profit or Not to Profit* (1998).

PETER EISINGER holds a joint appointment in Political Science and the College of Urban, Labor and Metropolitan Affairs at Wayne State University, where he is the Director of the State Policy Center. His specialties are urban politics, social welfare policy, and economic development policy. He has published several books, including *The Rise of the Entrepreneurial State* (1988), *American States and Cities* (with Virginia Gray, 2d. ed., 1996), and *Toward an End to Hunger in America* (1998). He is the author of a number

of articles and chapters on topics ranging from the nature of urban protest to venture capital programs in the states to the measurement of hunger in the United States.

BARBARA FERMAN is Professor of Political Science at Temple University. She is the author of *Challenging the Growth Machine: Neighborhood Politics in Chicago and Pittsburgh* (1996) and *Governing the Ungovernable City: Political Skill, Leadership and the Modern Mayor*, and is the co-author of *The Political Hand: Policy Implementation and Youth Employment Programs* (1985). She has conducted extensive research on housing and community development in various cities. From 1992 to 1998, she served on the governing board of the Urban Affairs Association. She works closely with community-based organizations on issues of community development.

JEFFREY R. HENIG is Professor and Chair of Political Science and Director of the Center for Washington Area Studies. He is the author or co-author of five books—*Neighborhood Mobilization: Redevelopment and Response* (1982), *Public Policy and Federalism* (1985), *Rethinking School Choice: Limits of the Market Metaphor* (1994), *Shrinking the State: The Political Underpinnings of Privatization* (1998), and *The Color of School Reform: Race, Politics, and the Challenge of Urban Education* (1999). His scholarly articles have appeared in such journals as *Journal of Urban Affairs*, *Political Science Quarterly*, *Social Science Quarterly*, and *Urban Affairs Review*.

RICHARD C. HULA is Professor of Political Science and Urban Affairs at Michigan State University. He is currently Co-director of MSU's Program in Urban Politics and Policy. With Jeffrey Henig, Marion Orr, and Desiree Pediscleaux, Hula recently published *The Color of School Reform* (1999). He has published numerous articles on issues of housing policy, school reform, home credit, and environmental policy. He teaches courses on urban politics and environmental policy.

CYNTHIA JACKSON-ELMOORE is Assistant Professor of Urban Affairs and Social Work at Michigan State University. She is Co-director of MSU's Program in Urban Politics and Policy and a recipient of the 1999–2000 MSU Lilly Endowment Teaching Fellowship. She has published articles on non-profits and urban politics, municipal service delivery, and welfare reform. She teaches courses on urban policy and social welfare policy and services.

PATRICK KAYLOR is a doctoral student in Social Work and Social Research at Bryn Mawr College. He holds an MA in Political Science from Temple University and an MSW from the University of Pennsylvania.

JULIA KOSCHINSKY graduated from the Department of Political Science at the State University of New York at Albany with a specialization in housing policy and nonprofits. She works as a Research and Policy Analyst for a statewide housing coalition of community-based housing organizations.

MARION ORR is Associate Professor of Political Science and Urban Studies at Brown University. He is author of *Black Social Capital: The Politics of School Reform in Baltimore, 1986–1998* and co-author of *The Color of School Reform: Race, Politics and the Challenge of Urban Education*.

MICHAEL LEO OWENS is a Ford Foundation Dissertation Fellow and Ph.D. candidate in Political Science at the State University of New York at Albany. Formerly Senior Research Associate at the Nelson A. Rockefeller Institute of Government, he teaches in the Department of Political Science at Emory University. His current research interests include urban community capacity-building and political development, religion and public policy, and urban governance.

STEVEN RATHGEB SMITH is a Professor at the Daniel J. Evans School of Public Affairs at the University of Washington where he directs the nonprofit management program. He is the co-author of *Nonprofits for Hire: The Welfare State in the Age of Contracting* and *Adjusting the Balance: Federal Policy and Victim Services*, and is the co-editor of *Public Policy for Democracy*. His current research focuses on the privatization of social welfare services, the role of community partnerships and coalitions in building and rebuilding local communities, and the impact of welfare reform and devolution on faith-related service agencies. He is currently the editor of *Nonprofit and Voluntary Sector Quarterly*.

TODD SWANSTROM (Rockefeller College, SUNY–Albany) is the co-author (with Dennis Judd) of *City Politics: Private Power and Public Policy*, 2nd edition (1998). Presently, he is writing a book called *Place Matters: Rethinking Urban Policy*, which examines the political causes and consequences of the increasing economic segregation of classes in American metropolitan areas.

ERIC C. TWOMBLY is a Research Associate in the Center on Nonprofits and Philanthropy at the Urban Institute, where he focuses on the role that nonprofit organizations play in the delivery of health and human services. He is the author or co-author of several articles and reports that deal with nonprofit and social policy issues, and is completing his dissertation research on the relationship between the implementation of welfare reform initiatives and the formation and termination of human service nonprofits in metropolitan regions.

